EFFECT OF INFORMAL FINANCIAL SECTOR SERVICES ON THE PERFORMANCE OF WOMEN OWNED ENTERPRISES IN NAKURU TOWN, KENYA

MBUGUA CAROLYNE. W.

A Project Submitted to the School of Business and Economics in Partial Fulfillment of the Requirement for the Award of a Masters' Degree in Business Administration (Finance Option) Kabarak University

November, 2017

DECLARATION AND APPROVAL

Declaration

This Research Project is my original work and has not been presented for a degree in any other university.

Signature ________________________ Date ________________________

Mbugua Carolyne Wanjiru

GMB-NE-1243-09-12

Approval

This project has been submitted for examination with our approval as the university supervisors.

Signature ________________________ Date ________________________

Mrs. Stella Korir

School of Business and Economics

Kabarak University, Kenya

Signature ________________________ Date ________________________

Dr. Joel Koima

School of Business and Economics

Kabarak University, Kenya

ACKNOWLEDGEMENT

I wish to thank the Almighty God for enabling and guiding me in the preparation of this project. My sincere gratitude to; family, friends who have assisted me through encouragements, as well as moral and financial support. I express my sincere gratitude to my supervisors Mrs. Stella Korir and Dr Joel Koima who tirelessly devoted their time towards guiding and supporting me throughout this project.

DEDICATION

This work is dedicated to the Almighty God who has continued to bless the work of my hands. It is also dedicated to my husband whose support and encouragement especially during the highly demanding and challenging moments has finally enabled the accomplishment of this work.

ABSTRACT

The informal financial sector provides savings and credit facilities for lower income households and small scale enterprises in urban areas. The informal financial sector mobilizes rural savings and small savings from low income urban households. Despite their success in providing monetary services to small businesses that would otherwise lack them, women entrepreneurs still record under performance due to lacking in adequate training, savings and accessibility of loan facilities that would otherwise assist in the improvement of their enterprise performance. Therefore, the study seeks to assess the effect of informal financial sector services on performance of women owned enterprises in Nakuru Town. To achieve this specific objectives were investigated being; cost of loans, savings culture and training facilities offered to women entrepreneurs and how these services affected the performance of women owned enterprises in Nakuru Town. The study rendered usefulness various groups investors, government and the women. The respondents took a long time to fill questionnaires to counter this follow up was done. In theoretical review in Chapter Two, two theories were discussed the Underpinning theory and Grameen Bank theory. An objective exploratory cross sectional survey research design was used. The target population was 28,160 women enterprises. Proportionate stratified random sampling technique was used at a sample of 384 women enterprises. Questionnaires were used to collect data. The findings revealed that there exist a positive and statistically significant relationship between informal financial sector cost of loan and performance of women owned enterprises ($r=0.\ 507^{**}$; $p<0.01$); that there exist a positive and statistically significant relationship between informal financial sector savings and performance of women owned enterprises ($r=0.369^{**}$; $p<0.01$) and furthermore, there exist a positive and statistically significant relationship between training and performance of women owned enterprises ($r=0.\ 706^{**}$; $p<0.01$). The finding concluded that informal financial sector cost of loans, informal financial sector savings and informal financial sector training had a positive correlation with performance of women enterprises. In addition, cost of loan causes 0.405 positive coefficient variation in performance of women enterprises. Similarly, savings causes 0.177 positive coefficient variations in performance of women enterprises and finally training causes up to 0.461 positive coefficient variation in performance of women enterprises. The study recommends that cost of loan should be made favorable in terms of flexibility and favorable in their repayment period, interest rates charged of disbursement period of loans. Individual women entrepreneurs should be trained on demand deposits to raise the bulk of loan they may access. Informal financial sector should fast track training women entrepreneurs in book keeping, marketing skills and planning skills.

Keywords: *Informal Financial Sector, Enterprises, Women, Performance*

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

GDP	- Gross Domestic Product
GOK	- Government of Kenya
IFS	- Informal Financial Sector
ILO	- International Labour Organization
ROSCAs	- Rotating Savings and Credit Associations
SMES	- Small and Medium Enterprises
SPSS	- Statistical Package for Social Sciences
VSCAs	- Village Savings and Credit Associations
WEF	- Women Enterprise Fund
YEDF	- Youth Enterprise Development Fund

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Important lessons can be learned from the success of informal financial institutions. Often the degree of flexibility and creativity in informal finance accounts for the high degree of success in such institutions. The types of services they provide are characterized mainly by short-term and small loans, increasing discipline in terms of savings, judgment of borrower creditworthiness, and information about the borrower. Service is based on flexible arrangements to adjust to changing economic circumstances, and reducing the transaction costs to the borrowers who respond by maintaining discipline in order to sustain their access to credit. The result is a dependable working relationship between the lender and the borrowers. Most services of informal finance are client oriented, thus reducing the transaction costs for customers, and making their services attractive despite the explicitly high interest rates. Informal lenders are also able to design their contracts to meet the individual dimensions, requirements and tastes of the borrowers (Aryeetey, 2001).

Empowerment of women is crucial for the emancipation of poverty and meaningful participation of enterprise development. Access to finance enables women to become economic agents of change by increasing their income and productivity, access to markets and information, and decision-making power. Commercial banks have also failed to cater for the needs of women micro enterprises. This has been mainly attributed to stringent conditions attached when applying for loans (Karim 2008). The failure of specialized financial institutions to meet the credit needs of the women enterprises has increased the popularity of informal financial Sector in most of the developing countries (Marti and Mair 2009). Studies from informal finance sector in developing countries shows that the poor, especially women, are most likely to seek credit from informal financial sector than from formal financial sources (Atieno 2001). Allen (2006) observed that the number of women enterprises' participating in the informal credit groups in most of African countries was much higher than that of male enterprises.

Developing countries have witnessed an inflow of the number of women venturing in the field of entrepreneurship in recent years, this mainly being attributed to advocacy on women empowerment programs and policies advanced by both government and non-governmental organizations (Eyben, Kabeer and Cornwall, 2008). Studies have found that entrepreneurial development has been a panacea for poverty alleviation among the fastest growing economies of developing countries (United Nation 2006). A report by World Bank (2009) indicated that women enterprises comprise about a half of human resources in developing economies. The report also identifies women enterprises as key facilitators of micro economic development in their communities. Socioeconomic dynamics have resulted in the active participation and involvement of women in the growth of the economy and creation of employment opportunities in the Small and Medium Enterprises sector through financial support from different sources, one of which is the Micro finance institutions.

The Small and Medium Enterprises (SMEs) sector contributes significantly to the Gross Domestic Product (GDP) of the Kenyan economy, according to the Financial Sector Deepening (FSD, 2011). The SME Sector has continued to play an important role in the economy of which its contribution to the GDP increasing from 13.8 per cent in 1993 to about 40 per cent in 2008. The Small Enterprise Sector or Informal Sector provided approximately 80% of total employment and contributed over 92% of the new jobs created in 2008 (Kenya National Bureau of statistics, 2009).

Credit is a critical component of the modern economy, as it is an agent of the growth of enterprises, while enterprise growth is essential to the growth of employment and the overall economy. In many developing countries, Kenya included, borrowing is the main source of credit to enterprises. The Government of Kenya's (GoK) Vision 2030 Strategy assigns a critical development role to the Kenyan financial sector (Muteru, 2013) Among the Vision 2030 objectives include promoting financial inclusion, increasing the transparency and affordability of banking and other financial services, and increasing competition in the sector to the benefit of customers and the broader economy. The government and other relevant stakeholders have designed programmes and policies that are market driven and market non-distorting to support SMEs. Access to credit for female enterprises remains a concern for policymakers and researchers (Jamali, 2009). Although women tend to create smaller firms, lack of capital is still a major obstacle to them.

By focusing on female enterprises in developing countries, micro credit has brought to light the underestimated potential of female self- employment. Agier and Szafarz (2010), show that women are more credit-rationed than men by informal financial sector. While recent policy initiatives have sought to expand the number of women business owners, the rate of increase has been low relative to the US experience, but similar to that seen across other northern European countries. Research focused on the consequences of gender-based differences in business financing has established explicit links between the initial undercapitalization of female-owned enterprises and subsequent business performance.

According to Ministry of Devolution and Planning (2013), achieving gender parity and empowering women in SMEs are given emphasis in both the Medium Term Plan 2008-2012 and Vision 2030 where entrepreneurship is identified as one of the key drivers of socio economic transformation (GoK, 2011). To facilitate these, various programs by the Kenya Government such as the Women Enterprise Development Fund was established in order to foster the creation of entrepreneurial ventures among women in Kenya. While there has been significant research in Kenya that has directly considered penetration of MFI monetary services in general, the performance of female-owned firms vis-à-vis none monetary services have often been overlooked and those that have already been undertaken provides unequivocal evidence that female owned enterprises do not lack the competence to run successful enterprises, they simply lack the initial resources that constitute of loans, training and the power to save. Considerable effort has been expended on encouraging women to engage in SMEs, an understanding of the effects of credit financing from Informal Financial Sectors on their business performance, readiness and the challenges they face in growing their businesses.

1.1.1 Profile of Women Owned Enterprises in Nakuru Town

In Kenya, women owned businesses account for over 48% of all SMEs (ILO, 2008). Stevenson and St-Onge (2005) asserts that there are three profiles of women entrepreneurs operating SMEs in Kenya namely; Jua Kali microenterprises, very small micro enterprises and Small and Medium enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation. The bulk of women entrepreneurs in Kenya operate enterprises associated with traditional women's roles such as, hairstyling, restaurants, hotels, retail and wholesale outlets (ILO, 2008).

