FACTORS INFLUENCING ACCESS TO CREDIT FACILITIES BY WOMEN ENTREPRENEURS IN KISII COUNTY.

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DECLARATION

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

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This research report project has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this research project report to my beloved husband Patrick Lumumba for his financial and moral support. To my lovely children Shirley Kwamboka, Sandra Sarange and Brandon JM Patrick, thank you for believing in me.

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LIST OF ABBREVIATIONS AND ACRONYMS

GDP : Gross Domestic Products

KNBA : Kenya National Bank Association

MSME : Ministry of Micro, Small and Medium Enterprises

SME : Small and Micro Enterprises

UNDP : United Nations Development Programme

WEDF : Women Enterprise Development Fund

YEDF : Youth Enterprise Development Fund

ABSTRACT

Women constitute around half of the total world population but unfortunately this is not commensurate with the number of enterprises owned and managed by women. Various reasons have been given for this difference with the main one being that women entrepreneurs are unable to access as much credit facilities to grow and expand their businesses accordingly. The purpose of this study was to investigate factors influencing access to credit facilities by women entrepreneurs in Kisii town, Kisii County. The study was guided by objectives such as influence of lending conditions, cost of credit, and role of credit servicing history as well as influence of information access on credit facilities by women entrepreneurs in Kisii town. Clearly these are factors at play that hinder women from accessing credit facilities to enable them run small and medium enterprises successfully hence contribute effectively to the much needed economic growth and development of their communities. Study delimitations ranged from women entrepreneurs in the wholesale businesses, fast food vendors, second hand cloth vendors, and production as well as hotel entrepreneurs. These women entrepreneurs compromised the target population of 2,230 enterprises licensed to carry out businesses by the Kisii county business licensing board. Survey research design was used to collect data from the target population. Validity and reliability of the instruments was ensured by test, retest techniques, while permission to collect data was granted by the Ministry of Higher Education, Science and Technology. Data was analyzed by use of percentages and frequencies. The study found that certain demographic characteristics encouraged aggressive entrepreneurial skills and of pursuit of credit facilities. Women both married and widowed were better placed to take initiatives for aggressive mobilization of business funds from commercial lending institutions, probably fueled by family financial demands and being sole breadwinners in the latter cases. The level of education revealed glaring academic challenges amongst the women entrepreneurs as the results indicated 40.5% as being below certificate education, while 37.74% had certificate, diploma at 17.92% whilst degree holders only managed 0.377%. Such statistics indicate that women entrepreneurs were unlikely to obtain requisite business operation strategies bordering on credit access for business investment. Similarly, the study variable of cost of credit revealed that women entrepreneurs often felt the prohibitive cost of credit with 78.3% strongly agreeing that cost of credit in form of prevailing interest rates deterred their access to credit. Therefore, there is an urgent need to tailor special interest rates to the more vulnerable groups in the communities. Lending conditions imposed on the women entrepreneurs were rigid and rigorous and this ended up forcing them to resort short term loans ranging from minimal amounts of 10,000 to 50,000. These could hardly address the financial requirements of modern businesses which operate in highly competitive and ever changing business environment.

The women entrepreneurs also faced a challenge of access to information, with the highest number indicated making expensive trips to banks to access credit related information. The results further revealed that entry into entrepreneurship was more a product of environmental factors and heredity. There is therefore, a strong need to encourage entrepreneurship as an alternative healthy way of earning a living rather than depending on the ever elusive formal employment. The study strongly recommends formation of policies that entrench entrepreneurship in the domains of the world of academic as an alternative to economic development, as a result clearly seen in the fast developed Asian countries that embraced it earlier.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

In an attempt to spur up economic development in most developing countries, attention is steadily being shifted from job seeking to job creation and the informal sector, particularly the small and medium enterprises, is currently considered as the pivot for accelerated growth, Ottoman (2013). According to Ramelio (2014), the vast majority of entrepreneurs in the SME sector encounter serious financial challenges to invest in their business ventures and commercial lending institutions promise to close this gap.

Besides, in order to enhance the flow of financial services to the Micro, Small and Medium Enterprises (MSME) subsector, the Government of Kenya has, in the past, initiated a series of programs and policies targeted at the MSMEs, such as Youth Enterprise Development Fund (YEDF), Women Enterprise Development (WEDF) and the Uwezu Fund, Nyabilo (2014). Since the search for this economic prosperity has shifted to Small and Medium Enterprises (SMEs) following the success of SMEs in the economic growth of Asian countries, however, small business enterprises in Kenya, particularly those run by women, more so the rural women, still find it difficult to access formal credit facilities from commercial lending institutions.

Reporting from the study undertaken in the Sangwa region in China, Tamelo (2012), Indicated that the provision of financial services to low-income clients or solidarity lending groups in China including local women entrepreneurs and the self-employed who traditionally lack access to banking and related services was being considered by the growing number of micro finance institutions. He noted that readiness to give credit facilities to clients by lending institutions, as well as the amount of loan advanced were determined by the value of collaterals, credit repayment records, the prevailing interest rates and the level of equity held in the accounts in the form of savings. According to Edwardo (2015), SME sector has played significant role on the accelerated growth of the American GDP through creation of employment opportunities to several people unable to be absorbed in the formal employment sector. This milestone was achieved through government financial policies that enhanced access to affordable finance from lending institutions, giving budding business entrepreneurs the much needed star up capital.

In her observation, while studying factors influencing accessibility to financial services by low income women business holders in Lometo, South Korea, Andra (2014), reported that access to loaning facilities from financial institutions had never been a walk in the park, as great attention was on obtaining maximum returns from any business transaction, given that banks are in the money business. Owing to the fact that loans are advanced against certain lending terms of reference such as security, cost of credit, amount of savings and ability to repay, she noted that women in small enterprises were unable to obtain adequate funds from the banks.

In his focus on factors influencing access to business funds among women entrepreneurs in Slovan in Venezuela, Rhamilan (2013), noted that despite high awareness of the existence of credit facilities on offer for business investment from various lending institutions, most entrepreneurs were less inclined to seek such funds. He attributed this phenomenon to high cost of credit, poor credit management history and fluctuating bank lending rates.

While Working with the World Vision in Zambia in the poverty eradication programme packaged in small and medium enterprises targeting the rural poor, Shamala (2013), noted that improving the well-being of disadvantaged community members may not be effective through quick fix economic measures, but by way of long term economic strategies. She observed that local women entrepreneurs in Zambia faced difficulties in accessing business funds from banks as a result of tough lending requirements and hence were unable to engage in sustainable business ventures.

Based on the variance determining access to business funds from micro finance organizations in Daom, Guinea Bisau, no lending institution can advance its hard earned funds to people without credible credit repayment history, sufficient surety to repay and the capacity to manage the funds Jamila (2012. In the views of Fasul and Hamil (2011), reporting from the survey undertaken in Egypt to investigate the influence of credit facilities on the growth of SMEs, access to a bank loan is determined by availability of commensurate collaterals, economic times, track record of the lender, as well as the amount and terms of engagements.

In Uganda, the government through the treasury's special fund for the youth and women was created to advance business funds to enhance growth of the informal sector for job creation, but much of these funds remained in the intermediary banks and those borrowed registered poor servicing. The reasons for this phenomenon include lending procedures, low awareness of the intended beneficiaries about the existence of the funds and poor microeconomic business environment, Tobilo (2012).

In his survey in Tanzania focusing on the determinants of credit access by small scale business entrepreneurs, Adonita (2014) noted that with limited security against the loan and poor reflection of the lenders credit worthy, bank loans were hard to secure. She further observed that SME owners often turned to informal local lenders, popularly known as Shylocks for business funds which are given at exorbitant rates beyond the reach of majority of the business persons.

Reporting from a study undertaken in Kilifi Township based on factors influencing access to loaning services by youth entrepreneurs engaged in SMEs, Amina (2011), indicated that many youths had faced a lot of difficulties in getting bank loans because of tiresome loan processing, hence were demoralized even in applying for Uwezo Funds. From the encounters of Njoroge (2013), in his survey of the growth indicators registered by women owned SMEs in Kiambu County, noted that exponential business growth could not be realized, as funds for investment were available in banks, yet could hardly be accessed due strict lending requirements that many could hardly meet.

According to Anyumba (2013), in the study done in Rongo Constituency based on factors influencing accessibility of micro finance products by small business holders, the number of lending institutions available is an indicator of accessibility, cost of credit is vital and the ability to repay is equally crucial in accessing loans from the lending institutions. Presenting the findings of a study done in Kasipul Constituency focusing on factors influencing access to financial services by SMEs owned by women entrepreneurs, Opiyo (2014), noted that bank loans were pegged on the amount of personal savings, interest rates, a pool of assets offered as security and previous repayment history.

In his study undertaken in Borabu Constituency with its focus on factors influencing the growth of SMEs operated by women entrepreneurs, Mogire (2012), observed that the greatest determinant of business growth was funds, yet obtaining business funds was a challenge as the bank lending conditions often kept people off. She enumerates the lending conditions that impede access to bank loans as tedious loan processing, collaterals, interest charged and the prevailing rates of loan defaulting.

In his YEDF Report (2015) in Nambale Sub County, Wanjala noted that the general absorption of the youth enterprise development fund remained low as most of the clients were unable to service their loans effectively, denying new youth additional funds to borrow. He attributed this state of affairs to lack of awareness on the need to refund as this was seen as a public fund, conditions of lending which often kept off the intended beneficiaries and ineffective credit handling skills among the youth.

According to Ochieng (2015), the chairlady of Uwezo fund in Kasipul Sub County, over 12% of those who applied for the fund declined complaining that they would not afford to repay such funds, yet these funds were not attracting any interest. She attributed this to lack of awareness on the details of the fund, poor credit management skills and turbulence of the modern business environment.

1.2 Statement of the problem

A large population of young people and women is without work and many more are engaged in short-term, low-paid jobs or in the informal economy in most parts of the country, but this scenario seems more pronounced in Kisii region so much such that entry into the domain of SME offers hope for improvement of the well-being of the citizens. However, access to business finance remains a glaring impediment to realizing the operationalization of successful business ventures, despite the proliferation of commercial lending institutions, Aminga (2015).

The Kenya National Bankers Association, Kisii County Report (2016), revealed that the rate of loan defaults among the clients in the region was worrying and this scenario had discouraged most financial institutions from rolling more services to new clients. Moreover, in his survey on the rate of uptake of devolved government funds among the relevant target groups such as the youths and women in Kisii County, Migwasi (2016), noted that much of these funds were lying with intermediary banking institutions and the little advanced were hardly serviced.

According to Kisii County Department of Business Licensing Report (2016), focusing on the status of such ventures, out of the 214 new businesses registered in the beginning of 2015, 96 had closed down as at the beginning of 2016 citing challenges of accessing business funds from banks. This study therefore sought to investigate factors influencing access to credit facilities by women entrepreneurs in Kisii County.

1.3. Purpose of the study

The purpose of the study was to investigate factors influencing access to credit facilities by women entrepreneurs in Kisii County.

1.4. Objectives of the study

The study was guided by the following objectives;

1. To explore the extent to which lending conditions influence access to credit facilities by women entrepreneurs in Kisii County.
2. To assess the influence of cost of credit on access to credit facilities by women entrepreneurs in Kisii County.
3. To evaluate the influence of credit servicing history on access to credit facilities by women entrepreneurs in Kisii County.
4. To examine how information influences access to credit facilities by women entrepreneurs in Kisii County.

1.5 Research questions

The study sought to answer the following research questions;

1. To what extent do lending conditions influence access to credit facilities by women entrepreneurs in Kisii County?
2. What influence does of cost of credit have on access to credit facilities by women entrepreneurs in Kisii County?
3. How does credit servicing history influence access to credit facilities by women entrepreneurs in Kisii County?
4. What is the influence of information on access to credit facilities by women entrepreneurs in Kisii County?

1.6. Significance of the study

From the study, it was hoped that different parties with various stakes in the domain of SME and the financial sector were bound to gain significantly in their efforts in addressing glaring unemployment in the county. In the light of this view, small and medium business entrepreneurs, both nursing business ideas and those already in different engagements, stood to gain from the findings of the study by being informed of the various credit seeking strategies to adopt to obtain funds from existing financial institutions for business investment.

Besides, the entire financial sector would also acquire more insight into SME sector, given that this sector brags of the highest client level in the business field, to formulate policies that would ensure more attractive credit facilities are rolled out to meet the ever swelling business constituents, both to the success of commercial lending institutions and the entire business sector.

In addition, the government, in its quest to address issues of unemployment and poverty eradication, would be sensitized to formulate more favorable policies that would enhance vigor in engaging those not likely to be absorbed in formal employment sector in sustainable economic development.

1.7 Limitations of the study

The study was done in Kisii County targeting the small business enterprises operated by women entrepreneurs at a time when the long rains characterized the region; hence difficulties in accessing all the respondents during data collection. However, this limitation was addressed by engaging in data collection using research assistants visiting the respondents on motorbikes and also by around noon before commencement of heavy torrents. The study was also be limited by some undisclosed suspicion, especially on matters dealing with business finances which many respondents may be unwilling to share out. In this respect, some respondents declined to give information, while others opted to give false information deliberately. This was handled by explaining to the respondents that the purpose of the study was purely be academic and also that any information obtained would be used confidentially and never disclosed to any other person for whatever reason.

1.8. Delimitations of the study

The study had its focus specifically on factors influencing access to credit facilities by women entrepreneurs in Kisii County, particularly the ones registered by the department of business licensing and operating within Kisii town. It was generally restricted to those enterprises in the areas of wholesale, retail, service, industrial processes and grocers.

1.9 Basic assumption of the Study

The study was grounded on the basic assumptions that; the sample selected would be reflective of the major characteristics of the target population; respondents being willing to give information truthfully and objectively and that the data collection instruments would give valid and reliable measures.

1.10 Definition of significance terms as used in the study.

Access to credit facilities	**:**	entails various credit products offered by commercial lending institutions for business investment.
Women entrepreneurs	**:**	the female business persons engaged in different business ventures and licensed to do such businesses.
Lending conditions	**:**	describes the terms upon which credit facilities are advanced to clients.
Information access	**:**	ability to obtain crucial information about the existence of different loan products and general credit use.
Cost of credit	**:**	takes care of the interest on o loan, processing levies, insurance and other such charges that often accompany credit processing.
Credit servicing history	**:**	a measure of credit worth of an individual based on how previous loans have been paid without traces of defaults.

1.11 Organization of the study

The research study is organized in three chapters, with chapter one featuring background of the study, statement of the problem, purpose of the study and objectives of the study. Also included in this chapter are research questions, significance of the study and limitations of the study. Besides, chapter one also presents basic assumptions of the study, delimitations of the study and definition of significant terms used in the study.

Chapter two gives a detailed review of literature done on the basis of major study objectives. Also outlined in the chapter are theoretical framework, conceptual framework and summary of the literature review. Chapter three presents the research methodology used, outlining the research design, target population, sample size and sample selection. Moreover, it also features data collection instruments, instruments pretesting, validity of the instruments and instruments' reliability. In addition, it also outlines the procedures of data collection, and methods of data analysis, operationalization of the study variables and ethical issues in research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter focuses on literature review from other studies previously carried out by different scholars in the field of SMEs and the challenges encountered in accessing business credit. Literature is reviewed against the backdrop of the key study variables; influence of lending conditions, cost of credit, credit servicing history and access to information on access to credit facilities by women entrepreneurs. Also featured in this section are the theatrical and conceptual frameworks of the study.

2.2 The concept of access to credit facilities

Business operations, like any other form of economic activity, depend on funds for investment and a challenge of access to finance corresponds to an equivalent degree of business depreciation. Even with strategies for accelerated women development in place, it is apparent that economic development of the women folk has been slower than expected, leading to continuing gross socio-e The vast majority of entrepreneurs in the SME sector encounter serious financial challenges to invest in their business ventures and commercial lending institutions promise to close this gap, Ramelio (2014).

In order to enhance the flow of financial services to the Micro, Small and Medium Enterprises (MSME) subsector, the Government of Kenya has, in the past, initiated a series of programmes and policies targeted at the MSMEs, such as Youth Enterprise Development Fund (YEPF), Women Enterprise Development (WEDF) and the Uwezu Fund, Nyabilo (2014). Since the search for this economic prosperity has shifted to Small and Medium Enterprises (SMEs) following the success of SMEs in the economic growth of Asian countries, however, small business enterprises in Kenya still find it difficult to access formal credit facilities from commercial lending institutions.

Tamelo (2012), indicated that the provision of financial services to low-income clients or solidarity lending groups in China including local women entrepreneurs and the self-employed, who traditionally lack access to banking and related services was being considered by the growing number of micro finance institutions. He noted that readiness to give credit facilities to clients by lending institutions, as well as the amount of loan advanced were determined by the value of collaterals, credit repayment records, the prevailing interest rates and the level of equity held in the accounts in the form of savings. SME sector has played significant role on the accelerated growth of the American GDP through creation of employment opportunities to several people unable to be absorbed in the formal employment sector, Edwardo (2015).

This milestone was achieved through government financial policies that enhanced access to affordable finance from lending institutions, giving budding business entrepreneurs the much needed star up capital.

Velma (2014) reported that access to loaning facilities from financial institutions has never been a walk in the park, as great attention is on obtaining maximum returns from any business transaction, given that banks are in the money business. Owing to the fact that loans are advanced against certain lending terms of reference such as security, cost of credit, amount of savings and ability to repay, she noted that local women in small enterprises were unable to obtain adequate funds from the banks.

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According Rhamilan (2013), despite high awareness of the existence of credit facilities on offer for business investment from various lending institutions, most entrepreneurs were less inclined to seek such funds. He attributed this phenomenon to high cost of credit, poor credit management history and fluctuating bank lending rates. In the views of Shamala (2013), improving the wellbeing of disadvantaged community members may not be effective through quick fix economic measures, but by way of long term economic strategies. She observed that local women entrepreneurs in Zambia faced difficulties in accessing business funds from banks as a result of tough lending requirements and hence were unable to engage in sustainable business ventures.

In Uganda, the government through the treasury's special fund for the youth and women was created to advance business funds to enhance growth of the informal sector for job creation, but much of these funds remained in the intermediary banks and those borrowed registered poor servicing. The reasons for this phenomenon include lending procedures, low awareness of the intended beneficiaries about the existence of the funds and poor microeconomic business environment, Tobilo (2012).

Adonita (2014) noted that with limited security against the loan and poor reflection of the lenders credit worthy, bank loans were hard to secure. She further observed that SME owners often turned to informal local lenders, popularly known as Shylocks for business funds which are given at exorbitant rates beyond the reach of majority of the business persons. According to, Amina (2011), many youths had faced a lot of difficulties in getting bank loans because of tiresome loan processing, hence were demoralized even in applying for Uwezo Funds. From the encounters of Njoroge (2013), exponential business growth could not be realized, as funds for investment were available in banks, yet could hardly be accessed due strict lending requirements that many could hardly meet.

The number of lending institutions available is an indicator of accessibility, cost of credit is vital and the ability to repay is equally crucial in accessing loans from the lending institutions, Anyumba (2013). Presenting the findings of a study done in Kasipul Constituency focusing on factors influencing access to financial services by SMEs owned by women entrepreneurs, Opiyo (2013), noted that bank loans were pegged on the amount of personal savings, interest rates, a pool of assets offered as security and previous repayment history.

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In the perception of Wanjala, the general absorption of the youth enterprise development fund remained low as most of the clients were unable to service their loans effectively, denying new youth additional funds to borrow. He attributed this state of affairs to lack of awareness on the need to refund as this was seen as a public fund, conditions of lending which often kept off the intended beneficiaries and ineffective credit handling skills among the youth.

According to Ochieng (2015), the chairlady of Uwezo fund in Kasipul Sub County, over 12% of those who applied for the fund declined complaining that they would not afford to repay such funds, yet these funds were not attracting any interest. She attributed this to lack of awareness on the details of the fund, poor credit management skills and turbulence of the modern business environment.

In the United States of America, SMEs are accredited for turning around the economy through job creation, especially to the less competitive citizens not absorbed in formal employment sector, Lamin (2011). However, access to finance has not been very smooth, as lending conditions dictate that adequate security be provided against the loan applied for. Moreover, the prevailing interest rates must be considered to determine the value of credit to be obtained and credit history of an individual lender is equally crucial

2.3. Lending conditions on access to credit facilities

Certain entrepreneurs often prefer to use credit as a crucial component of business financing since credit comes in substantial amount than owner's equity, but credit financing is generally attached to some conditions lenders have to meet in order to qualify for a specific loan. Such conditions can be perceived in terms of borrower's characteristics, the loan terms and conditions imposed by lenders as determined by the type of financial institution and its policy on loaning, Burrains (2014). Lending conditions therefore entails all the terms lending institutions impose upon potential borrowers as a way of establishing credit worth of clients and their ability to repay, Houmllanfare (2012).

Where credit duration, terms of payment, required security and the provisions of supplementary services do not fit the needs of the target group, potential borrowers will not apply for credit even where it exists and when they do, they will be denied access, Barmingham (2010). According to Hossain (2013), the Graeme Bank experience shows that most of the conditions imposed by formal credit institutions like collateral requirements should not actually stand in the way of smallholders and the poor in obtaining credit. The poor can use the loans and repay if effective procedures for disbursement, supervision and repayment have been established.

According to Colymore (2013), business owners prefer using their own capital for business expansion to a certain level where they can reach. They further expand their business with the profit earned from their business operations, fearing loan processing procedures that even demand looking for people to stand guarantee for the loan.

Shamala (2013) observes that due to long procedures of loan processing conditions, many women entrepreneurs tend to shy away from going for bank loans, choosing even to obtain expensive credit from the informal lending agents who are generally exploitative in nature. In view of these stringent loaning conditions, most women entrepreneurs are faced with limited choices in order to mobilize for business funds, banks excluded.

The Indian financial sector has seen unprecedented growth in this decade. Increased outreach, large investments and the growing role of private equity coupled with greater demand are some of the characteristics that could be marked with the recent development of the sector. The growing scale has brought with it its own set of challenges that impede access to credit facilities among the clients such as the long procedures of loan processing, Sign (2011).

According to Odida (2012), lending conditions that each financial institution formulates generally works to the advantage of the bank and not really beneficial to the clients and such become impediment to entrepreneurs, especially those in the SME domain with little capital assets. Focusing on the extent to which lending conditions influence borrowing ability among the rural women entrepreneurs in Guatemala, Gholi (2014), observed that with fewer capital assets as collaterals on a loan, borrowers may have less bargaining power on a loan facility from commercial lending institutions.

On the other hand, Getaneh (2015), stated that group lending approach effectively ration out some groups of farm households That is co-borrowers tend to self select themselves into a group of homogenous members that effectively discriminates against some others to reduce risk of carrying the burden of repayment in case of defaults of co-borrowers.

Basing his findings on a study conducted in the Amazon region on factors influencing access to credit facilities by women entrepreneurs, Lomm (2012) noted that lending institutions focus more on the borrowers' capacity to fulfill the lending conditions than all other factors combined given that this dimension is the greatest mark of credit worthiness. He observes further that lending conditions offer mitigation measures to the banks and ensures that the safety of these funds is guaranteed.

Most banks accept only unmovable properties like land and building as collaterals. Even if the business owner has land or building, they cannot use these assets as collaterals if they don't have title deeds of the properties. In most set ups in Kenya, the entrepreneurs tend to seek finance from their own resources and then from families and friends and then from sources like banks, Adonita (2014).

Access to formal credit can also be affected by household characteristics. As stated by Hussien (2007), the probability of choosing the formal credit sector was positively affected by gender, educational level, household labor and farm size. A study in Egypt by Mohieldin (2011), focusing on the analysis of the formal credit sector showed the impact of the explanatory variables on the outcome of whether a person has a loan. Both the requirements of the individual and of the lending institution determined whether a loan is extant. The results of the study indicated that educational level, ownership of land, total assets, and sizes of the household were significant factors determining the level of loan accessed.

Reporting from a study done in Donite Senegal based on the influence of lending conditions on access to credit by the low earning business entrepreneurs, Sembi (2012) established that a superior pool of responsive assets had the greatest influence on the clients' access to loans, since collaterals promise the banks safe avenues of addressing loan defaulting.