1.1.2 Informal Financial Sector Services and Performance of Women Owned Enterprises

Performance refers to the overall activities and operations performed by women enterprises in SMEs in strengthening their enterprises (Wube, 2010). In measuring business performance, a number of variables can be used including sales revenues, number of employees, assets level, and gross sales turn over, use of business income, size of the business, targets and goals of the enterprises (Kessy, 2009). In spite of the success stories recorded on the increase of women enterprises in developing countries, the literature on women enterprises in Africa literally depict women-owned micro and small enterprises as being under financed and thus continue to record poor performance (Richard and Adams (2004). Ojera, Simeyo, Lumumba, Nyabwanga and Odondo (2011) also established that in Sub-Saharan Africa, 50% of SMEs recorded deteriorating performance five months after they were started. Nevertheless, a study by Fafchamps, Mckenzie, Quinn and Woodruff, (2011) and Golla, Malhotra, Nanda and Mehra, (2011) observed that some women entrepreneurs had successfully operated enterprises and were able to create employment in their communities while increasing their income.

This implied that for the smallest business (SMEs) to record better performance in net profits, and capital, it was necessary for enterprises to have acquired standard education levels to manage the enterprise. Such observations were common among Sub-Saharan Africa Countries Kenya included (Gichuki, Mutuku & Kinuthia 2014). Women especially those living in the rural communities the urban poor still face daunting challenges. It has been noted that women enterprises are smaller, less likely to grow, less profitable and begin less capital investment than those owned by men. Despite the absolute increase in number of women in self-employment in recent years, there still exist significant differences in the level of new firm creation across gender and the number of women involved in starting business is significantly and systematically lower than that of men. Women entrepreneurship plays a critical role in the economic development of societies. However, for long, women entrepreneurs have low business performance compared to their male counterparts and this has been attributed to factors which normally affect entrepreneurial performance such as lack of credit, saving, education or training, and social capital. Koech and Namusonge (2015) aver that individual characteristics of the entrepreneurs, motivation and goals to start and run the enterprises, the networks affiliations, entrepreneurial orientation of the respondents as well as the management styles of the entrepreneurs had an influence on the business performance of the MSEs.

Omwono , Maungu and Munyithya (2015) found that women's income together with households' incomes have improved with credit. Women enterprise fund has a positive effect on women incomes and house hold incomes. The social welfare of women and their households in general improved. The challenges faced by women borrowers in Eldoret Town in acquisition of credit from Women Enterprise Fund are: long procedures involved in application and long processing, delay in loan disbursement, requirement that a member must have accumulated savings too many requirements, lack of security/ collateral, requirement that one must be a member of a group first, and high cost of acquiring loan.

Microfinance Institutions (MFIs) provide its members with financial and social intermediation services to help improve their businesses. A study by Maru and Chemjor (2013) on Microfinance interventions and empowerment of women entrepreneurs Rural Constituencies in Kenya show that except for microfinance saving, other MFI interventions such as microfinance credit and microfinance training significantly and positively affect empowerment of women entrepreneurs. Mugo (2012) aver that most of the women entrepreneurs depend on second party opinions to get things done especially in marketing and sales departments. Therefore, advocating for women education through seminars would enlighten most of those who are not familiar with record keeping. The researcher further argued that lack of information on who is offering what and the cost of obtaining such services limit them and high inventory costing are some of the major drawbacks for success in women entrepreneurship.

Entrepreneurship development in both developed and developing countries is key to sustainable economic development. According to Mungai (2012) appropriately timed and designed training programmes are likely to have positive effects on business growth; Most entrepreneurs value training, but cannot afford it; owner-managers need training the most but have least time to attend management training in finance, production, marketing, ICT and human resources management are very vital to SME growth. Based on the foregoing facts, it is established that microcredit services are available, but, women entrepreneurs tend to be reluctant to use them due to high interest rates that are charged and also the amount of loans provided by micro finance institutions are not sufficient. It is therefore recommended that financial institutions should increase the amount of loans to the women enterprises to increase access to loan facilities. Also the regulators of micro finance institutions should have a policy that will regulate the rate of interest charged by MFIs (Kimanzi, 2016).

Akintoye and Oladejo (2008) argue that accounting skill is necessary for successful entrepreneurial and small business development. A study by Msoka (2013) established that there is a relationship between entrepreneurship knowledge and the performance of small scale businesses. The study recommends that small scale business women need training in business planning, marketing skills and accounting knowledge and customer care skills to enable women conduct businesses successfully. There are a large number of women in Mombasa County but they are not yet well exploiting existing opportunities to contribute towards economic development. One of the reasons for this might be the education gap of the women. This forces enterprises not to contribute a lot to the poverty reduction of the town, region and the country as a whole. A number of initiatives have been taken by Government, donors and Non-Governmental organizations both local and international to increase the start-up rates and performance of women owned enterprises in Kenya. Nevertheless, women in the sector record low-performance rates, earning lower revenues than their male counter parts.

For many women, their involvement in business activities has yet to bring them to the point of economic sustainability and advance them in a manner that is beneficial to them and to the economy in general. (Karani, 2012) Wiklund and Shepherd (2003) emphasize the importance of a specific industry based skills and state that general education is not sufficient for successful start-up. Enterprises need specific skill for business start-up and management. In confirmation (Ekpe, Razak & Mat 2013) indicate that women in developing countries lack specific business skills and experience, on how to participate in the market place and are therefore unable to market goods and services strategically. Experiences as employees enable entrepreneurs to discover the most profitable opportunities and start financially grounded business (Vinogradov and Kolvereid, 2007).

1.2 Statement of the Problem

Women from time immemorial have always been excluded from formal finance. However with the advent of IFS, millions have been served however despite the success of the MFI movement a lot still begs for there to be sustainable women enterprises world over. Monetary facilities only play a small part in the success of business whereas skills and management competencies are some of the more critical success factors. Therefore services beyond monetary facilities could go a long way in improving these businesses and the economy at large. Survey of credit market in Kenya indicates that, 35% of the population depends on informal banks for credit, while only 19% of the population access credit from formal banks. The survey noted that 38% of the Kenya's population does not have access to credit services (Financial Sector Deepening FSD 2009). This study sought to establish the effect of informal financial sector services on the performance of women owned enterprises in Nakuru Town.

1.3 Objectives of the study

1.3.1 The general Objective of the study

The general objective of the study is to evaluate the effect of informal financial sector services on the performance of women owned enterprises in Nakuru Town, Kenya.

1.3.2 Specific Objectives

1. To determine how informal financial sector cost of loans influences the performance of women owned enterprises in Nakuru Town, Kenya.
2. To analyze the effect of informal financial sector savings on the performance of women owned enterprises in Nakuru Town, Kenya.
3. To evaluate how informal financial sector training influences the performance of women owned enterprises in Nakuru Town, Kenya.

1.4 Research Questions

The study was guided by the following research questions

1. How does informal financial sector cost of loans influence the performance of women owned enterprises in Nakuru Town, Kenya?
2. How do informal financial sector savings influence the performance of women owned enterprises in Nakuru Town, Kenya?
3. How does informal financial sector training influence the performance of women owned enterprises in Nakuru Town, Kenya?

1.5 Significance of the Study

This study will render usefulness to various groups and specifically the following; Investors through this research the investors will identify opportunities in the microfinance sector and hence invest in this market since it is not yet a flooded market. They may invest by either partnering with this informal financial sector institutions or opening an informal financial sector institution. The government will come up with policies to fund women through social funds such as the women enterprise fund and will be able to make effective decisions on whether to use informal financial sectors to avail these funds to women. Women will also benefit from this research since they will be able to make informed choices hence improved performance of their enterprises.

1.6 Scope of the Study

The study was carried out on women owned enterprises in Nakuru Town, Kenya. It involves services given by the informal financial sectors within Nakuru Town and how these services that are training, savings and loans affect the performance of women owned enterprises. The study was carried out from October 2015 to November 2017. This study was carried out in five informal financial sector organizations within Nakuru Town and the women entrepreneurs belonging to these organizations were involved.

1.7 Limitations and Delimitations of the Study

Some respondents took long time to fill the questionnaires while others feared providing information. In order to counter the problem of non-response a follow up was done so as to make sure that almost all the questionnaires prepared are filled. Time was also a limitation and by the help of a time plan I was able to complete the research project.

1.8 Operational Definition of Terms

Performance performance refers to the overall activities and operations performed by women enterprises in SMEs in strengthening their enterprises (Wube, 2010). In this study performance shall be taken to mean increase in turn over sales.

Entrepreneur is an individual who discovers, evaluates, and exploits opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously did not exist. (Shane 2003). In this study entrepreneur shall be taken to mean the women who are transacting all types of business in Nakuru Town, Kenya.

Informal finance has been defined to refer to all transactions, loans and deposits occurring outside the regulation of a central monetary authority (Aryeetey, Hettige, Nissanke and Steel, 2001; Aryeetey and Udry, 1997). Informal Finance shall mean any Finacial service that does not use collateral.

Savings are financial assets that women enterprises can accumulate against emergencies and long term needs. (Akanji, 2006). The study adopted this definition.

Loan according to oxford English dictionary 2015 loan is a thing that is borrowed especially a sum of money that is expected to be paid back with interest. In this research it is taken to mean money that is borrowed from informal financial sectors by women entrepreneurs and it is expected to be paid back with interest. Thes study adopted this definition.