Banking institutions all over the world are in business and any transaction entered into by clients must promise business gains to the two parties involved. In the light of this, lending institutions must seek to evaluate credit worthy of a given borrower before loans are processed and aspects to be considered is available asset security against the loan applied for, Okello (2010).

Lack of income or collateral is probably the most widely obstacle faced by SMEs in accessing the funds. In some cases the entrepreneurs are unable to provide the sufficient collateral because it is not firmly established. In some cases the lender may deem the collateral insufficient in view of the loan size requested, Lamin (2011).

Most SMEs claim that they use their own money for start-ups and expansion. Most of the financing for working capital come from suppliers in terms of credit. The reason why they don't want to use external financing is that they don't want to face complex procedures of tight collateral requirements by banks. Business owners preferred using their own capital for business expansion to a certain level where they can reach. They further expand their business with the profit earned from their business operations. Some managers don't want to expand their businesses due to the current business environment but they want to operate to maintain their customers and position in the business field.

2.4. Cost of credit on access to credit facilities

The government of Kenya's awareness of the need for credit by micro and small scale business enterprises has facilitated several credit programs to assist these business enterprises in accessing credit, (Weidmann, 2013). Yet, the terms of payment stipulated by the microfinance institutions has also been found to be a crucial factor that affects the acquisition of credits by the small scale business enterprises. These programmes change the commercial rate of interest to cover costs and to ensure suitability and influence welfare of household, reach directly the poorest of the economically active to make sure that in mixed groups, micro and small scale business enterprises are not left out.

Cost of credit describes all aspects of expenditures involved in the process of accessing loaning facilities from commercial lending institutions, ranging from the prevailing interest on the credit, levies accompanying credit processing, insurance and transport costs incurred during bank visits as well as other miscellaneous, Odago (2015). In developing countries, asymmetric information, high risks, lender-borrower distance, small and frequent credit transactions of rural households make real costs of borrowing vary among different sources of credit.

Physical distance of farm households from formal lending institutions is one of the factors that influence access to formal credit. According to Huren (2012), farm households are discouraged to borrow from credit sector if it is located farther. This is because both temporal and monetary costs of transaction, especially transportation cost, increase with lender-borrower distance which raises the effective cost of borrowing at otherwise relatively lower interest rate in the sector.

According to Maina (2013), in Kenya, as in many African countries, providing financial services to poorer populations in rural areas, especially to women entrepreneurs remains a challenging goal. The Kenyan rural environment is characterized by poor communications infrastructure, relatively low population density, low levels of literacy, relatively undiversified economies, low profitability and/or high risk of many economic activities. These conditions have contributed to the culture of raising the cost of credit to cushion the lending institutions from business loss, but making these products more expensive to local business entrepreneurs.

A study by Atieno (2011) indicates that low income level, distance to credit sources, interest charged on the intended credit and other additional costs attached to a credit facility, often conspire in making business financing using credit more expensive for ordinary entrepreneur. In view of this, most low income women business entrepreneurs, especially in rural areas, prefer informal lending agencies for business loans.

Reporting from a study conducted in the Chinese Micro Industry focusing on the challenges facing newly established small businesses, Jinx (2012) noted that main banking institutions were steadily rolling out micro finance products at affordable interest rates to encourage young entrepreneurs to obtain credit for their businesses. Moreover, the country also formulated policies that encouraged proliferation of many micro finance institutions to provide these services in close neighborhoods to facilitate accessibility to the products. Besides, government funds were also created targeting various low income groups in order to boost their entrepreneurial activities. Focusing on factors influencing accessibility of business funds among the small and micro enterprises in Nigeria, Onomi (2013), established that the cost of credit was still out of reach for many unemployed rural folks who were heavily carrying the burden of unemployment in the country. In addition, he indicated that some parts of the country, though few indeed, did not have varied micro financial institutions keen on meeting the financial needs of many borrowers.

Enumerating major determinants of accessibility to micro finance products for small and medium enterprises in Zambia, Banda (2010), had in this list; the cost of credit, security against credit, information on variety of products and the general business environment that guarantee success in the forex market, as crucial in accessing funds for entrepreneurial activities.

In the United States of America, SMEs are accredited for turning around the economy through job creation, especially to the less competitive citizens not absorbed in formal employment sector , Lamin (2011). However, access to finance has not been very smooth, as lending conditions dictate that adequate security be provided against the loan applied for. Moreover, the prevailing interest rates must be considered to determine the value of credit to be obtained and credit history of an individual lender is equally crucial.

2.5. Credit servicing history on access to credit facilities

Credit servicing history is a crucial dimension of establishing credit worth of an individual client; such that most of the times, commercial lending institutions seek this information in the course of making decision on loaning abilities. Surveying the trends of borrowing and repayment by clients from various financial institutions in Karachuonyo Constituency, Owuor (2015), in the survey report observed that many women business persons had been blacklisted from seeking credit facilities and cases of attaching properties of defaulters had become a common practice by the loaning institutions to recover the borrowed funds.

Giving reasons for the emerging trend of hate-love relationship between lending institutions and the clients, Nyandiko (2015), noted that access to credit facilities by SME owners had proved a challenging phenomenon, as some of the borrowers commonly failed to service their loans timely. In his response to the Kenya Bankers Associations Report indicating that most clients were being locked out from obtaining bank loans in future due to frequent defaults, Ranono (2015) explained that credit servicing history was available for each client with the Credit Reference Bureau (CRB) and any client with past poor credit history would not be granted loans, in spite of reflecting attractive current credit rating on the basis of other assets.

According to Ndegwa (2012), in his survey of the credit rating by the commercial banks in their decisions to determine how much loans to award applicants, credit history was considered the most significant factor and this explains why bank statements are currently perceived as the most valuable loaning document. He noted that most women entrepreneurs in SMEs were no longer obtaining frequent loans even from the local Saccos, as these institutions were becoming keen on their credit history to curb cases of defaults.

According Owuor (2015), information on the credit history of an entrepreneur has significant influence on the accessing credit facilities from lending institutions and one with history of loan defaults is automatically locked out. He further observes that in the modern times when technology has been recognized as changing the way business is done, banks often seek the credit history of any client to establish credit worthiness before such loans are given.

In his encounters while working with the UNDPs income generating activities for poverty eradication among the rural women entrepreneurs in Southern Sudan, Ronnie (2014) noted that the revolving fund framework which was adopted for giving business loans to these beneficiaries proved difficult to manage due to frequent defaults. He further observed that with poor credit servicing history, a client would definitely fail to obtain any loaning facility as this was reason enough to explain why such women did not prefer taking bank loans.

It is a general trend among banking institutions to share clients information, especially the credit servicing history as basic to determining credit worth of a potential loanee, as credit advanced is normally associated with some aspects of risks of defaults, Ghann (2012). In the light of this concern, any client hoping from one banking facility to another will only be guaranteed the necessary loan if they have sound credit servicing history.

Reporting from a survey undertaken with its focus on the influence of credit history on access to micro finance products by women entrepreneurs in Kwale Township, Aziz (2014) noted that sound credit history with few valuable capital assets accorded these institutions effective grounds for making decisions to invest in the clients through loans.

2.6. Information access on access to credit facilities

Ability to access vital information on the variety and nature of credit facilities on offer in the financial market usually determines ones desire to seek such products for business investment. According to Eranest (2010), banks offer several loan products that may be helpful to potential clients, yet most of them are always unaware of such and continue servicing less attractive and traditionally available products. He further explained that education, credit information and extension visits are more likely to increase the information base and decision making abilities of the farm households including the ability to compare pros and cons of choosing appropriate credit and production technology.

According Pott (2012), accessibility of information influences the access to finance products in one way or another. Without accessibility to information, accessing loans and loan information is not easy. Women entrepreneurs in small scale businesses in most developing countries need help in the area of information management with respect to availability and accessibility of information which could enhance their businesses transactions (Njogu, 2011). According to the Faulu Credit Management Information (FCMI) on entrepreneurial training, commercial lenders must constantly update their web sites with the most current information of the products on offer to enable clients take advantage to go for more loans. Reporting from the findings of his study focusing on influence of information on access to credit facilities by the youth entrepreneurs in Ainamoi Constituency, Kibet (2011) observed that information on the status of a loan facility is vital so that clients are always updated on the performance of their loans to avoid defaults which subsequently render loans expensive. Besides, such information should also revolve around different products on offer and the corresponding terms, as potential clients have to compare these before making decision on the products to request.

Women entrepreneurs could benefit from greater media coverage and stronger advocacy to enhance awareness on credit facilities and that lack of widespread awareness about the types of loan products among the intended beneficiaries severely diminishes access to these credit facilities by the potential clients, Maina (2012).

In Sri Lanka key, informants and literature indicated a need for information about micro credit and finance schemes suitable for young entrepreneurs to be disseminated to key players across the country (National Action Plan for youth Employment Sri Lanka – August 2006).

In Africa, several investigations in the sector of small and micro enterprises reveal that accessibility of financial services still remains a challenge, despite the acknowledgement that financial investment is critical to growth of all ventures. In the views of Kambi (2011), having done a survey in Kwazulu Region in South Africa, accessibility of financial products must be addressed so as to support the rural poor to actively engage in economic development through small enterprises, bearing in mind that employment opportunities have been dwarfed by population explosions. He recommends that young entrepreneurs be assisted to obtain information on availability of cheap credits which do not overemphasize a lot on collaterals, given necessary training on resource mobilization and more micro finance that are pro poor developed.

Improving entrepreneurship is dependent upon making information and resources more available to potential innovators, particularly on availability of credit facilities to enable small business holders obtain business funds, Global Business (2010). In addition, the information should be enhanced through training and mentoring, business incubation, holding a business plan competition, and developing partnership with private and public institutions so that basic credit information is at the finger tips of potential clients.

2.7. Theoretical framework

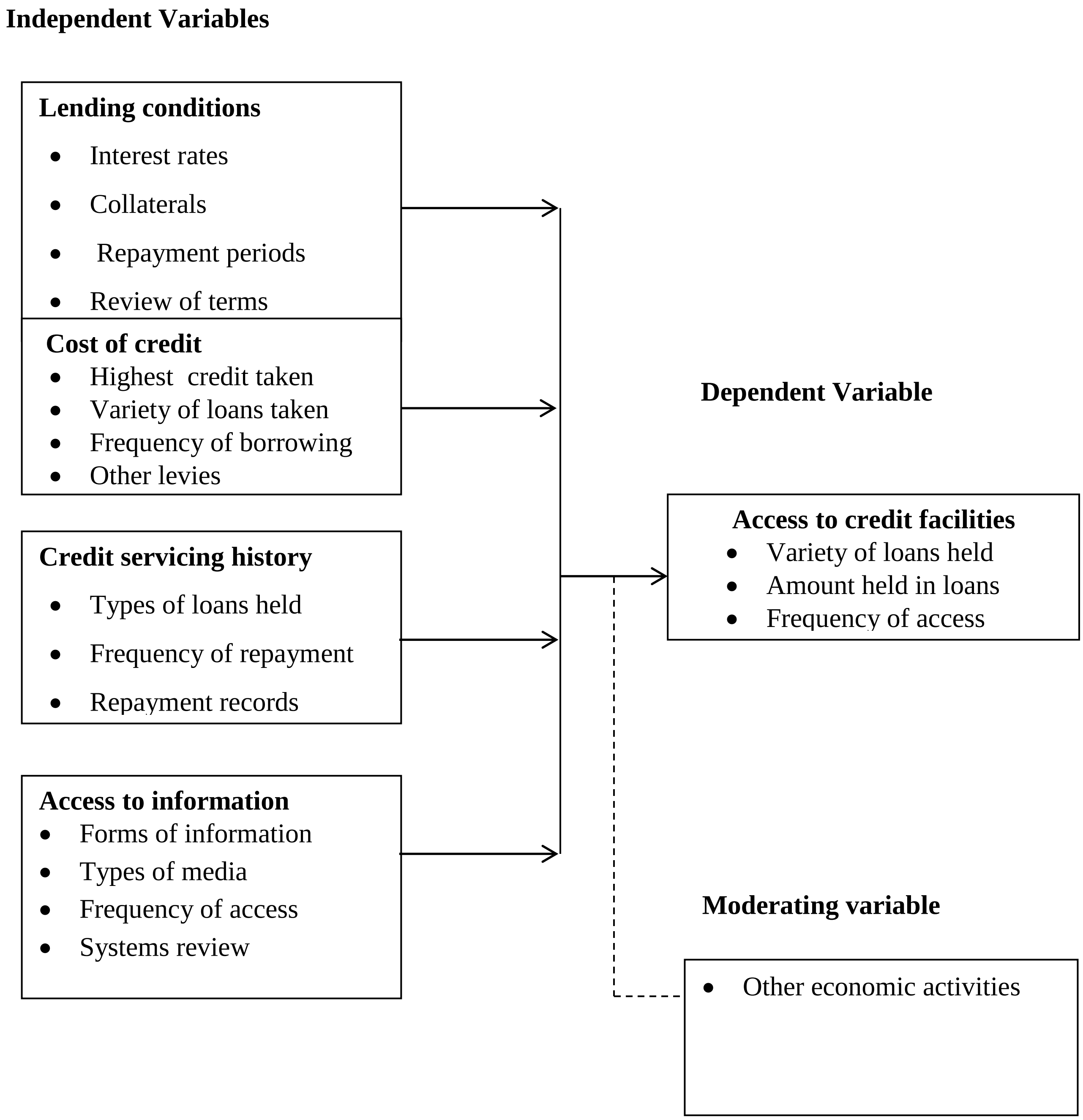
A theory refers to general rules or propositions outlining relationship among different phenomena, Lwal (1934). The study was grounded on the Goriths theory of business refinancing, (1978) which postulates that credit absorption directly correlates to the rate of business investment, such that with high levels of investment, refinancing is required to fill the gap of more need for funds. The theory also holds that, whenever, business does not attain the much anticipated growth, less need for fresh capital is experienced, hence uptake of credit gets low. The theory has one major strength, that is, need for more funds is driven by the rate of business growth and this obeys the laws of trade cycles in which investment is done during periods of business recovery so that funds are not made idle in dead stocks. However, growth of a business or business recovery must be preceded by some economic activities undertaken in the business environment and this means that business operations must continue, yet some business entrepreneurs seek to wait for recovery to invest. Realities of trade cycles notwithstanding, crave for more funds for business investment generally rises with business growth and hence the justification for using the theory to support this study.