Training according to oxford English 2015 dictionary training is the action of teaching a person or animal a particular skill or type of behavior. The Study adopted this definition.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The present chapter contains the literature review of the study; it reviews empirical literature establishing their findings. This chapter further reviews theory related to the study and conceptual framework.

2.2 Theoretical Review

This section reviews theories done by other scholars and related to the study.

2.2.1 Underpinning Theory

This research is underpinned on the Entrepreneurship Theory of Shane (2003). The theory includes opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. Other elements of the theory include self-employment, business operation and performance. The theory highlighted four operational measures of performance which are survival, growth, profitability/income, and experiencing initial public offering. Survival refers to continuation of entrepreneurial activity while growth refers to increase in the venture's sales and employment. Profitability refers to new surplus of revenue over cost while experiencing initial public offer refers to the sale of stock to the public. Opportunities are created by the institutional or external environment for those enterprises that could identify them to start or improve their businesses and subsequently, their welfare. Enterprises' ability to identify and tap such opportunities differs between enterprises.

It also depends on their ability to access information and willingness to act upon the information in terms of risk; that is their attitude. Individual attributes affect the discovery of entrepreneurial opportunity. It is made up of psychological and demographic factors such as motives, attitude to risk, education and training, career experience, age and social status. Changes in business environment such as economic, financial, political, legal, and socio-cultural factors also affect discovery of opportunity. The decision to exploit the opportunity leads to the quest for micro-finance; that is acquisition of resources. Acquisition of resources could also lead to opportunity for entrepreneurial activity; that is new business or business expansion. The appropriate use of the acquired resources in terms of business strategy and organizational design could lead to profit performance however, environment plays greater role in opportunity exploitation than individual attributes (Kuzilwa, 2005). This theory talks about performance, measures of performance, opportunity, growth and training in relation to opportunity for entrepreneurial activity some of these factors have been mentioned in the objectives. Performance and training have been mentioned in the objectives hence a relationship between the theory and objectives of the study.

2.2.2 Grameen Bank Model

It is believed at the Grameen Bank that the main problem of the poor is a lack of access to credit lines despite their productive capacity. While most conventional banks grant credit based on collateral assets, Grameen Bank give loans without any kind of collateral. Grameen Bank has been successful in overcoming the problems of informational asymmetry often found in rural financial markets. This bank replaces collateral by peer pressure and social sanctions. The extremely poor can get small loans at Grameen Bank if they form groups of five people. Each member of the group receives an individual loan however; they are mutually responsible for all five credits. The bulk of Grameen Bank's borrowers are women who constitute the weakest social group among the rural poor.

Lending money to women has largely enhanced recoverability for Grameen Bank's loans. This bank originated in 1976 as an experiment in a research project of Muhammad Yunus, Professor of Economics at Chittagong University in Bangladesh. The Grameen Bank was chartered to operate as a national bank in 1983, with 75 branches spread in five districts of the country. Presently, Grameen Bank has extended its reach to 56 out of 64 districts in Bangladesh. In 1994, GB had in operation 1,045 branches with 10,861 employees and it was spread over 30,000 villages, equivalent to half of the villages in Bangladesh. As a result of a research project, Grameen Bank is the final product of wide experimentation.

The Grameen Programme enjoys great flexibility in its implementation. Therefore, if something does not work in practice, it is modified. The legal framework in rural Bangladesh has been adapted according to new social requirements. The Grameen Bank programme works based on consensus. Everyone follows the rules because they collectively set them up (Hassan and Guerrero, 1997). The grameen bank gives credit to the poor without any kind of collateral and the bulk of its borrowers are women hence this theory relates to objective number one which talks about Cost of Loans.

2.3 Empirical Review

This section reviews literature in line with the objectives of the study.

2.3.1. Introduction

Millions of women of all income levels in developing economies are venturing in the field of entrepreneurship. Case studies indicate that the number of women enterprises setting up micro enterprises are outnumbering men who have dominated the venture for many years (Gikonyo, Zainalaludin and Masud,2006).

The entrepreneurial potential of women has been acknowledged as governments seek to accelerate economic growth and to attract more women towards new venturing (Singh & Belwal, 2008). Despite the crucial role of women entrepreneurs in the economic development of their families and countries; it is, however, discovered that women entrepreneurs have low business performance compared to their male counterparts (Akanji, 2006). The role of Small and Medium Enterprises in the development of an economy and contribution to wealth generation and taxes cannot be gainsaid, both in developing as well as in developed countries (Tambunan, 2008).

A report by World Bank (2015) indicated that women enterprises comprise about a half of human resources in developing economies. The report also identifies women enterprises as key facilitators of micro economic development in their communities. Studies also indicate that majority of women enterprises own SMEs in developing countries, and their significant contribution to growth domestic production (GDP) and improving income of their households cannot be ignored (ILO (2008); Ghosh (2009). Studies from informal finance sector in developing countries shows that the poor, especially women, are most likely to seek credit from informal banking groups than from formal financial sources (Atieno2001). Allen (2006) observed that the number of women enterprises' participating in the informal credit groups in most of African countries was much higher than that of male enterprises.

Survey of credit market in Kenya indicates that, 35% of the population depends on informal banks for credit, while only 19% of the population access credit from formal banks. Further, 8% access credit from microfinance institutions (Financial Sector Deepening FSD 2009). The survey noted that 38% of the Kenya's population does not have access to credit services. This clearly shows that credit access still remains a challenge to women enterprises who own micro and small enterprises in Kenya. The microenterprises play an important role in Kenyan economy. According to the economic survey (2006), the sector contributed over 50 percent of new jobs created in the year 2005. Despite this significant role, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of statistics, 2007). Informal sources of business credit are Rotating Savings and Credit Associations (ROSCAs), and Village Savings and Credit Associations (VSCAs).

Recently the government of Kenya started laying more emphasis on youth and women affairs and started two major funds namely; Women Enterprise Fund (WEF) and Youth Enterprise Development Fund (YEDF) in 2007. These are expected to assist in creating more employment in the informal sector. Microenterprises constitute an important policy theme that needs to advance further in development literature and policy (Nirathron, 2006). With the rise of urban centers and growing urban population, the enterprise is becoming more important. The enterprise allows easy entry for women and the youth as it has low start-up costs (Calice, Chando and Sekioua, 2012). Micro enterprises have created employment for thousands of Kenyans. Their growth remains a challenge due to lack of finances.

2.4 Informal Financial Sector Services

The world economic forum (2014) observed that investing in women promotes economic and social development as women reinvest in their communities and homes. They echoed that women were the primary contributors to their country's economic growth. In both developed and developing economies, savings rise and spending shifts toward food, health, and education as women gain power over household income. According to Kabeer and Matin (2004), potential of credit for women are both apparent and real. What appears to be contradictory findings concerning, for instance, the extent to which credit exacerbates or lessens violence against women, enables or fails to enable them to acquire independent assets, is associated with an increase or decrease in their living standards is partly a difference in methodology. It reflects the fact that some studies relied largely on statistical data and significance tests for their findings while others relied on more qualitative, sometimes anecdotal, evidence.

2.4.1 Cost of Loans and Performance of Enterprises

One factor inhibiting the attainment of development goals in less developed countries is the populace's general inability to access factors of production, especially finance. This limits the entrepreneurial ability of the people, especially the poor. Consequently, potential employment opportunities and household prospects for creating wealth and improving income are lost. Microcredit has been one framework adopted to address this problem. Its evolution reflects acknowledgement of credit market failures especially in the formal financial sector. There has been, therefore, a shift from the formal financial sector to microfinance which incorporates both savings and credit (Ifelunini & Wosowei, 2013).

Mauchi, Mutengezanwa and Damiyano (2014) concludes that women entrepreneurs face constraints related to access to finance, conflicts between work and family responsibilities, networking challenges, lack of education and management skills. Sourcing raw materials and finding markets were cited as the least challenges for women entrepreneurs. Empirical studies indicate that access to affordable credit was a critical determinant to growth and expansion of enterprises (Mano, Iddrisu, Yoshino and Sonobe, 2012). The World Bank (2009) shared similar sentiments although it deduced that credit alone would not be the only determinant of better performance of enterprises but other factors such as ability to create savings, better education levels for enterprises could also be significant in determining better performance of enterprises in developing countries**.** Atieno, (2001) pointed out that access to credit by borrowers is affected mainly by credit rationing behavior of lending institutions who used descriptive statistics to analyze the role of institutional lending policies of formal and informal credit institutions in determining access to and uses of credit facilities by small-scale enterprises in Kenya. Lack of information about credit and lack of required security are the major reasons and that the amount applied for was higher than the amount received from both formal and informal sources suggesting credit rationing by the institutions.

According to Waita (2010) while each of the woman borrowers may face particular barriers from access to finance, there are also significant barriers to financing encountered by various women in business and intending to borrow. These barriers include, collateral requirements, business skills, cultural beliefs, and perception about women's borrowing all have significant effects on financing opportunity available to women. Similarly, a study by (Makena, Kubaison, & Njati, 2014) on Challenges facing women entrepreneurs in accessing business finance in Kenya: Case of Ruiru Township, Kiambu County, revealed that women entrepreneurs face a lot of challenges while accessing credit. The study also indicates that the average monthly income of these businesses is below Ksh. 50,000. This low income can be attributed to the gender role that a woman is given in the society. For example the African culture has always seen a woman as a housewife. Her major responsibility is to provide for domestic necessities besides taking care of the children hence the kind of business one can afford to run is as small one to feed the family. With this mentality, majority enter into business for survival- motive rather than profit-motive.