2.8. Conceptual framework

A conceptual framework refers to when a researcher conceptualizes the relationship between variables in the study and shows the relationship graphically or diagrammatically, Mugenda and Mugenda (2003). A conceptual framework is defined as a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation, Kothari (2005). The conceptual framework was found significant for it assists the researcher to quickly perceive the relationship established as depicted in figure 2.1.

In the conceptual framework, the independent variables comprises of lending conditions, cost of credit, credit servicing history and access to information, which combine to significantly influence the dependent variable; access to credit facilities by women entrepreneurs in Kisii County. These independent variables were perceived to have strong influence on the dependent variable, while the moderating variable; other economic activities were believed to have weak influence on the dependent variable.

Figure 2.1. Conceptual framework of the study



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology used in the study. These elements of methodology consist of the research design, target population, sample size and sample selection. Moreover, it also puts to perspective the data collection instruments, instruments pretesting, instruments validity and instruments reliability. This chapter also outlines procedures of data collection, methods of data analysis, operationalization of the study variables and ethical considerations in research.

3.2 Research Design

Kothari (2004) defines research design as the arrangement of the conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. This is the conceptual structure in which research is conducted and constitutes the blue print for the collection, measurement and analysis of data (Mugenda and Mugenda, 2003).

In this study, the researcher used a descriptive survey research design. According to Mugenda and Mugenda (2003), a survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. Survey research is considered as the best method available to social scientists and other educators who are interested in collecting original data for purposes of describing a population which is too large to observe directly.

This research design was therefore held suitable in studying factors influencing access to credit facilities by women entrepreneurs; since the researcher did not have to, in any way, manipulate such factors as they had already occurred. Owing to the fact that the study targeted a large population of women operating SME in Kisii town, this research design, was considered appropriate for the study.

3.3 Target Population

According to Mugenda and Mugenda, (2003), a target population is that population to which the researcher wants to generalize the results of the study. In the views of Opiyo (2015), a target population refers to the total number of the potential unit that is too large to study directly, hence is fundamental to sample selection upon which the study results infer. This study targeted women entrepreneurs in SMEs registered by the department of Business Licensing of the County Government of Kisii, engaged in different business enterprises. According to Kisii County Governments Department of business licensing record (2016) a total of 2230 women entrepreneurs were currently licensed to operate business ventures in Kisii Town only.

3.4. Sample Size Sample selection

This section outlines the techniques and procedures for selecting optimum study sample size that would be representative of the target population in its salient features. For heterogeneous populations, large samples are necessary and small samples for homogenous populations.

3.4.1. Sample size

Generally the sample size depends on the factors such as the number of variables in the study, the type of research design, the method of data analysis and size of accessible population. Gay in Mugenda and Mugenda (2003) suggests that for correctional studies, 30 cases or more are required; for descriptive studies, 10 percent of the accessible population is enough and for experimental design at least 30 cases are required. This study being descriptive in its major characteristics, the researcher used a sample representative of 10% of the target population (2230) giving a sample size of 223 respondents.

3.4.2. Sample selection

Sampling in Kothari (2005) is defined as the selection of some part if an aggregate or totality on the basis of which a judgment or inference about the aggregate is made. In the views of Odhiambo (2012), sampling is the process of selecting units from a population of interest so that by studying the sample, one may fairly generalize the results back to population from which sample was selected.

This study employed a probability sampling design; a design of sampling in which each item from the target population was accorded equal chance of being selected and included in the final sample hence ascertaining objectivity in sample selection. Simple random sampling procedures taking the form of stratified random sampling were used by dividing the target population in five strata, such as service sector, retail, wholesale, industrial production and grocers.

3.5. Data Collection Instruments

Data collection instruments describe the tools often used in research to collect raw data from the field and to ensure that data obtained address the study objectives, the data collection instruments must be selected appropriately to avoid collecting irrelevant information, Omollo (2014). In this study, questionnaire was prepared for collecting data from the women entrepreneurs in SME. The questionnaire items took the form of items integration, in which majority were closed - ended items and a few being open –ended, as well as matrix items, thereby giving the advantage of collecting both qualitative and quantitative information.

3.5.1. Pre-Testing the Instruments

Instruments pre-testing, also referred to as piloting is a preliminary study conducted on small scale to ascertain the effectiveness of the data collection instruments, Alila (2011). A pre-test sample should be between 1% and 10% depending on the sample size, Mugenda, and Mugenda (2003). In this study the researcher intends to use a pre-test sample size equivalent to10% of the study sample size (223), giving 16 respondents.

Copies of questionnaire were developed and self administered to the pre-test sample that was similar to the actual study sample in its major characteristics, yet not the actual study sample. This was significant as it helped to reveal aspects of ambivalence depicted by the questionnaire items that were subsequently reframed relative to the responses obtained from the respondents.

3.5.2 Validity of the Instrument

Validity is a measure of the degree to which differences found with a measuring instrument depict true differences among the items being measured, Kothari (2005). In the perspective of Mugenda and Mugenda (2003), an instrument is validated by provoving that its items are representative of the skills and characteristics to be measured. Validity of the research instruments was addressed by ensuring that the questionnaire items sufficiently covered the research objectives and this was subsequently confirmed by the pilot study.

Besides, instruments validity was also be ascertained by exposing the questionnaire to the experts for judgment and peers for review. Validity of the instrument was also assured through randomization that was helpful in checking the influence of extraneous variables.

3.5.3. Reliability of the Instruments

In Kothari (2005), reliability of a test instrument is a measure of the consistency with which a test instrument produces the same results when administered to the group over time intervals.

According to Mugenda and Mugenda (2003), reliability is a measure of the degree to which a measuring instrument yields consistent results or data after repeated trials. In this study, a test retest reliability measure was employed by administering the questionnaire items twice to the same sample in a span of two weeks. The first test having been taken and results noted, the second test was subsequently administered and the results taken. Pearson's product moment coefficient of correlation (r) was then used to compare the two scores obtained and by giving an alpha value of 0.89, the data collection instrument was held reliable.

3.6. Data Collection Procedures

Data collection procedures comprise of the steps and actions necessary for conducting research effectively and the desired sequencing of these steps, Kothari (2005). The researcher begun the process of collecting data from the field upon preparation of a research proposal which was initially assessed, corrections effected and research permit obtained from National Council of Science and Technology.

Armed with the research permit obtained, the researcher subsequently hit the ground for data collection by presenting the permit to relevant authorities. In the actual data collection, four well trained and well-motivated research assistants were engaged in data collection with close supervision by the researcher.

3.7. Methods of Data Analysis

Given the fact that the study is descriptive in its major characteristics, descriptive statistics will be used for data analysis. The analysis of the data was initiated after having gone through all the copies of questionnaire received from the respondents, data edited and inspected in order to identify simple mistakes, items wrongly responded to and any blank space left unfilled by the respondents. Such were then treated as none responses hence not subjected to data analysis, as the valid responses were run through computer and analyzed using statistical package for social scientists (SPSS) generating information in the form descriptive statistics, such as frequencies and percentages and the analyzed information presented using frequency distribution tables.

3.8. Operationalization of the study variables

Operationalization of the variables involves identification of how the variables informing the study will interact and the indicators to be measured. In this study, the major independent variables of the study were lending conditions, cost of credit, credit servicing history and access to information. On the other hand, the dependent variable of the study investigated was access to credit facilities.

The independent variable; lending conditions was measured on the basis of the prevailing interest rates, the types of collaterals, review of conditions and loan cycles. Moreover, the cost of credit was measured on the grounds of highest amount borrowed, frequency of borrowing, interest levied and other charges accompanying loan processing. The credit servicing history was measured on the basis of types of loans held, frequency of servicing, servicing records and the number of banks borrowed from.

Access to information was measured on the basis of the form of credit information often obtained, types of media preferred, review of the information and access levels of the information. Finally, the dependent variable; access to credit facilities was measured on the basis of the total amount of loans held, variety of products, number of institutions borrowed from and the loan cycles.

3.9. Ethical Considerations in research

Norms promote the aims of research, such as knowledge, falsifying or misrepresenting research data, promote the truth and avoid error. Moreover, since research often involves a great deal of cooperation and coordination among many different people in different disciples and institutions, ethical standards promote the value that are essential to collaborative work, such as trust, accountability, mutual respect and fairness. For instance, many ethical norms in research , such as guidelines for relationships, copyright, and patency policies, data sharing policies and confidentiality and peer reviews are designed to protect intellectual property interest while encouraging collaborations, Resnik (2011).

William M.K (2006) lists some of the ethical issues as informed consent, confidentiality and anonymity. Given the importance of ethical issues in several ways, the researcher avoided taking any ones work and where someone's work was included, such were acknowledged. In the process of data collection, respondent's identities were concealed and any information obtained was handled with utmost confidence.

In this study, the researcher put in place measures to ensure that ethical issues were adhered in tandem with the requirements of carrying out scientific research. In the light of this concern, the researcher embraced the necessary demands of copy right laws to avoid taking copies of their intellectual property without permission. Any ideas of other scholars used in literature review were acknowledged to guard against plagiarism; no minor was allowed to take part in the study. No forgery of data was encouraged and the results of the study would subsequently be shared with all the relevant authorities and the participating respondents.

Table 3.1 Operationalization table

Objectives	Variables	Indicators	Measurements Scale	Data Collection	Data Analysis
To investigate the extent to which lending conditions influences access to credit facilities	**Independent** Lending conditions	Interest rates Collaterals Credit history	Ordinal Ratio	Questionnaire	Descriptive statistics
	Dependant Access to credit facilities	Amount borrowed Loan servicing Frequency of borrowing	Nominal interval	Questionnaire	Descriptive statistics
To assess how cost of credit influences access to credit facilities.	**Independent** Cost of credit	Amount borrowed Variety of loans held Other associated levies	Nominal ordinal	Questionnaire	Descriptive statistics

	Dependent Access to credit facilities	Amount borrowed Loan servicing Frequency of borrowing	Nominal Ordinal	Questionnaire	Descriptive statistics
To explore the extent to which credit history influences access to credit facilities.	**Independent** Credit servicing history	Number of products held Repayment periods Frequency of servicing	Nominal	Questionnaire	Descriptive statistics
	Dependent Access to credit facilities	Amount borrowed Loan servicing Frequency of borrowing	Ratio	Questionnaire	Descriptive statistics

To evaluate the extent to which access to information influences access to credit facilities.	**Independent** Access to information	Duration of processing Requirements Individuals involved	Nominal Ordinal	Questionnaire	Descriptive statistics
	Dependant Access to credit facilities	Amount borrowed Loan servicing Frequency of borrowing	Nominal Ordinal	Questionnaire	Descriptive statistics

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This chapter is anchored on data analysis, presentation, interpretation, and discussion of the research findings. Data analysis was done against the background of the key study variables: the influence of cost of credit, lending conditions, access to information and credit servicing history on access to credit facilities by women entrepreneurs in Kisii County.

4.2 Questionnaire Return Rate

In this study, out of the 223 copies of the questionnaire administered to the respondents, 212 were returned duly filled giving a response rate of 95.06% and this is illustrated table 4.1

Table 4.1: Questionnaire Return Rate

Target population	Sample size	Return Rate	Return Percentage
2230	223	212	90.06%

According to Mugenda and Mugenda (2003), response rate refers to the percentage of subjects that respond to a questionnaire. A response rate of 50% is deemed adequate for analysis and reporting, a response of 60% is good and a response rate of 70% and over is very good,

On this account, the study yielded an excellent questionnaire response rate and this phenomenon was attributed to the fact that the data collection instruments were self-administered to the respondents by two well trained and motivated research assistants.

4.3 Demographic characteristics of the respondents

The researcher operated on the premise that certain demographic features of the respondents would be significant to the study in that they predispose individuals to undertake certain initiatives. Such demographic characteristics include age, sex, marital status, level of education, duration of being in business and area of business activities.

4.3.1 Age of the respondents.

In this study, the researcher assumed that age differences of the respondents would be significant to the study given that formal employment opportunities were dwindling and business environment getting increasingly competitive, so much such that risk taking was defining the level of business success. In view of this, young persons were likely to be few in business due to lack of substantial business management experience. The respondents were asked to fill the questionnaire indicating their ages and their responses noted as illustrated in table 4.2

Table 4.2: Age of respondents

Age in years	Frequency	Percentage
18 and below	00	00.00
19-24	08	03.77
25-29	38	17.92
30-34	80	37.74
Above 35	86	40.57
Total	**212**	**100.00**

Table 4.2 reveals that 08 (03.77%) of respondents who completed the questionnaire were 18 and below 20 years, 38 (17.92%) in the age of 19-29 years, 80 (37.74%) were in the age of 30-34, with 86 (40.57%) being above 35 years. By implication, most of the women entrepreneurs in Kisii County were elderly entrepreneurs with much more business

management skills and were therefore likely to keep such enterprises up and running. In view of such eventualities, these entrepreneurs were better placed to access business funds from the commercial lending institutions, as their credit rating due to possession of valuable collaterals would be high.

4.3.2 Gender of the respondents.

Age as a demographic feature of the respondent was considered significant to the study for the researcher was interested in establishing how such variations would influence access to financial services given that social gender responsibilities generally place women in the receiving end from their husbands and hence may not raise substantial security for loaning. In view of this, the respondents were asked to complete the questionnaire indicating their gender and table 4.3 illustrates their responses.

Table 4.3 Gender of the respondents

Gender	Frequency	Percentage
Male	00	00.00
Female	212	100.00
Total	**212**	**100.00**

Depicted in table 4.3 is that of the 212 respondents who completed the questionnaire, none was a male, as all were females. Since the study was confined to studying access to credit facilities by women entrepreneurs, it was therefore obvious that men would not be contacted.

4.3.3 Marital status of the respondents

This demographic feature was viewed to be of great importance to the study as it would help reveal the extent to which variations in marital orientations would influence accessibility to credit facilities. In this interest, married entrepreneurs having the heavy burden to provide for their family upkeep were perceived to engage in risk-taking ventures than single ones in sourcing for bank loans in order to grow their enterprises. In view of this reality, the respondents were tasked to fill the questionnaire stating their marital status and their responses captured as noted in table 4.4

Table 4.4: Marital status of the Respondents

Marital status	Frequency	Percentage
Single	08	03.77
Married	118	55.66
Widowed	56	26.42
Separated	00	00.00
Other	30	16.15
Total	**212**	**100.00**

In table 4.4, of the 212 copies of questionnaire completed by the respondents, 08 (03.77%) were single, 118 (55.66%) were married, 56 (26.42%) were widowed and 30 (16.15%) having fallen on other marital orientations. The implication was that women entrepreneurs, being married and widowed and carrying much family financial responsibility, formed the bulk of business entrepreneurs in Kisii County, hence were better placed to take initiatives for aggressive mobilization of business funds from commercial lending institutions.

4.3.4 Level of education respondents.

In this study, it was held that the level of education of the respondents would significantly influence their ability to access business loans, with less educated entrepreneurs having acquired less business management skills scoring poorly on credit rating than those with rich academic orientations. On this account, the respondents were asked to fill the questionnaire indicating their level of education and table 4.5 illustrates their responses.

Table 4.5. Level of education respondents.

Level of education	Frequency	Percentage
Below certificate	86	40.57
Certificate	80	37.74
Diploma	38	17.92
Degree	08	03.77
Other	00	00.00
Total	**212**	**100.00**

As revealed in table 4.5, 86 (40.57%) of the respondents had humble education at the level below certificate, 80 (37.74%) had certificate, 38 (17.92%) obtained diploma education and 08 (03.77%) had degree level of education. These statistics imply that most women business entrepreneurs in Kisii County were experiencing glaring academic challenges and hence were unlikely to obtain the requisite business operation strategies bordering on credit access for business investment. Besides, there was an indication that in Kisii County, business was still being viewed as a general field of practice and experience in which those with less attractive academic rating would seek refuge in.

4.3.5: Duration of business operation.

In this study, the researcher assumed that the duration of operating a particular business venture would have significant influence on access to credit facilities, as aspects of mobilization of funds tend to growth with substantial experience. Moreover, young business enterprises lack tangible and responsive collaterals for credit rating in stark contrast to old and established ventures. On the account of this reality, the respondents were requested to complete questionnaire indicating the duration of being in business and their responses noted as illustrated in table 4.6.

Table 4.6. Duration of business operations

Business duration	Frequency	Percentage
1 year below	10	04.72
1-2	21	09.91
2- 3	45	21.23
3- 4	46	21.69
4- 5	48	22.64
Above 5 years	42	19.81
Total	**212**	**100.00**

From table 4.6, of the 212 respondents who completed the questionnaire indicating the period of time they had been in business, 10 (04.72%) stated having been in businesses for 1 year and below , 21 (09.91%) for 1-2 years, 45 (21.23%) stated being in business for 2-3 years, 46 (21.69%) were in business for 3-4 years and 48 (22.64%) having been in business for 4-5 years, while 42 (19.81%) had been in business for over 5 years.

Implied by these figures is that businesses in Kisii County were enjoying stability as indicated in table 4.6, in which duration of being in business was taking a steady upward trend showing that most women business entrepreneurs were therefore capable of meeting bank lending conditions in order to access credit facilities for business investment.

4.3.6: Area of business operation

The researcher, in the belief that different business areas stand unique chances of obtaining credit facilities from commercial lending institutions, was determined to establish whether differences in areas of business operations could influence access to credit facilities among women entrepreneurs in Kisii County. This was based on the premise that different business enterprises attract varied credit rating and hence certain business areas may enjoy this advantage much more than others. On account of this, the respondents were requested to complete the questionnaire stating their area of business operations and their responses captured as illustrated in table 4.7

Table 4.7. Area of business operation

Area of operation	**Frequency**	**Percentage**
Grocery	48	22.64
Wholesale	31	14.63
Retail	46	21.69
Service sector	45	21.23
Other	42	19.81
Total	**212**	**100.00**

Table 4.7 reveals that, out of the 212 respondents who completed the questionnaire indicating their various areas of business operations, 48 (22.64%) were in grocery, 31 (14.63%) were operating wholesale enterprises, 46 (21.69%) were in retail, 45 (21.23%) were in service sector and 42 (19.81%) indicated the other category.

By implication, women entrepreneurs in Kisii County were distributed almost evenly to different business ventures, an indication that business was thriving generally in the county and hence there was need to step up resource mobilization in order to open up more job opportunities in the domain of small businesses. These statistics therefore rule out the belief that certain business areas may offer an advantage in credit rating than others; rather, it is the level of effort to each enterprise that opens up avenues for business growth and subsequent business worth for accessing credit facilities.

4.4 Cost of credit on access to credit facilities

The cost of credit takes into consideration the charges levied on credit facilities obtained from a financial institution and other bank accruals on loans, as well as different forms of penalties on defaults. Such bank charges often complicate issues of credit access by small business entrepreneurs as they drive up the prices at which loans are offered. In this study, cost of credit was measured on the basis of, prevailing interest rates, type of collaterals, frequency of borrowing and the level of stability of the lending conditions.

4.4.1 Prevailing interest rate on access to credit facilities

As a general determiner to credit access, the prevailing interest rate upon which credit is given significantly influences the level of funds an entrepreneur could access from a commercial lending institution. On this account, the respondents were asked to complete the questionnaire indicating the level of agreement that the prevailing interest rates in the financial market influence access to credit facilities and their responses captured as depicted in table 4.8

Table 4.8 Prevailing interest rates on access to credit facilities

Interest rate	Frequency	Percentage
Strongly agree	166	78.31
Agree	42	20.69
Neutral	00	00.00
Disagree	00	00.00
Strongly disagree	00	00.00
Total	**212**	**100.00**

Table 4.8 reveals that out of the 212 respondents who completed the questionnaire indicating the level of their agreement that the prevailing interest rates determine access to credit facilities, 166 (78.31%) strongly agreed and 42 (20.69%) were in agreement, with none in any form of disagreement.

Implied is that the prevailing interest rates charged on loans, in most cases are determined by the commercial lending institutions with no input from the clients and are generally beneficial to lender, were perceived to be relatively high such that most of the women entrepreneurs were unable to access substantial credit facilities from the banking institutions.

4.4.2 Type of collaterals on access to credit facilities

In measuring the influence of cost of credit on access to credit facilities by women entrepreneurs, the type of collaterals offered as security against the amount of loan to be borrowed could be a pointer to how much loan one can obtain. In the light of this, the respondents were asked to complete the questionnaire indicating the common type of collaterals they use for loaning purposes and their responses captured as depicted in table 4.9

Table 4.9: Type of collaterals on access to credit facilities

Type of collaterals	Frequency	Percentage
Title deed	23	10.85
Log book	22	10.38
Household items	00	00.00
Savings	134	63.21
Other	33	15.57
Total	**120**	**100.00**

Table 4.9 reveals that, out of the 212 respondents who completed the questionnaire indicating the common type of collaterals for accessing credit facilities from commercial lending institutions, 23 (10.85%) stated using title deed, 22 (10.38%) mentioned logbook, 134 (63.21%) indicated savings and 33 (15.57%) stating use of other type of items, with none identifying with household items.

These figures create the impression that most of the women entrepreneurs in business in Kisii County, lacking valuable collaterals such as title deeds and motor vehicle log books, were unable to attract substantial loans from the commercial lending sector. Given that most of the women entrepreneurs were using their savings to access loans, it is an indication that they were hardly in possession of valuable convertible pool of resources for credit is advanced.

4.4.3 Frequency of borrowing on access to credit facilities

More often, individual entrepreneurs obtain initial credit from banking institutions which they hardly service consistently leading to default and subsequently pushing up the general cost of credit. In this case, the level of credit access is determined by the frequency of borrowing, such that those known for defaults are unlikely to access more funds frequently.