Hansmann (1999) and Wilburn (2009) deduced that low income enterprises will tend to derive much more benefits from credit with low interest rates and flexible repayment period. This explains the preference of women enterprises' access to credit from informal banks (Marti and Mair 2009). However, it is imperative to note that affordability of credit services is an important aspect in facilitating better performance of SMEs. (Gichuki, Mutuku and Kinuthia 2014). Bowen and Makarius (2009) and Ibru (2009) investigated the factors which were perceived to contribute to successes and failures of medium small enterprises in developing countries. It was observed that factors such as managerial experience and education levels of enterprises had an influence on the performance of medium small enterprises. However, the treatment groups of medium small enterprises that were advanced credit with low interest rates were able to record much better performance than those unable to access credit or rather those who accessed credit with high interest repayment rates. Coleman's (2007) study also examined the relationship between small enterprises financing and development with a specific focus on micro-enterprises that were particularly owned by women. The empirical findings of the study revealed that women enterprises had difficulties in rising necessary finances to develop their medium small enterprises.

Similar observations were recorded by Berner, Gomez and Knorringa, (2012). However, loans received at low cost facilitated profits growth in medium small enterprises. Theoretical studies carried out on micro credit supply chain in developing countries demonstrate that it is not always obvious that the demand for credit will by far outweigh the supply of the credit services (Aryeetey, Baah-Nuakoh, Duggleby, Hettige and Steel, 1994). However there are market constraint and credit borrowing procedures that will always tend to derail the agency to meet the credit demand (Esperanca, Ana and Mohamed, 2003). Sacerdoti (2005) points out that in most of the Sub-Saharan African Countries, the absence of efficient credit market systems and high cost transactions when accessing credit can partially be attributed to lack of demand for credit by majority enterprises who own small firms.

A research conducted by Muturi (2016) revealed that capital and resources is indeed the lifeline of the firm with entrepreneurs attaching a lot of emphasis on the availability of capital and resources. However, the findings also acknowledged that it is becoming much easier for SMEs to acquire capital resources mainly financial. Access to adequate and affordable credit for businesses remains one of the key challenges to economic development in Kenya despite efforts by various stakeholders. Kabukuru and Afande (2016) assert that lack of collateral security has become a constraint to young women entrepreneurs accessing loans since most of them may not have deeds to capital assets to present as security against the loans and that most of young women entrepreneurs have had loans applied for rejected due to failure to produce collateral security.

A growing amount of research shows that countries that fail to address gender barriers are losing out on significant economic growth. Without increased attention to the gender dimensions of economic development, Kenya is therefore unlikely to meet its growth targets. This therefore demonstrates that addressing gender barriers in Kenya could generate significant economic growth for the country. The Kenyan government recognizes that women entrepreneurs have not been on an equal footing when it comes to their access to opportunities and assets but it has yet to effectively address the barriers facing women in business (Athanne, 2011).

In Ghana, Small and Medium Enterprises face many challenges, but the most significant among them is that of financing decision of their operations. According to Bawuah , Yakubu , & Alhassan (2014), evidence from the analysis shows that majority of SME businesses have resorted to the use of equity financing for their operations. This was attributed to several factors of which interest rate was the leading cause. It emerged that interest rate affects choice of financing decision of SMEs in a municipality. In order to help this micro, small and medium enterprises, the cost of credit facilities should be reviewed downwards to enable smooth repayment and increase in the demand for loans by SMEs to enable them grow their businesses which will in effect have ripple effect in the economy.

A research was conducted by Omonywa and Muturi (2015) on factors affecting loan repayment by women entrepreneurs: a case of Kisii County, Kenya. The study established that loan repayment by women entrepreneurs is affected to a high level through adherence of members to group by laws and regulations. The study found that carrying out the business for a long period enables them to be in a position to repay the loans acquired without any difficult. A study by (Kamunyu & Theuri, 2017) on factors affecting growth of women owned small and medium enterprises in Kenya, South Coast Ukunda indicated that inadequate capital, lack of business skills and lack of access to credit facilities were the main factors affecting the growth of women owned SMEs. The study concluded that financing options and owners' entrepreneur skills had a positive influence on growth of women led SMEs.

On the other hand, Mulugeta (2010) avers that conflicting gender roles, social acceptability and network with outsiders were the major social factors that affect these entrepreneurs. Furthermore, the main legal / administrative factors include access to policy makers, high amount of tax and interest, bureaucracies and red tapes, and over all legal and regulatory environments. Similarly, a study by (Zachary, 2013) on the effect of interest rates on demand for credit by small medium enterprises in Nairobi County revealed that there was a very strong positive relationship (R= 0.932) between demand for credit, interest rate, annual profit and owners' equity. The study also revealed that 86.9% of demand for credit by SMEs in Nairobi County could be explained by interest rates. Abdinor (2013) established that most of the requirements as collateral for loan application cannot be afforded by most SMEs, hence opting for cheaper sources of capital hence the low adoption of the loan services by MFIs. Other challenges causing low acceptance of the loans include: the long time taken processing loans, stringent repayment terms and the high transaction costs. MFI loans can be said to lead to the improvement in productivity among the beneficiary SMEs, as well as profitability and the high number of entrepreneurs starting up new ventures.

Osuji (2014) concluded that though micro-finance banks impacted positively on the economic conditions of the citizenry in many parts of the world. (Yunus, 1999; Kehinde, 2006), the high interest rates and short repayment periods have made the banks ineffective on the performance of women owned enterprises in Delta State. This is because of the shortness of the repayment period which gives no room for the loan to generate future income. In as much as accessibility of women entrepreneurs to micro-finance banks is very easy the provision of collateral or guarantor is not considered important in deciding on a loan application.

There has been contrasting opinions on the effect of interest rates on access to credit by women entrepreneurs. A similar study in Ghana by Amanoo, Kojo and Asmah (2003) proposes that the debate on whether high interest rate affects demand for credit is inconclusive. They advocates that high interest rates negatively affect the demand for credit because only limited borrowers with high risk projects may have their demand satisfied. He argues that high interest rates encourage adverse selection of loan seekers especially among Women Entrepreneurs.

A study by Mungai, Maingi and Muathe (2014) found that due to problems of high risk and high cost of borrowing, uncertainty of repayment capacity on the rural borrower has been reported high due to irregular income streams. Systems should be developed to ensure consistent incomes and expenditure to reduce/remove uncertainty. Access to general financial services including micro-credit or outreach of the financial system has become a major concern for many policy- makers in developing countries (Peachey and Roe, 2004). Moreover, while the use of financial services which measures the access to having deposit accounts with all finance institutions reaches over 90% in developed countries, in many less developed countries, the use of formal financial services is still limited to a small number of firms and households.

2.4.2 Savings and Performance of Enterprises

Savings are financial assets that women enterprises can accumulate against emergencies and long term needs. Savings can also act as guarantee against outstanding loans and are mandated payments especially for emergencies. Studies have shown that women enterprises, mostly in developing countries, lack the ability to save yet savings are needed to protect income, act as a security for loan and could be re-invested in the business (Akanji, 2006). Savings as a micro-finance factor enable people with few assets to save, since they could make weekly savings as well as contribute to group savings, and such savings are mobilized by the micro-finance institutions for further lending to other clients (Mkpado and Arene, 2007). Training and education in financial management skills could enable women to acquire the necessary skills to save and to develop the confidence to explore viable business ideas and market opportunities for their products or services. This is particularly true at the moment due to the growth of e-business and telecommuting. It is now possible for women to do commercially viable work from home. Some skills in elementary accounting like financial recording and reporting are needed.

In the past, microfinance focused almost exclusively on credit; savings were the "forgotten half" of financial intermediation. Today savings mobilization is seen as a major force in microfinance. The importance of savings mobilization has been highlighted in several papers in the context of microfinance. Few analyses have been shaped in order to take an in-depth look at the savings mobilization strategies, which are employed by various institutions and are then compared to the results (Wisniwski, 1999). However, Mushimiyimana (2008) cited lack of collateral and high interest rates as an impediment to access to loans from Micro finance institutions (MFIs) by micro entrepreneurs. Micro entrepreneurs who secure funds from such institutions spend the bulk of their returns on investment in paying the cost of capital, thus leaving them with none or little savings for reinvestment. As a result, majority of micro enterprises fail to grow into Small and eventually Medium enterprises.

A research by Gutu, Mulugeta and Birlie (2017) on determinant factors affecting Loan Repayment Performance of Women Borrowers from Micro Finance Institutions in Southwest Ethiopia showed that Sufficiency of loan for intended activities increases the borrowers' loan repayment probability by 11.03 times and using loan for intended purpose increases the borrowers' loan repayment performance probability by

3.32 times. Many women's are citing MFIs are mostly focusing on profit maximization rather than helping the poor, for example interest rate of MFIs was higher than commercial banks, which is contrast with the aim of MFI. So it needs more attention as well as correction from policy makers.

The larger and more elaborate the enterprise or project, the more of the financial skills will be needed (Otuya, 2003). The most important conceptual point to make in financial training is that every transaction represents two elements: one party gives an amount of money, and another party receives that amount of money. That duality is represented in the principle of double entry accounting, (Justin and Carlos, 2003). Most of the women enterprises in Sub-Saharan Africa do not have the capacity to create large amount of savings which play a strategic role in guaranteeing financial safety or enabling them to secure insurance premiums during emergencies (Sharief and Sharief, 2008). Nonetheless, the little savings they make can be significant in financing and fostering growth in small and micro-enterprises while creating vibrant and sustainable economic growth in villages (Dupas and Robinson, 2009; Wasihum and Paul (2010). Case studies in developing countries indicate that women have depended on savings made from ROSCAs to finance their household needs (Townsen, 2009). Women's ability to create savings through village informal groups has prompted non-governmental organizations to initiate table banking groups among women in sub-Saharan Africa.