In the light of this, the respondents were asked to complete the questionnaire indicating their cycle of loan servicing and their responses captured as displayed in table 4.9

Table 4.9 Frequency of borrowing on access to credit facilities

Cycle	Frequency	Percentage
1 year and below	122	57.55
2-3	32	15.09
4-5	30	14.15
6-7	20	09.44
Above 7 years	08	03.77
Total	**212**	**100.00**

Table 4.9 reveals that, of the 212 respondents who filled the questionnaire disclosing how frequently they serviced credit obtained from lending institutions, 122 (57.55%) mentioned servicing cycle of 1 year and below, 32 (15.09%) indicated a loan cycle of 2-3 years, 30 (14.15%) stated 4-5 years, 20 (09.44%) indicated 6-7 years, while 08 (03.77%) mentioned a loan cycle above 7 years.

Implied by these statistics is that most women business entrepreneurs in Kisii County were servicing their loans less frequently, an indication that they were often going for small term loans with short repayment cycles since they had hardly been in a position to access large sums from the financial sector.

4.4.4 Level of stability of lending conditions on access to credit facilities

Basically, the level of stability of the lending conditions has a significant influence on access to credit facilities from the commercial lending institutions, in that when lending conditions fluctuate frequently, borrowers develop apathy to visit the banks. Considering this eventuality, the respondents were asked to complete the questionnaire indicating the level of stability of the lending conditions and their responses recorded as displayed in table 4.10

Table 4.10 Level of stability of lending conditions on access to credit facilities

Stability	Frequency	Percentage
Monthly	00	00.00
Quarterly	00	00.00
Biannually	00	00.00
Perennially	45	21.23
Other	167	78.77
Total	**212**	**100.00**

Table 4.10 indicates that of the 212 respondents who completed the questionnaire indicating the level of stability of the bank lending conditions, 45 (21.23%) stated that the lending conditions were fluctuating perennially and 167 (78.77%) mentioned the other category. The implication of these statistics is that most of respondents identified with the other category indicative of their lack of knowledge on the stability of the bank lending conditions, a sign that this dimension had little to do with access to credit facilities by women entrepreneurs in Kisii County.

4.5. Lending conditions on access to credit facilities

Banking products are normally traded upon certain basic conditions that clients are expected to satisfy in order to benefit from such facilities. Lending conditions was viewed on the basis of cost of credit, highest amount ever borrowed, the number of loans held and frequency of borrowing.

4.5.1 Cost of credit on access to credit facilities

Generally, the amount of credit to access from any financial institution is tied to the charges that accrue from the loan obtained ranging from transaction costs, travel expenses, insurance and interests attracted, as well as other forms of levies on defaults. In view of this, the respondents were asked to complete the questionnaire indicating their level of agreement that the cost of credit influences access to such facilities and their responses noted as displayed in table 4.11.

Table 4.11 Cost of credit on access to credit facilities

Rating	Frequency	Percentage
Strongly agree	165	77.83
Agree	43	20.17
Neutral	00	00.00
Disagree	00	00.00
Strongly disagree	00	00.00
Total	**212**	**100.00**

Table 4.11 indicates that of the 212 respondents who completed the questionnaire stating their level of agreement that cost of credit influences access to credit facilities, 165 (77.83%) were in strong agreement and 43 (20.17%) agreed, with none indicating any form of disagreement.

The implication of these statistics is that most of respondents did acknowledge that the cost of credit had a significant influence on access to credit facilities by women entrepreneurs in Kisii County.

4.5.2. Highest amount borrowed on access to credit facilities

Normally lending conditions are established by financial institutions with no input of the customers, and that such conditions are often more favorable to the lending institutions than the clients and this can be indicated by the amount that is borrowed. The respondents were asked to complete the questionnaire indicating the highest amount ever borrowed and their responses captured as displayed in table 4.12

Table 4.12 Highest amount borrowed on access to credit facilities

Amount	**Frequency**	**Percentage**
20, 000 and below	11	05.19
20, 000-30,000	50	23.58
30,000-40,000	46	21.69
40,000-50,000	62	29.25
Above 50,000	43	20.28
Total	**212**	**100.00**

Table 4.12 indicates that of the 212 respondents who filled the questionnaire disclosing the highest amount ever borrowed, 11 (05.19%) indicated having borrowed 20,000 and below, 50 (23.58%) indicated 20,000-30,000, 46 (21.69%) stated 30,000-40,000, 62 (29.25%) mentioned borrowing 40,000-50,000 and 43 (20.28%) stated above 50,000.

Implied by these statistics was that most women entrepreneurs in Kisii County having found bank lending conditions as unfavorable to their borrowing needs were often going for small short term loans. Such short term loans could hardly address the financial requirements of modern businesses which often operate in highly competitive and ever changing business environment.

4.5.3. Number of loans held on access to credit facilities

As a general practice, lending is normally pegged on several conditions that must be evaluated in totality in order to arrive at the actual loan a client is worth borrowing at any given time, any outstanding loan being another consideration. In order to ascertain the extent to which lending conditions influence access to credit facilities, the number of loans held by the clients is crucial. The respondents were asked to complete the questionnaire indicating the number of loans held and they responded as illustrated in table 4.13

Table 4.13 Number of loans held on access to credit facilities

Number of credit	Frequency	Percentage
0-1	45	21.23
1-2	148	69.81
2-3	19	08.96
3-4	00	00.00
Above 4	00	00.00
Total	**212**	**100.00**

Table 4.13 reveals that out of the 212 respondents who completed the questionnaire disclosing the number of loan products held from the commercial lending institutions, 45 (21.23%) had 0-1 and 148 (69.81%) held 1-2 products, with 19 (08.96%) holding 2-3, yet none held more than 3 loans.

Implied by these statistics was that, owing to the fact that most of the women entrepreneurs in Kisii County did not possess substantial loaning ability, were unable to access more loan products from the lending institutions to invest in their enterprises.

4.5.4. Frequency of borrowing on access to credit facilities.

The frequency with which individual clients go for bank loans significantly influences the level of access of the credit facilities from the lending institutions. In order to ascertain the frequency of borrowing by clients, the respondents were requested to fill the questionnaire indicating how often they borrowed and they responded as illustrated in table 4.14.

Table 4.14: Frequency of borrowing on access to credit facilities

Rating	Frequency	Percentage
Very frequently	10	04.73
Frequently	58	27.36
Neutral	00	00.00
Less frequently	144	67.93
Other	00	03.80
Total	**212**	**100.00**

Table 4.14 reveals that out of the 212 women entrepreneurs who filled the questionnaire indicating how often they were going for bank loans, 10 (04.73%) stated borrowing very regularly, 58 (27.36%) stated frequently, 144 (67.93%) indicated borrowing less frequently and none indicated the other category.

Implied by these statistics is that women entrepreneurs in Kisii County were borrowing less frequently as they hardly met the bank lending conditions. Moreover, business growth is determined by several factors, of which reinvestment is as crucial as others, yet with less resource mobilization, this goal remains just a wish.

4.6 Information on access to credit facilities

Decision making is considered as the most vital success factor of an enterprise and the quality of decisions is often based on the quality of information processed and made available to relevant individuals within such organizations. Access to information is therefore an undertaking worth embracing if enriching crucial business decision become key objectives for accomplishment. In view of this concern, this variable was measured on the basis of levels of information access, key areas of information, common means of accessing information and relevance of information to deal with changes in business environment.

4.6.1 Levels of information access on access to credit facilities

It is best practice in business to identify different forces within the business environment that are likely to influence the manner in which key activities are executed for the success of the venture. This is because modern business environment has become complex and requisite knowledge and skills are critical for effective credit management for immediate gains and future borrowing. The respondents were therefore asked to fill the questionnaire disclosing their level of agreement that levels of access to information influences access to credit facilities and table 4.15 shows their responses.

Table 4.15 Levels of information access on access to credit facilities

Level of information	Frequency	Percentage
Strongly agree	144	67.92
Agree	78	36.80
Neutral	00	00.00
Disagree	00	00.00
Strongly disagree	00	00.00
Total	**212**	**100.00**

Table 4.15 indicates that of the 212 respondents who filled the questionnaire disclosing the extent to which they agreed that level of information access was crucial in access to credit facilities, 144 (67.92%) indicated strong agreement and 78 (36.80%) being in agreement, yet none mentioned any form of disagreement.

Implied by the statistics was that most women entrepreneurs in Kisii County acknowledged that the level at which vital organizational information is accessed was significant to access to credit facilities, as the financial environment was awash with different credit products and awareness of the most attractive package was necessary for any entrepreneur.

4.6.2 Areas of information on access to credit facilities

Access to information on credit facilities is considered as the most important initial activity that an entrepreneur must embrace in an effort to seek for a business loan from commercial lending institution. In order to ascertain the most attractive credit package on offer, proper research has to be undertaken before final decision is made on the same. In view of this, the respondents were requested to fill the questionnaire indicating areas upon which information is obtained and they responded as illustrated in table 4.16.

Table 4.16: Areas of information on access to credit facilities

Information area	Frequency	Percentage
New products	00	00.00
Tariff variations	48	22.64
General products	00	00.00
Credit reports	164	77.36
Other	00	00.00
Total	**212**	**100.00**

Table 4.16 reveals that out of the 212 respondents who filled the questionnaire indicating the areas of information accessed, 48 (22.64%) stated getting information on tariff variations, 164 (77.36%) indicated credit reports and none mentioned receiving information on new products and general products.

Implied by these statistics was that when information was made available to clients, such were often done in the form of credit servicing records and change of tariffs, yet rarely done in other diverse areas. In view of this, the level at which the women entrepreneurs were obtaining information on credit facilities in Kisii County was less effective in enhancing credit access.

4.6.3 Relevance of information on access to credit facilities

Often people associate the training effectiveness with the form in which such trainings are initiated. If the training package is formally presented to the beneficiaries as well as content linked to immediate area of application, it becomes much more effective. The respondents were therefore asked to complete the questionnaire indicating the form of training package commonly offered by financial institutions and their responses noted as illustrated in table 4.17

Table 4.17: Relevance of information on access to credit facilities

Relevance of information	Frequency	Percentage
More often	126	59.44
Often	54	25.47
Neutral	32	15.09
Less often	00	00.00
Other	00	00.00
Total	**212**	**100.00**

Table 4.17 reveals that, of the 212 respondents who filled the questionnaire giving the relevance of information obtained to deal with the ever changing business environment, 126 (59.44%) stated getting such information more often, 54 (25.47%) mentioned often and 32 (15.09%) indicated being neutral.

The statistics in table 4.17 give the impression that many women entrepreneurs in Kisii County were actually frequently receiving relevant information regarding the changes in the operating business environment and therefore were expected to enhance their access to credit facilities.

4.6.4 Means of information on access to credit facilities

The means by which information is obtained is considered critical to the quality of information and subsequent decision making process, for different means of information offers new insights into different phenomena, particularly access to various credit facilities. In this context, the respondents were asked to complete the questionnaire indicating the common means of accessing information and their responses captured as illustrated in table 4.18

Table 4.18: Means information on access to credit facilities

Information means	Frequency	Percentage
Local media	42	19.81
Bank periodicals	18	08.49
Committee conventions	30	14.15
Bank visits	82	38.68
Other	40	18.87
Total	**212**	**100.00**

Table 4.18 reveals that out of the 212 respondents who completed questionnaire stating the means of obtaining information, 42 (19.81%) stated obtaining information from local media, 18 (08.49%) mentioned bank periodicals, 30 (14.15%) stated Committee conventions, 82 (38.68%) stated bank visits and 40 (18.87%) indicated obtaining information from other means. From these statistics, most women entrepreneurs seeking information on credit issues had to make expensive trips to the various banks, rather than regularly being supplied with bank information documents such as newsletters and periodicals containing current trends in the financial sector.

4.7 Credit servicing history on access to credit facilities.

Processing credit facilities is normally a rigorous undertaking done within the framework of certain basic assumptions meant to cushion the lender against the possibility of any loss that may result from failure to service the borrowed funds by the clients.

Good credit management strategies dictate that individual lenders credit history be scrutinized for purposes of determining credit worth of the client and the probability that the advanced credit facility will be serviced in totality. This variable was measured on the basis of consistency of servicing loans, common lending frameworks, review of lending conditions and different credit facilities held from other commercial lending institutions.

4.7.1. Influence of consistency of borrowing on access to credit facilities.

The extent to which a client has been consistent in servicing loans with banking institutions is a crucial indicator of the credit worth of an individual, as well as the ability to repay and such clients, over time, have built a formidable loan servicing history for future lending needs. On this account, the respondents were asked to fill the questionnaire disclosing how consistent in loan servicing they were and table 4.19 illustrates their responses.