These groups are able to offer credit at affordable rates of less than 10 per cent interest repayment rates, in addition to creating savings opportunities, emergency loans and dividends that are awarded at the end of the year. Hevener (2006) and Allen (2006) inferred that the vacuum left by formal commercial banks' inability to adequately serve small and micro-enterprises can easily be filled by informal financing arrangements such as table banking groups. Saadani, Arvai, and Rocha (2011) recommended table banking model because of its ability to offer savings and credit services at affordable rates compared to the formal banks and micro-finance institutions and because its formation is far much cheaper than developing a micro-finance client base. The formation of table banking groups requires a maximum of 30 members who are supposed to collect funds for a specified period and in reasonable amounts. Members are allowed to borrow the first credit when the required lump sum amount is attained but must repay the credit with interest of not more than 10 per cent within the agreed period. The interest paid on the credit is allowed to accumulate in the group fund up to the end of the group's financial calendar when members decide to divide part of the profits as dividends or start investments projects (Deelen and Majulin, 2008). When starting table banking groups, it is imperative for members to attend a six-month induction course on leadership, simple financial management and book keeping, which is important due to the transactions of large amount of money (Allen, 2006).

Deficiency of savings facilities creates problems at three levels: at the individual level, at the level of the financial institution; and at the level of the national economy. At the individual level, lack of appropriate institutional savings facilities forces the individual to rely upon in-kind savings, such as the savings in the form of gold, animals or raw materials, or upon informal financial intermediaries, such as Rotating Savings and Credit Associations (ROSCAs) or money-keepers. These alternative informal savings facilities do not guarantee the combination of security of funds, ready access or liquidity, positive real return and convenience, which are the basic requirements or necessity of a depositor (Ocholah, Okelo, Ojwang, Aila, & Ojera, 2013).

Muchilwa (2013) concludes that if women are supported by the SACCOs, through saving of shares and borrowing of loans at affordable rates, varied loan products, training and incentives, women are likely to be economically empowered and therefore rely on the proceeds from their businesses. The SACCOs will be able to provide what financial institutions such as banks have not been able to give. Lock (2015) argues that, in order for female entrepreneurship to have a greater impact on economic growth within Kenya, the country needs to introduce more effective policies, regulation of the informal sector and further support to women entrepreneurs, for example through business training, mentoring and financial support. In another study, Otieno , Lumumba , Nyabwanga , Ojera and Odondo (2011) conducted a research on effect of provision of micro finance on the performance of micro enterprises in Kisii County, Kenya. The findings indicated that the provision level of loans, savings mobilization and training in micro enterprise investment was on average satisfactory to the youth micro entrepreneurs.

2.4.3 Training and Performance of Enterprises

Training is a very important micro-finance factor for women enterprises as it would provide the skills and experience needed for business (Akanji, 2006, Cheston and kuhn, 2002; Kuzilwa, 2005). According to Thiga (2013) success of women enterprises depends on the formal education and the training received. The important challenges faced by women entrepreneurs in establishing and growing the business were finance, managing the business and making decisions about the business. Most women entrepreneurs in the area had very little or no education making it hard to run the business well. In advocating the necessity to train women in management skills, Waita (2012) states that the associated benefits of higher management skills in terms of higher productivity are generally the same for women as for men. Women's measures of human capital are very similar to men working in the same type of activities. For example, the human capital of women in the formal sector is much more like that of their male colleagues in the formal sector than it is like that of women in the informal sector. However, women overall have less education and training. Improving women's access to training programs and networking opportunities will help expand their opportunities.

Entrepreneurship Education and Training has been found to be a major determinant in the growth and survival of enterprises. A study by Wangeci and Gathungu (2013) on the effect of entrepreneurial education and training on development of small and medium size enterprises in Githunguri District- Kenya revealed that the entrepreneurs were able to do simple daily book keeping of business transactions but were not able to do complex financial statements. This leads to the conclusion that even though the entrepreneur may be reporting an increase in sales and profits, and may seem to be registering growth, lack of training on financial, strategic management and marketing will mean that the SME will not grow beyond the first stage of enterprise development to other stages and will hence eventually fail within its first five years of existence.

Women who manage to start enterprises have been cited as having problems at the growth stages such as inadequate working capital, poor technical and managerial skills, lack of marketing techniques, lack of work sites, security and basic infrastructure, hostile business environments, poor project and planning skills and lack of information on the available assistance programs (Alila, 1998). This has led the non-governmental organization and government through relevant ministry to train the women up to the village level on how to manage their enterprises for example how to keep their records, creating market and marketing products produced by small women enterprises. Recently the government has tried to minimize unhealthy competition on small enterprises.

Gikonyo, Zainalaludin and Masud (2006) strategy appeared to be more robust, it alleged that for women owned enterprises to be successful, the Enterprises required basic entrepreneurial training on management of enterprises, availability of affordable loans and support from their family members**.** The Business Theory as cited by Fournier and Grey (1999) explains that there are business management skills that each entrepreneur must possess before ultimate success is achieved. Some of these skills include: management, production, marketing, financial management, risk management, human resource management, corporate communication and industrial relations skills. Still and Timms (2000) further argue that most of the women enterprises in developing countries lack some of these personal attributes that can make their enterprises to be successful.

To encourage larger numbers of women into self-employment, there is a clear need to widen access to business startup training and advice. In practice, this implies offering a wide range of startup and support services which encourage women into business. Women enter business from a wide variety of backgrounds and with a wide range of experience. The provision of business startup training and advice needs to accommodate these very different experiences.

For women enterprises, lack of access to training and advisory services is one of the main reasons often used to explain under-performance (Brown, Doyle, Lewis, Mallette and Young 2002; Brush and Hisrich, 1999). Heilbrunn (2004) also points out that most women-owned businesses show slow or no growth due to lack of business and managerial skills. Muhammad and Pegram, (2008) found that Only one fourth of respondents received growth-oriented training in the previous two years, with an average duration of 3-5 days per year. Programmes most in demand concerned innovation and opportunity recognition, business evaluation and growth considerations, developing strategic customers and customers care, customer relationship management, as well as selling, networking and negotiation skills.

High demand for these programmes corresponds to others results identifying contributory factors to higher enterprise performance and growth: product/service quality, new product/service. Governments invest substantial resources in stimulating training suppliers to develop competence programs to the SME sector. Such programs are based on the assumption that the provision of training in terms of developing existing or introducing new skills and/or knowledge to SMEs will increase their business performance. It is generally assumed that training leads to improved competence. Lack of development of appropriate competence and investments in staff training has been identified as central barriers to successful e-business implementation and use, (Fillis, Johansson and Wagner, 2003).

Mutisya (2014) concludes that provision of finance by MFIs is a catalyst to business performance owned by women. However, the study shows that in order to get a positive change in performance, all the variable of provision of finance, training programs and advisory services should be provided as one package. MFIs normally give small loans and from the research findings, large amount of loans is important for any business because this translates to high turnover which is important for a business. Interest rate is a major obstacle to borrowing large amount of microcredit. Microcredit processing speed and procedures are considered to be favorable to women business owners. This means that for clients to benefit from microfinance services through improved performance, the services of provision, training programs and advisory services should be provided as a one package.

According to Njoroge, Kariuki and Ogollah (2014), variation in entrepreneurial features possessed by different women entrepreneurs lead to differences in enterprise performance and the disparity in WEF loan repayment. Women entrepreneurs with more entrepreneurial features had enhanced enterprise performance and subsequent higher ability to repay WEF loans. Women entrepreneurs who were involved in business networking programmes and activities experienced enhanced enterprise performance and subsequently higher ability to repay WEF loans.

According to Rathiranee and Semasinghe (2016)**,** Training of women micro entrepreneur is necessary and important in order to enhance performance. Further, poor/lack of self-motivation is a barrier to start the business due to credit burden and family commitments. Finally, it is concluded that there is need to complement credit delivery with social awareness raising, building confidence, education and proper training skill among women. Kimwolo, Saina and Cheserek (2012) affirm that credit skills are pertinent to borrowing for any micro-enterprises, women micro-enterprises increased greatly with knowledge on credit skills, marketing and financial skills offered by Kenya Women Finance Trust institution. The importance of planning and management skills is strongly emphasized by the study. The study recommends emphasis on methods of training and integrating the intervening variables that influence training outcomes given to women entrepreneurs.

Women entrepreneurs can play a role of catalyst in social and economic development of a country like India. According to Ponsindhu (2017) though there is no problem in the grant of loan under various schemes by the government of India, the amount of loan sanctioned does not match with their needs for funds. There is also need for providing more skill training to women entrepreneurs through EDP programmes. Such activities will motivate more women entrepreneurs to engage in micro entrepreneurship. Basically, entrepreneurship development training programs enhance entrepreneurial skills amongst entrepreneurs. A study by Munene(2013) indicated that, there was a general improvement in business and entrepreneurial skills amongst Micro, Small and Medium Enterprise (MSMEs) after undertaking either Kenya Institute of Business Training or Joints Loans Board training. Micro, Small and Medium Enterprise (MSMEs) appreciated areas like management of working capital, record keeping and marketing as important ingredients for effective enterprise management. Results obtained showed that there is a correlation between entrepreneurial skills and performance of MSMEs.

Entrepreneurs who have some form of entrepreneurial education and training are able to run their enterprises progressively creating more job opportunities. The knowledge also enables them to prepare and understand their financial documents which they can use for financial control of their enterprises and to access more financing for their enterprises. Entrepreneurship Training and Education enables the entrepreneurs to understand their business and make sound financial decision, they become more creative and innovative with increased human capital which comes as a result of training and gains from entrepreneurship education (King'ori & Theuri, 2016).

2.5. Conceptual Framework

Figure 2.1 below illustrates a relationship between independent variables, dependent variable and intervening variables of the study.

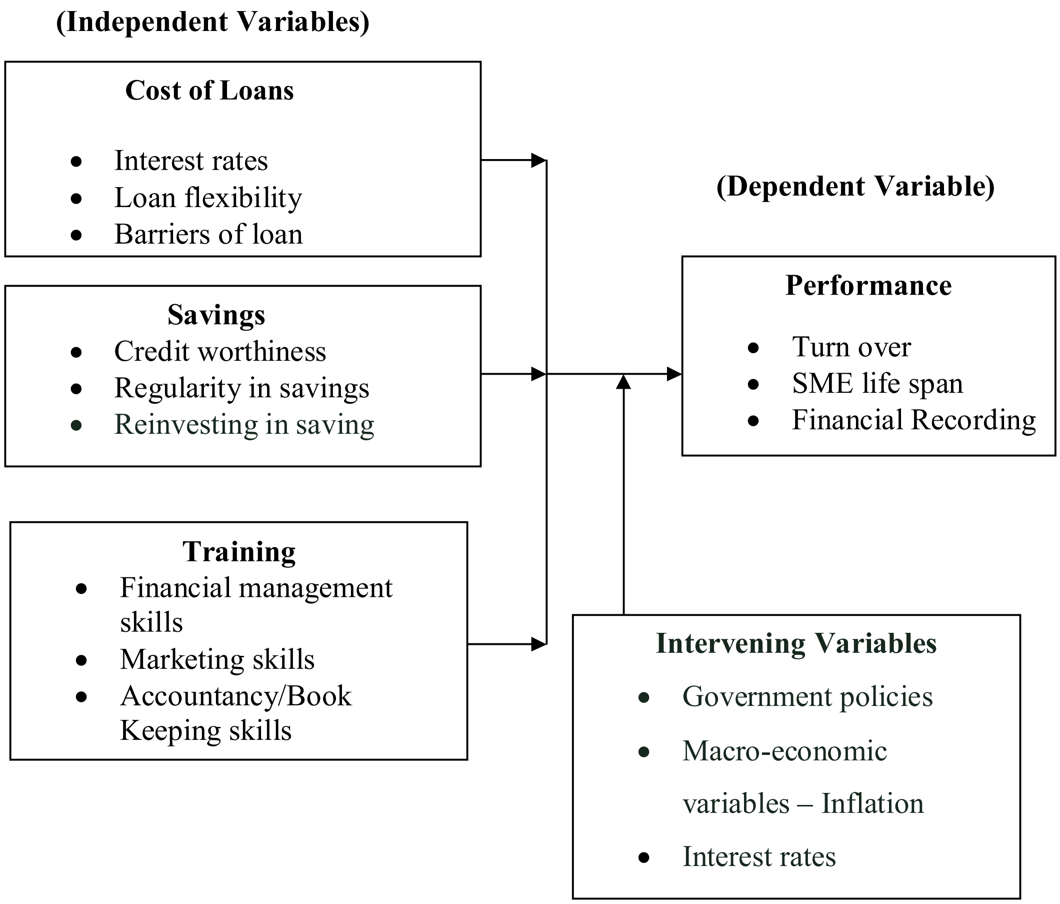

Figure 2. 1 Conceptual Framework

(Source: Author, 2017)

Figure 2.1 shows the independent variables as Cost of loans, Savings and Training. The dependent variable is the performance of the women owned enterprises; performance is measured using turn over, SME lifespan and financial recording. This study therefore seeks to investigate effect of independent variables on dependent variable. The intervening variables are the government policies, macro-economic variables and interest rates.

CHAPTERTHREE

RESEARCH METHODOLOGY

3.1 Research Design

Polit and Hungler (1999) described research design as blue print or outline for conducting a study in such a way that maximum control was exercised over factors that could interfere with the validity of the research results. Exploratory cross-sectional survey research design was used because the research is a cause effect relationship. This corresponds with the aim of this study to determine the effect of informal financial sector services on performance of women owned enterprises.

3.2 Target Population

Mugenda and Mugenda (2003) define population as an entire group of individuals, events or objects having a common observable characteristic. Target population in statistics is the specific population about which information is desired. The target population is the women enterprises from the entire five informal financial sectors in Nakuru town which had a population of 28,160 women. This population was arrived at because the below organizations in table 3.1 do not have front office operations since they are still not fully established and also they majorly concentrate in financing women and empowering them financially.

3.3: Sample Selected

According to Mugenda, (1999) a sample is the collection of data from a part of selected population of interest. For a large population of more than ten thousand we used Cochran (1963; 75) formula to yield a representative sample for proportions.

$$n = \frac{z^2pq}{e^2}$$

z = Normal curve 95% confidence level (1.96)

e = 5%

p = 0.5

q = 0.5

$$n = \frac{1.96^2(0.5)(0.5)}{0.05^2}$$

Sample size = 384.

To allocate to each strata the study used proportional stratified random sampling. The formula below was used to allocate to each strata.

$$n_i = \left(\frac{n}{N}\right) N_i$$

Where n = sample size

N = Total population

Ni = Population in each strata

$$n_i = \left(\frac{384}{28,160}\right) x\ 8,400 = 115$$

Table 3. 1: Target population

	ORGANISATION NAME	NUMBER OF GROUPS	POPULATION	SAMPLE SIZE
1	Jiweze women development programme	700	8400	115
2	Bundiand Associates	350	7590	103
3	Joyful women organization	80	2400	33
4	Kazana	150	4500	61
5	Molyn Credit	200	5,270	72
	Total		**28,160**	**384**

Source: Own Research (2015).

3.4 Data Collection Procedure and Instrument

The research made use of primary sources to collect data from the sample selected. Primary data was collected using questionnaires that were distributed to the respondents. The questionnaires were administered to the respondents who then fill the questions and their responses used for analysis. The questionnaire had closed ended questions to enable guide the respondent through filling of the questionnaire as well as probe them for more information. To ensure the questionnaire yielded consistent results, a pilot study was carried out.

3.5 Validity and Reliability of the Instruments

The research instruments were carefully developed with assistance from the supervisor and 50 questionnaires were administered for pilot testing to respondents in Naivasha town which is a neighboring town. Cronbach Alpha was used to calculate the internal consistency, validity and reliability of the data collection instrument. The results of reliability analysis are presented in Table 3.2 below.

Table 3. 2: Reliability Analysis

Variable	N	No of Items	Cronbach Alpha Value
Cost of Loans	50	11	0.820
Savings	50	13	0.713
Training	50	12	0.800
Performance	50	11	0.805

As it can be seen from Table 3.1 all the variables tested gave a Cronbach alpha value greater than 0.7. This implies that the questionnaire was reliable and that there was internal consistency of data.

3.6 Data Analysis and Presentation

Descriptive and inferential statistics was used to analyze this data with the aid of SPSS computer software version 21.0. This involves description of the state of affairs as it exists as present (Kothari, 2005). Correlations, regressions, chi-spuare and other relevant statistics were computed to better understand the data. The data collected was compiled and edited to check for logical inconsistencies. The effect of independent variables on the dependent variable was presented using the regression model below:

$$Y = a + \beta_1 C_1 + \beta_2 C_2 + \beta_3 C_3 + \varepsilon$$

Y = Performance of women enterprises

a = Constant

β = Coefficients to be estimated

C_1 = Cost of Loan

C_2 = Savings

C_3 = Training

ε = Error term

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents data analysed. It should be noted that analysis of data was done on the basis of objectives of the study. Descriptive statistics was conducted followed by inferential statistics.

4.2. Response Rate

Initially, 384 questionnaires were issued and 371 were collected during data collection. This returned a response rate of 97% which was seen to be sufficient to provide data.

4.3. Respondents' Bio-information

Respondents' bio-information was analyzed and presented in the following sub-sections.

4.3.1. Respondents Gender

Gender was analyzed and its findings are presented in Table 4.1

Table 4. 1: Respondents Age

Variable characteristics	Frequency	Percent (%)
Below 25 years	14	3.8
25-34 years	70	18.9
35-44 years	131	35.3
45-54 years	110	29.6
Above 55 years	46	12.4
Total	**371**	**100.0**

The analyzed data revealed that 35.3% of the respondents were aged between 35-44 years followed by 29.6% who were between 45-54%. it was evident that those below 25 years were the least with 3.8% of the total sampled population.

4.3.2. Work Experience

The respondents work experience was analyzed descriptively and the finding is presented in Table 4.2

Table 4. 2: Work Experience

Variable characteristics	Frequency	Percent (%)
Below 5 years	94	25.3
6-15 years	206	55.5
Above 15 years	71	19.1
Total	**371**	**100.0**

The analyzed data showed that a majority of the respondents had between 6 and 15 years of work experience (55.5%); those below 5 years were 25.3% and finally individuals above 15 years work experience were (19.1%)

4.3.3. Level of Education

Respondents' highest education level was analyzed to determine their literacy level. Data is as presented in Table 4.3.