Table 4.20. Consistency of borrowing on access to credit facilities.

Consistency	Frequency	Percentage
Very consistent	50	23.58
Consistent	61	28.77
Neutral	00	00.00
Less consistent	48	22.65
Other	53	25.00
Total	**212**	**100.00**

Table 4.19 indicates that of the 212 women entrepreneurs who filled the questionnaire stating how consistent in loan servicing they were, 50 (23.58%) disclosed that they were

very consistent in servicing their loans, 61(28.77%) indicated being consistent, 48 (22.65%) were less consistent and 53 (25.00%) stated the other, with none being neutral.

By implication most women entrepreneurs in Kisii County were consistent in servicing their loans as revealed by 111 respondents who indicated so. However, a substantial percentage was experiencing certain challenges of credit servicing and hence was unlikely to increase their borrowing capacities with the commercial lending institutions.

4.7.2. Frequency of borrowing on access to credit facilities.

When credit rating of a client is good enough, chances are high that the client will be given the requested loan and such clients will often find reasons to continue borrowing from other commercial lending institutions based on a sound credit servicing history. The frequency of borrowing is therefore a significant determinant of the creation of a lending history with a given financial institution. In order to ascertain the frequency of borrowing by clients, the respondents were requested to fill the questionnaire indicating how often they borrowed and their responses noted as illustrated in table 4.20.

Table 4.21: Frequency of borrowing on access to credit facilities.

Rating	Frequency	Percentage
Very frequently	20	09.43
Frequently	17	08.02
Neutral	00	00.00
Less frequently	155	73.12
Other	20	09.43
Total	**212**	**100.00**

Table 4.20 reveals that out of the 212 women entrepreneurs who filled the questionnaire indicating the frequency of borrowing, 20 (09.43%) stated borrowing very regularly, 17

(08.02%) stated taking loans frequently, 155 (73.12%) indicated borrowing less frequently and 20 (09.43%) indicated the other category.

Implied by these statistics is that a significant percentage of the women entrepreneurs in Kisii County were consistent in borrowing, yet majority had not developed a formidable borrowing history that could boost their borrowing capacities as most of them could only borrow less regularly.

4.7.3 Common type of credit facilities held on access to credit facilities.

The type of credit facilities held by a client at any given period of time, all granted by one commercial lender or different products offered by several lenders ascertain the level of the credit history of the borrowing party. The respondents were therefore asked to complete the questionnaire indicating the type of credit facilities currently held from the commercial lending institutions and their responses captured as depicted in table 4.21.

Table 4.22: Common type of credit facilities held on access to credit facilities.

Type of products	Frequency	Percentage
Seed capital	57	26.89
Mezzanine	25	11.79
Refinancing	20	09.44
Venture capital	50	23.58
Other	60	28.30
Total	**212**	**100.00**

Table 4.21 reveals that, of the 212 women entrepreneurs in Kisii County who filled the questionnaire giving the type of credit facilities held from commercial lenders, 57 (26.89%) stated holding seed capital, 25 (11.79%) mentioned mezzanine finance, 20 (09.44%)

indicated holding refinancing loan, 50 (23.58%) were in possession of venture capital loans and 60 (28.30%) identified with the other type of loans.

These statistics imply that many women entrepreneurs in Kisii County were holding just few loan facilities from different lenders including other none formal lending institution, since they had not developed an attractive credit history for high credit rating.

4.7.4 Common lending frameworks on access to credit facilities.

Attempts put in place for establishing credit servicing history of an individual client may also take the form of the common lending framework, such that individual borrowing in a consistent manner indicates a strong credit servicing history than group borrowing. In this context, the respondents were asked to complete the questionnaire indicating the common lending framework and their responses captured as illustrated in table 4.22

Table 4.22: Common lending frameworks on access to credit facilities.

Framework	**Frequency**	**Percentage**
Personal borrowing	68	32.09
Group guarantors	72	33.96
Employer report	20	09.43
Family involvement	32	15.09
Other	20	09.43
Total	**212**	**100.00**

Table 4.20 reveals that, of the 212 women entrepreneurs in Kisii County who filled the questionnaire giving the common lending framework used for obtaining loans, 68 (32.09%)

stated personal borrowing, 72 (33.96 %) mentioned group guarantors, 20 (09.43 stated employer report and other and 32 (15.09%) indicated borrowing through family involvement.

These statistics imply that many women entrepreneurs in Kisii County were borrowing mostly on group arrangement as a consequence of having built less attractive credit history to enhance credit rating with the various banking institutions.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter is basically concerned with summary of the study findings against the backdrop of the key study variables. In this study, the researcher sought to investigate the influence of cost of credit, lending conditions, access to information and credit servicing history on access to credit facilities in by women entrepreneurs in Kisii County. This section also presents the conclusions drawn from the study findings, as well as the study recommendations, both for policy formulation and suggestions for further research.

5.2 Summary of the finding

In this study, out of the 223 copies of the questionnaire administered to the respondents, 212 were returned duly filled giving a response rate of 95.06%. On this account, the study yielded an excellent questionnaire response rate and this phenomenon was attributed to the fact that the data collection instruments were self-administered to the respondents by two well trained and motivated research assistants.

5.2.1. Demographic characteristics of the respondents

The researcher operated on the premise that certain demographic features of the respondents would be significant to the study in that they predispose individuals to undertake certain initiatives. Such demographic characteristics include age, sex, status, level of education, duration of being in business and area of business activities.

The study revealed that 08 (03.77%) of respondents who completed the questionnaire were 18 and below 20 years, 38 (17.92%) in the age of 19-29 years, 80 (37.74%) were in the age of 30-34, with 86 (40.57%) being above 35 years. Most of the women entrepreneurs in Kisii

County were elderly entrepreneurs with much more business management skills and were therefore likely to keep such enterprises up and running.

Based on marital status, 08 (03.77%) were single, 118 (55.66%) were married, 56(26.42%) were widowed and 30 (16.15%) having fallen on other marital orientations. Revealed was that women entrepreneurs, being married and widowed and carrying much family financial responsibility, formed the bulk of business entrepreneurs in Kisii County, hence were better placed to take initiatives for aggressive mobilization of business funds from commercial lending institutions.

Level of education was also evaluated and noted was that, 86 (40.57%) of the respondents had humble education at the level below certificate, 80 (37.74%) had certificate, 38 (17.92%) obtained diploma education and 08 (03.77%) had degree level of education. These statistics revealed that most women business entrepreneurs in Kisii County were experiencing glaring academic challenges and hence were unlikely to obtain the requisite business operation strategies bordering on credit access for business investment.

Of the 212 respondents who completed the questionnaire indicating the period of time they had been in business, 10 (04.72%) stated having been in businesses for 1 year and below , 21 (09.91%) for 1-2 years, 45 (21.23%) stated being in business for 2-3 years, 46 (21.69%) were in business for 3-4 years and 48 (22.64%) having been in business for 4-5 years, while 42 (19.81%) had been in business for over 5 years.

These figures showed that most women business entrepreneurs were therefore capable of meeting bank lending conditions in order to access credit facilities for business investment and on areas of business operations, 48 (22.64%) were in grocery, 31 (14.63%) were operating wholesale enterprises, 46 (21.69%) were in retail, 45 (21.23%) were in service sector and 42 (19.81%) indicated the other category.

Women entrepreneurs in Kisii County were distributed almost evenly to different business ventures, an indication that business was thriving generally in the county and hence there was need to step up resource mobilization in order to open up more job opportunities in the domain of small businesses. These statistics therefore rule out the belief that certain business areas may offer an advantage in credit rating than others; rather, it is the level of effort to each enterprise that opens up avenues for business growth and subsequent business worth for accessing credit facilities.

5.2.2. Cost of credit on access to credit facilities

The cost of credit takes into consideration the charges levied on credit facilities obtained from a financial institution and other bank accruals on loans, as well as different forms of penalties on defaults. Such bank charges often complicate issues of credit access by small business entrepreneurs as they drive up the prices at which loans are offered.

Giving their responses on the level of their agreement that the prevailing interest rates determine access to credit facilities, 166 (78.31%) strongly agreed and 42 (20.69%) were in agreement, with none in any form of disagreement. The prevailing interest rates charged on loans, in most cases are determined by the commercial lending institutions with no input from the clients and are generally beneficial to lender, were perceived to be relatively high such that most of the women entrepreneurs were unable to access substantial credit facilities from the banking institutions.

Indicating the common type of collaterals for accessing credit facilities from commercial lending institutions, 23 (10.85%) stated using title deed, 22 (10.38%) mentioned logbook, 134 (63.21%) indicated savings and 33 (15.57%) stating use of other type of items, with none identifying with household items. Most of the women entrepreneurs in business in Kisii County, lacking valuable collaterals such as title deeds and motor vehicle log books, were unable to attract substantial loans from the commercial lending sector. On the frequency servicing the credit obtained from lending institutions, 122 (57.55%) mentioned servicing cycle of 1 year and below, 32 (15.09%) indicated a loan cycle of 2-3 years, 30 (14.15%) stated 4-5 years, 20 (09.44%) indicated 6-7 years, while 08 (03.77%) mentioned a loan cycle above 7 years.

From these figures, most women business entrepreneurs in Kisii County were servicing their loans less frequently, an indication that they were often going for small term loans with short repayment cycles since they had hardly been in a position to access large sums from the financial sector.

Moreover, aspects of the stability of bank lending conditions were also considered and of the 212 respondents, 45 (21.23%) stated that the lending conditions were fluctuating perennially and 167 (78.77%) mentioned the other category. These statistics revealed that most of respondents identified with the other category indicative of their lack of knowledge on the stability of the bank lending conditions, a sign that this dimension had little to do with access to credit facilities by women entrepreneurs in Kisii County.

5.2.3. Lending conditions on access to credit facilities

Banking products are normally traded upon certain basic conditions that clients are expected to satisfy in order to benefit from such facilities. Lending conditions was viewed on the basis of cost of credit, highest amount ever borrowed, the number of loans held and frequency of borrowing.

The findings revealed that of the 212 respondents who completed the questionnaire stating their level of agreement that cost of credit influences access to credit facilities, 165 (77.83%) were in strong agreement and 43 (20.17%) agreed, with none indicating any form of disagreement.

The study therefore concluded that the cost of credit had a significant influence on access to credit facilities by women entrepreneurs in Kisii County.

Focusing on the highest amount ever borrowed, 11 (05.19%) indicated having borrowed 20,000 and below, 50 (23.58%) indicated 20,000-30,000, 46 (21.69%) stated 30,000-40,000, 62 (29.25%) mentioned borrowing 40,000-50,000 and 43 (20.28%) stated above 50,000.

revealed was that most women entrepreneurs in Kisii County having found bank lending conditions as unfavorable to their borrowing needs were often going for small short term loans. Such short term loans could hardly address the financial requirements of modern businesses which often operate in highly competitive and ever changing business environment.

Disclosing the number of loan products held from the commercial lending institutions, 45 (21.23%) had 0-1 and 148 (69.81%) held 1-2 products, with 19 (08.96%) holding 2-3, yet none held more than 3 loans indicating that most of the women entrepreneurs in Kisii County did not possess substantial loaning ability, were unable to access more loan products from the lending institutions to invest in their enterprises.

Asked how often they were going for bank loans, 10 (04.73%) stated borrowing very regularly, 58 (27.36%) stated frequently, 144 (67.93%) indicated borrowing less frequently and none indicated the other category, a sign that women entrepreneurs in Kisii County were borrowing less frequently as they hardly met the bank lending conditions. Moreover, business growth is determined by several factors, of which reinvestment is as crucial as others, yet with less resource mobilization, this goal remains just a wish.

5.2.4. Information on access to credit facilities

The study established that of the 212 respondents who filled the questionnaire disclosing the extent to which they agreed that level of information access was crucial in access to credit facilities, 144 (67.92%) indicated strong agreement and 78 (36.80%) being in agreement, yet none mentioned any form of disagreement.

In this case, most women entrepreneurs in Kisii County acknowledged that the level at which vital organizational information is accessed was significant to access to credit facilities, as the financial environment was awash with different credit products and awareness of the most attractive package was necessary for any entrepreneur.