Table 4. 3: Highest Education level

Variable characteristics		Frequency	Percent (%)
	Primary	79	21.3
	Secondary	191	51.5
Valid	Tertiary	55	14.8
	University	43	11.6
	Others	3	0.8
	Total	**371**	**100.0**

The findings indicated that a majority of the respondents were secondary school graduates (51.5%) followed by primary school leavers (21.3%). Tertiary and University graduates were 14.8% and 11.6% respectively

4.4. Cross Tabulation

4.4.1. Cross Tabulation between Respondents Age and Highest Education level

Table 4. 4: Respondents Age and Highest Education level Cross tabulation

		Highest Education level					Total
		Primary	**Secondary**	**Tertiary**	**University**	**Others**	
Respondents Age	Below 25 years	1.3%	2.2%	0.3%			3.8%
	25-34 years	3.0%	11.6%	2.7%	1.6%		18.9%
	35-44 years	6.5%	21.3%	4.3%	3.2%		35.3%
	45-54 years	8.6%	11.6%	4.3%	4.3%	0.8%	29.6%
	Above 55 years	1.9%	4.9%	3.2%	2.4%		12.4%
Total		21.3%	51.5%	14.8%	11.6%	0.8%	100.0%
Pearson Chi square		33.356					
Df		16					
p-value		0.007					

The results of the analysis revealed that respondents age and their education level are statistically significant at 95% confidence level (Pearson chi-square=33.356;$p<0.05$). It can be concluded that there is a significant association between Education Level and Respondents Gender.

4.4.2. Cross tabulation between Years of Experience * Highest Education level

Table 4. 5: Years of Experience * Highest Education level Cross tabulation

		Highest Education level					Total
		Primary	Secondary	Tertiary	University	Others	
Years of Experience	Below 5 years	3.8%	17.3%	3.0%	1.3%		25.3%
	6-15 years	12.7%	28.0%	7.8%	7.0%		55.5%
	Above 15 years	4.9%	6.2%	4.0%	3.2%	0.8%	19.1%
Total		21.3%	51.5%	14.8%	11.6%	0.8%	100.0%
Pearson Chi square		33.059					
Df		8					
p-value		0.000					

The results of the analyzed data revealed that respondents Years of Experience and their Education level are statistically significant at 95% confidence level (Pearson chi square=33.059;p<0.05). It can be concluded that there is a significant association between Respondents Years of Experience and Education Level.

4.4.3. Cross tabulation between Respondents Age and Years of Experience

Table 4. 6: Respondents Age and Years of Experience Cross tabulation

		Years of Experience			Total
		Below 5 years	6-15 years	Above 15 years	
Respondents Age	Below 25 years	2.2%	1.6%		3.8%
	25-34 years	9.2%	9.7%		18.9%
	35-44 years	10.8%	21.6%	3.0%	35.3%
	45-54 years	3.2%	18.1%	8.4%	29.6%
	Above 55 years		4.6%	7.8%	12.4%
Total		25.3%	55.5%	19.1%	100.0%
Pearson Chi square		122.375			
Df		8			
p-value		0.000			

The results of the analyzed data revealed that respondents age and their Years of Experience are statistically significant at 95% confidence level (Pearson chi square=122.375; $p<0.05$). It can be concluded that there is a significant association between Respondents age and Years of Experience.

4.5. Descriptive Analysis

Data was analyzed descriptively to understand the respondents' view of the variables under investigation. Frequencies were used to analyze different opinions to give an overview of the variable.

4.5.1. Cost of Loan

Data was analyzed to determine respondents' view of IFS Cost of Loan. Table 4.7. Illustrate the results of the analysis.

Table 4. 7: Cost of Loan

Statement	N	SA	A	N	D	SD	χ^2	*P*-value
I experience delays in receiving loan	371	9.7%	59.8%	21.0%	0.0%	9.4%	253.14	0.000
Loan borrowed is disbursed to me in good time	371	12.1%	18.6%	17.0%	49.3%	3.0%	226.91	0.000
Loan repayment period is flexible	371	0.0%	0.0%	30.2%	60.6%	9.2%	149.15	0.000
I am satisfied with the loans I receive	371	0.0%	10.0%	30.7%	50.4%	8.9%	172.64	0.000
Interest charged on loans is favorable	371	0.0%	0.0%	30.7%	59.6%	9.7%	139.51	0.000
I am able to pay my loans in time	371	10.0%	0.00%	11.1%	59.6%	19.4%	244.36	0.000
I have access to long term loans	371	10.8%	0.00%	2.4%	72.8%	14.0%	462.26	0.000
My level of profitability affects my saving power and ability to get loans	371	12.7%	12.9%	24.0%	48.5%	1.9%	233.89	0.000
My business currently needs a loan	371	9.2%	86.5%	4.3%	0.0%	0.0%	473.63	0.000
I have access to short term loans	371	10.2%	1.1%	9.7%	69.3%	9.7%	573.76	0.000
I experience several barriers to accessing loan for my business	371	32.1%	40.4%	3.8%	17.3%	6.5%	188.69	0.000

Key: SA = Strongly Agree; A = Agree; N = Neutral; D=Disagree; SD = Strongly Disagree; and %=Percentages

Source: Research Data (2017)

Table 4.4 indicates that only 30.4% reported that they never experienced delays in receiving loan. However, up to 69.6 % of all respondents significantly (χ^2=253.14; $p<0.05$) agreed that they experience delays in receiving loan. This view was supported by 79 % of those who maintained that they have no access to short term loans and 72.5% who aver that they experienced several barriers to accessing loan for my business (χ^2=462.26;188.69; $p<0.05$) respectively. This implies that when there is difficulty by individuals in accessing loans, it may affect their business and to a large extent their performance. This finding was in line with Aunga and Birore (2017) who maintained that collateral, high interest rates, lack of adequate accounting information were the challenges facing small scale entrepreneurs in accessing loans from banks.

It was evident from the analyzed data that 52.3% of the respondents significantly (χ^2=226.91; $p<0.05$) disagreed that loan borrowed was disbursed in good time. It was clear that 69.8% further significantly (χ^2=149.15; $p<0.05$) disagreed that loan repayment period was flexible while 30.2% remained neutral. This revelation implies unfavorable repayment period may discourage entrepreneurs from loan products in future. This may affect their performance. This finding was supported by those who significantly (χ^2=139.51; $p<0.05$) disagreed that interest charged on loans is favorable and that they were able to pay their loans in time with 69.3% and 79% respectively. This finding concurs with Kwaning and Nyantakyi (2015) who found out that interest rate on loan to the SMEs was extremely high and that repayment periods on loans to SMEs are too short making it very difficult to embark on any developmental or expansion projects in most SMEs. The finding further disclosed that only 10.8 % reported that they were able to access to long term loans while up to 89.2% reported that they were unable.

It was also worth noting that 49.6%, significantly (χ^2=233.89; $p<0.05$) affirmed that their level of profitability affects their saving power and consequently the ability to get loans. It was clear that 59.3%, significantly (χ^2=172.64; 188.69; $p<0.05$) affirmed that they were unsatisfied with the loans they received. This position was further confirmed by 95.7 % who significantly (χ^2=473.63; $p<0.05$) agreed that their business requires a loan.

4.5.2. Informal financial Sector Savings

Descriptive analysis was conducted to determine respondents' view of IFS Savings. Finding is presented in Table 4.8

Table 4. 8: Informal Financial Sector Savings

Statement	N	SA	A	N	D	SD	χ^2	*P*-value
I use saving as collateral to loan borrowed	371	0.0%	0.0%	15.4%	38.5%	46.1%	57.08	0.000
Saving has improved	371	0.0%	0.0%	15.9%	53.6%	30.5%	80.63	0.000
My savings have improved my income base	371	8.4%	9.4%	15.1%	58.5%	8.6%	349.15	0.000
I have benefited from time deposits	371	7.0%	8.6%	13.7%	63.6%	7.0%	446.70	0.000
I engage in demand deposits	371	4.6%	8.9%	18.9%	60.9%	6.7%	410.39	0.000
I re-invest my savings back to the business	371	2.7%	9.4%	18.3%	61.2%	8.4%	416.59	0.000
I have benefitted from demand deposits	371	2.4%	4.0%	14.0%	64.2%	15.4%	476.75	0.000
I engage in time deposits	371	3.5%	8.1%	8.9%	59.6%	19.9%	390.12	0.000
I contribute to group savings	371	2.4%	16.4%	12.7%	52.3%	16.2%	265.75	0.000
Saving has increased the profitability of my business	371	2.4%	13.5%	8.9%	66.6%	8.6%	514.49	0.000
Saving is beneficial to my business	371	4.3%	4.9%	9.7%	69.5%	11.6%	576.29	0.000
Saving has assisted in getting the required credit	371	4.0%	8.9%	5.9%	60.6%	20.5%	413.35	0.000
I save regularly	371	7.5%	21.0%	3.0%	41.2%	27.2%	176.16	0.000

Key: SA = Strongly Agree; A = Agree; N = Neutral; D=Disagree; SD = Strongly Disagree; and %=Percentages

Source: research data (2017)

According to Table 4.8, only 80.5% of the respondents significantly (χ^2=57.08; $p<0.05$) disagreed that that they use saving as collateral to loan borrowed while 15.4% were neutral. This view was supported by 84.1% who significantly (χ^2=80.63; $p<0.05$) aver that saving has never improved their income base and that it has not assisted them obtain a required credit (81.1%) significantly (χ^2=413.35; $p<0.05$). This implies that the amount one may save could affect the amount of loan one has to receive thus affecting performance of business enterprises. This finding agrees with Galan (2015) who maintains that lack of collateral, low value of collateral, low risk-taking propensity, poor saving habits and high interest rates are significant constraints for ease access of debt finance from commercial banks.