Indicating the areas of information accessed, 48 (22.64%) stated getting information on tariff variations, 164 (77.36%) indicated credit reports and none mentioned receiving information on new products and general products. Information was therefore in the form of credit servicing records and change of tariffs, yet rarely done in other diverse areas. While giving the relevance of information obtained to deal with the ever changing business environment, 126 (59.44%) stated getting such information more often, 54 (25.47%) mentioned often and 32 (15.09%) indicated being neutral. These statistics give the impression that many women entrepreneurs in Kisii County were actually frequently receiving relevant information regarding the changes in the operating business environment and therefore were expected to enhance their access to credit facilities.

On the means of obtaining information, 42 (19.81%) stated obtaining information from local media, 18 (08.49%) mentioned bank periodicals, 30 (14.15%) stated Committee conventions, 82 (38.68%) stated bank visits and 40 (18.87%) indicated obtaining information from other means. These revealed that most women entrepreneurs seeking information on credit issues had to make expensive trips to the various banks, rather than regularly being supplied with bank information documents such as newsletters and periodicals containing current trends in the financial sector.

5.2.5. Credit servicing history on access to credit facilities.

From the findings of the study, asked to state how consistent in loan servicing they were, 50 (23.58%) disclosed that they were very consistent in servicing their loans, 61(28.77%) indicated being consistent, 48 (22.65%) were less consistent and 53 (25.00%) stated the other, with none being neutral. In this case, most women entrepreneurs in Kisii County were consistent in servicing their loans as revealed by 111 respondents who indicated so. However, a substantial percentage was experiencing certain challenges of credit servicing and hence was unlikely to increase their borrowing capacities with the commercial lending institutions.

Indicating the frequency of borrowing, 20 (09.43%) stated borrowing very regularly, 17 (08.02%) stated taking loans frequently, 155 (73.12%) indicated borrowing less frequently and 20 (09.43%) indicated the other category. A significant percentage of the women entrepreneurs in Kisii County were consistent in borrowing, yet majority had not developed a formidable borrowing history that could boost their borrowing capacities as most of them could only borrow less regularly.

While giving the type of credit facilities held from commercial lenders, 57 (26.89%) stated holding seed capital, 25 (11.79%) mentioned mezzanine finance, 20 (09.44%) indicated holding refinancing loan, 50 (23.58%) were in possession of venture capital loans and 60

(28.30%) identified with the other type of loans. Noted was that many women entrepreneurs in Kisii County were holding just few loan facilities from different lenders including other none formal lending institution, since they had not developed an attractive credit history for high credit rating.

Asked about the common lending framework used for obtaining loans, 68 (32.09%) stated personal borrowing, 72 (33.96 %) mentioned group guarantors, 20 (09.43 stated employer report and other and 32 (15.09%) indicated borrowing through family involvement. These statistics imply that many women entrepreneurs in Kisii County were borrowing mostly on group arrangement as a consequence of having built less attractive credit history to enhance credit rating with the various banking institutions.

5.3 Conclusion

Based on the study findings, it was noted that the study variables that formed the objectives guiding this work had significant influence on access to credit facilities by women entrepreneurs in Kisii County. These major variables were, lending conditions, cost of credit, access to information and credit servicing history. On the demographics of the respondents, age, sex, level of education, area of business engagement, and the duration of operation were evaluated.

Entry into entrepreneurship as an economic venture was therefore found to be a product of both environmental factors and heredity, which is, packaged in the major study variables and demographic factors.

Lending conditions in the form of the basic lending requirements had significant influence on access to credit facilities, as these conditions were realized as more beneficial to the lending institutions than the clients and generally cushion the lender against the possibility of encountering losses. Such conditions therefore put some constrains on the lenders and dictate the value of credit obtained, as well as the duration of loan servicing.

Moreover, cost of credit was also observed to have significant influence on access to credit facilities on the basis that amount of credit borrowed, prevailing interest rates, frequency of borrowing and the type of credit facilities commonly obtained by the clients offered indicators for measuring the variable.

Besides, access to information on different forces within the operating environment necessarily influences any business venture and in particular, issues to do with access to credit facilities. In view of this, the researcher established that the financial sector often develops new products in the market, yet some clients lack this information.

The history of credit servicing, just like the other variables, was found to be of great significance to the study, as this helps in building trust between the lender and the client, and more often good business thrives on the platform of trust.

5.4 Recommendations.

From the findings of the study, recommendations were made, both for policy formulation and further research.

5.4.1 Recommendations for policy formulation.

The study recommends useful measures worth embracing by different stakeholders in different ways. To begin with, the study recommends that the government should put in place policies that promote the growth of small businesses as alternative to formal employment to offer economic hope to those unemployed.

Moreover, there is need to formulate policies that entrench entrepreneurship in the domains of the world of academics so that most young people leaving different learning institutions at different levels develop entrepreneurship skills for gainful future survival.

Besides, the entire financial sector should also develop financial policies targeting SMEs given that this sector brags of the highest client level in the business field, to formulate policies that would ensure more attractive credit facilities are rolled out to meet the ever swelling business constituents, both to the success of commercial lending institutions and the entire business sector.

Finally, the government, in its quest to address issues of unemployment and poverty eradication, should formulate more favorable policies that would enhance vigor in engaging those not likely to be absorbed in formal employment sector in sustainable economic development by giving business grants.

5.4.2 Recommendation for further Research.

The study recommends that the following areas to be considered for further research:

1. What influence does politics have on access to credit facilities by women entrepreneurs in Kisii County?
2. How different would the results of study be if it were done in the adjacent Nyamira County targeting youth entrepreneurs?
3. Is there a significant relationship in access to credit facilities offered through government loaning framework and that of the commercial lending institutions?
4. Which factors influence the rising cases of the informal loaning structures currently common in the rural areas of Kenya?

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APPENDIX I: LETTER OF TRANSMITTAL

UNIVERSITY OF NAIROBI
P.O. BOX 30197
NAIROBI
Date 5/4/2016.

Dear Respondent,

SUB: FACTORS INFLUENCING ACCESS TO CREDIT FACILITIES BY WOMEN ENTREPRENEURS.

I am a student undertaking an academic research focusing on factors influencing access to credit facilities by women entrepreneurs in Kisii County leading to the award of the degree of Master of Arts in project planning and management, the University of Nairobi.

I kindly request to be allowed to collect data for this study, which is purely academic and any information provided will be handled with utmost confidentiality.

Yours Sincerely

Isabella Nyomenda.

APPENDIX II: RESEARCH QUESTIONNAIRE

This questionnaire is prepared for collecting data on the study focusing on factors influencing access to credit facilities by women entrepreneurs in Kisii County. Please put a tick reflecting your responses and use the spaces provided to give your opinion.

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

1. State your age in years
   a. 18 and below [ ]
   b. 19-24 [ ]
   c. 25-29 [ ]
   d. 30-34 [ ]
   e. Above 35 [ ]
2. Give your gender
   a. Male [ ]
   b. Female [ ]
3. Indicate your marital status
   a. Single [ ]
   b. Married [ ]
   c. Widowed [ ]
   d. Separated [ ]
   e. Other [ ]
4. State your highest level of education
   a. Below certificate [ ]
   b. Certificate [ ]
   c. Diploma [ ]
   d. Degree [ ]
   e. Other [ ]

5. Indicate the duration you have been in business?
    a. I year and below [ ]
    b. 1-2 [ ]
    c. 2-3 [ ]
    d. 3-4 [ ]
    e. 4-5 [ ]
    f. Above 5 [ ]

6. Indicate the category of business you operate.
    a. Whole sale [ ]
    b. Retail [ ]
    c. Service [ ]
    d. Grocery [ ]
    e. Other [ ]

SECTION B. KEY VARIABLES OF THE STUDY

7. State the extent to which you agree or disagree that the prevailing interest rates influence your capacity to access the desirable credit.
    a. Strongly agree [ ]
    b. Agree [ ]
    c. Neutral [ ]
    d. Disagree [ ]
    e. Strongly disagree [ ]
8. Indicate the type of collaterals you often use as security against the credit requested.
    a. Title deed [ ]
    b. Log book [ ]
    c. House hold items [ ]
    d. Savings [ ]
    e. Other [ ]
9. Indicate the longest loan cycle for which you have serviced your loans.
    a. 1 year and below [ ]

b. 1-2 [ ]
c. 2-3 [ ]
d. 3-5 [ ]
e. Above 5 [ ]

10. How often do lending conditions remain stable?
    a. Monthly [ ]
    b. Quarterly [ ]
    c. Biannually [ ]
    d. Perennially [ ]
    e. Other [ ]

11. In your own opinion explain how lending conditions influence access to credit facilities by women entrepreneurs in Kisii Town, Kisii County…......................................
    ……………………………………………………………………………………………
    ……………………………………………………………………………………………

12. State your level of agreement or disagreement that cost of credit influences access to credit facilities by women entrepreneurs in Kisii Town.
    a. Strongly agree [ ]
    b. Agree [ ]
    c. Neutral [ ]
    d. Disagree [ ]
    e. Strongly disagree [ ]

13. Indicate the highest amount of credit ever obtained from the lending institutions.
    a. 20,000 and below [ ]
    b. 20, 000-30,000 [ ]
    c. 30,000-40,000 [ ]
    d. 40,000-50,000 [ ]
    e. Above 50,000 [ ]

14. Indicate the number of loans held from commercial lending institutions.

a. 0-1 [ ]

b. 1-2 [ ]

c. 2-3 [ ]

d. 3-4 [ ]

e. Above 4 [ ]

15. How often do you go for credit facilities from the financial institutions?

a. Very frequently [ ]

b. Frequently [ ]

c. Neutral [ ]

d. Less frequently [ ]

e. Other [ ]

16. Indicate the common levies that go with the general cost of credit that influence access to credit facilities.

a. Transportation. [ ]

b. Documentation [ ]

c. Defaults [ ]

d. Insurance [ ]

e. Other [ ]

17. Explain, in your own opinion, the influence of cost of credit on access to credit facilities by women entrepreneurs in Kisii Town, Kisii County…………………………………

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…………………………………………………………………………………………

18. State the degree of agreement or disagreement that levels of access to information influences access to credit facilities by women entrepreneurs in Kisii County.

    a. Strongly agree [ ]
    b. Agree [ ]
    c. Neutral [ ]
    d. Disagree [ ]
    e. Strongly disagree [ ]

19. In which credit areas do you normally receive information about?

    a. New products [ ]
    b. Tariff variations [ ]
    c. General products [ ]
    d. Credit reports [ ]
    e. Other [ ]

20. Indicate your common way of obtaining information on credit issues.

    a. Local media [ ]
    b. Bank periodicals [ ]
    c. Committee conventions [ ]
    d. Bank visits [ ]
    e. Other [ ]

21. How often is the information accessed reviewed to be in tandem with the changes in business environment?
    a. More often [ ]
    b. Often [ ]
    c. Neutral [ ]
    d. Less often [ ]
    e. Other [ ]
22. In your own opinion explain how access to information influences access to credit facilities by women entrepreneurs in Kisii town, Kisii County……………………..
    …………………………………………………………………………………………
    ………………………………………………………………………………………
23. Explain your agreement or disagreement that credit servicing history influences access to credit facilities by women entrepreneurs in Kisii County.
    a. Strongly agree [ ]
    b. Agree [ ]
    c. Neutral [ ]
    d. Disagree [ ]
    e. Strongly disagree [ ]

24. Indicate the common type of loans you hold from commercial lending institutions.

a. Seed capital [ ]

b. Mezzanine [ ]

c. Refinancing [ ]

d. Venture capital [ ]

e. Other [ ]

25. State the commonly used lending framework

a. Personal borrowing [ ]
b. Group guarantors [ ]
c. Employer report [ ]
d. Family involvement [ ]
e. Other [ ]

26. Indicate the extent to which lending reviews are favourable to your lending needs.

a. Strongly agree [ ]

b. Agree [ ]

c. Neutral [ ]

d. Disagree [ ]

e. Strongly disagree [ ]

27. In your own opinion explain the influence of credit servicing history on access to credit facilities by women entrepreneurs in Kisii Town, Kisii County.

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