However, 17.8% maintained that their savings have improved while 67.1% disagreed. It was clear from the finding that respondents disagreed that respondents engage as well as have significantly (χ^2=446.70; $p<0.05$) benefited from time deposits with 79.5% and 70.6%. However, only 13.5% engages in demand deposits and 6.4% have benefitted from demand deposits. This study revealed that 68.4% of the respondents significantly (χ^2=176.16; $p<0.05$) disagreed that they saved regularly while 68.5% did not contribute to group savings. This implies that obtaining loan may become ineffective as the amount of loan is directly proportional to the amount of saving one has. It was clear that 69.6% of the respondents significantly (χ^2=416.59; $p<0.05$) disagreed that they re-invest their savings back to the business leaving nearly 12.1% to do re-investment.

It is worth noting that only 9.2% of respondents significantly (χ^2=576.29; $p<0.05$) agreed that's saving is beneficial to their business leading to improved profitability of their business (15.9%). It can be argued that how an individual saves their finance may have an influence in the amount of loan received.

4.5.3. Informal Financial Sector Training

Data was analyzed to determine respondents' view of IFS Training. Table 4.9.shows the results of the analysis.

Table 4. 9: Informal Financial Sector Training

Statement	N	SA	A	N	D	SD	χ^2	*P*-value
Handling financial matters is a challenge to me	371	9.7%	11.1%	19.4%	50.7%	9.2%	230.90	0.000
I am disciplined in handling financial matters	371	9.2%	10.0%	13.2%	58.0%	9.7%	335.83	0.000
Marketing has improved my business performance	371	5.7%	8.1%	14.8%	66.6%	4.9%	514.43	0.000
I have been trained in financial management	371	7.0%	15.4%	17.3%	51.5%	8.9%	243.43	0.000
Training has improved my saving power	371	1.1%	12.9%	16.2%	60.4%	9.4%	401.52	0.000
Training has improved my confidence in business	371	5.1%	4.0%	7.3%	59.8%	23.7%	415.29	0.000
I have been trained in marketing skills	371	2.4%	15.9%	10.2%	52.8%	18.6%	278.37	0.000
I am equipped in planning skills	371	5.1%	28.0%	14.0%	47.7%	5.1%	243.16	0.000
Business training has improved my efficiency in business	371	1.3%	8.4%	0.8%	76.3%	13.2%	754.14	0.000
Book keeping is not a challenge for me	371	9.4%	9.4%	13.2%	58.5%	9.4%	345.50	0.000
I attend business oriented courses regularly	371	2.2%	16.2%	1.3%	55.3%	25.1%	361.65	0.000
I have been trained in business management	371	12.9%	27.8%	2.4%	29.6%	27.2%	104.67	0.000

Key: SA = Strongly Agree; A = Agree; N = Neutral; D=Disagree; SD = Strongly Disagree; and %=Percentages

Source: research data (2017)

The finding revealed that 20.8% of respondents significantly (χ^2=230.90; p<0.05) affirmed that handling financial matters is challenging. However, 59.9% disagreed. It was noted that 67.7 % of the respondents significantly (χ^2=335.83; p<0.05) disagreed that they were disciplined in handling financial matters and that they have been trained in financial management (60.4%). This view was supported by 89.5% who significantly (χ^2=754.14; p<0.05) disagreed that business training has improved their efficiency in business whereas others significantly (χ^2=401.52, 415.29; p<0.05) aver that training has never improved saving power and confidence in business with 69.8% and 83.5% respectively. This finding is in line with Olawale (2014) who aver that the causes of the failure of new SMEs are both internal and external. Internal factors include lack of management experience, lack of functional skills and poor staff training and development and poor attitudes towards customers.

However, it was observed that 13.8 % maintained that marketing has improved business performance which was supported by 33.1% who affirms that they are equipped in planning skills while 52.8% had a contrary view. Business marketing training is important in business management. It was observed that 71.4% significantly (χ^2=278.37; p<0.05) affirm that they have not been trained in marketing skills. This view was supported by 56.8% who asserted that they have not been trained in business management while 67.9% assert that they never attend business oriented courses regularly. A huge percentage of 67.9% significantly (χ^2=345.50; p<0.05) reported that book keeping was challenging. This implies that effective day-to-day running of business may be at risk. This finding agrees with Ladzani and Vuuren (2002) who emphasized the importance of a comprehensive entrepreneurship-training program for successful small business enterprises. This is a recommendation that could help sustain emerging small business enterprises that are presented to SME stakeholders.

4.5.4. Performance of Women Owned Enterprises

Data was analyzed to level of Performance of Women Enterprises. Table 4.10 shows the results of the analysis.

Table 4. 10: Performance of Women Owned Enterprises

Statement	N	SA	A	N	D	SD	χ^2	*P*-value
My assets have increased	371	9.4%	10.8%	18.1%	52.3%	9.4%	251.31	0.000
I am able to meet my expenses comfortably	371	9.4%	9.7%	11.3%	60.4%	9.2%	378.56	0.000
My purchases have increased	371	4.9%	4.6%	16.2%	69.5%	4.9%	587.24	0.000
I update my books of accounts regularly	371	4.9%	14.0%	17.8%	53.9%	9.4%	284.11	0.000
My sales have increased	371	0.0%	9.4%	17.3%	63.9%	9.4%	305.17	0.000
I Keep financial records properly	371	4.9%	0.0%	7.0%	64.2%	24.0%	335.90	0.000
Keeping financial records has improved my business performance	371	0.0%	14.3%	10.2%	55.3%	20.2%	188.60	0.000
I re-invest my profits back to the business	371	4.9%	24.5%	15.6%	50.4%	4.6%	265.48	0.000
I have benefited from business start up	371	0.0%	5.4%	0.5%	79.8%	14.3%	608.29	0.000
I received business startup capital	371	9.4%	0.0%	14.3%	66.8%	9.4%	348.82	0.000
My profits have increased since I joined the Chama	371	0.0%	0.0%	0.5%	70.6%	28.8%	276.69	0.000

Key: SA = Strongly Agree; A = Agree; N = Neutral; D=Disagree; SD = Strongly Disagree; and %=Percentages

Source: research data (2017)

Table 4.10 indicates that only 20.2% reported that their assets have increased. However, up to 79.8 % of all respondents significantly (χ^2=251.31; $p<0.05$) disagreed that their assets have increased. This view was supported by 74.4 % of those who significantly (χ^2=587.24; $p<0.05$) maintained that they their purchases have never increased. It is believed that assets will only increase when business is in an upward trend. It was reported by 9.4% that their sales have increased while up to 90.6%

reported a contrary observation. It was clear from the finding that 88.2% of the respondents significantly (χ^2=335.90; $p<0.05$) disagreed that they kept financial records properly. This view was in line with 75.5% of the respondents who significantly (χ^2=188.60; $p<0.05$) dismissed that keeping financial records has improved their business performance.

This study conform Dawuda and Azeko (2015) who carried out an assessment of Financial Records Keeping Behaviour of Small Scale Businesses in Ghana and revealed that majority Small Scale Businesses do not keep proper records of their businesses, hence, inability to measure financial performance and position of their businesses.

The factors that accounted for the failure of Small Scale Businesses to keep proper records among others include lack of knowledge in accounting; expensive to hire qualified accounting staff; exposing financial information for tax; time consuming and inability to quantify the value of proper records keeping. For performance of business to be realized, relevant books of accounts must be updated. It was observed that 18.9% reported that they update their books of accounts regularly. In addition 19.1% of the respondents agreed that they are able to meet their expenses comfortably.

This view was in line with 29.4% of those who aver that they were able to re-invest profits back to the business. Despite this revelation close to 70.6% significantly (χ^2=265.48; $p<0.05$) disagreed with the observation. This implies that performance of business enterprises sampled were still way below the edge. Furthermore, it was evident from the findings that 94.1% significantly (χ^2=608.29; $p<0.05$) reported that they have not benefited from business startup while 76.2% aver that they have never received business startup capital. This was in line with 99.4% who overwhelmingly and significantly (χ^2=276.69; $p<0.05$) reported that their profits have never increased since they joined the *Chama.* This revelation implies that when business is unable to make substantial profit or even expansion, its performance may be in a downward trend.

4.6. Correlation Analysis

A correlation analyses was conducted to estimate whether there existed a relationship between independent and dependent variables of the study. The results are presented using tables.

4.6.1. Correlations between Cost of Loan, Savings, Training and Performance of Women Owned Enterprises.

Table 4. 11 Correlations between Cost of Loan, Savings, Training and Performance of Women Owned Enterprises.

		Performance of Women Enterprises	IFS Cost of Loan	IFS Savings	Training
Performance of Women Enterprises	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	371			
IFS Cost of Loan	Pearson Correlation	.507**	1		
	Sig. (2-tailed)	.000			
	N	371	371		
IFS Savings	Pearson Correlation	.369**	.135**	1	
	Sig. (2-tailed)	.000	.009		
	N	371	371	371	
Training	Pearson Correlation	.706**	.316**	.316**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	371	371	371	371

**. Correlation is significant at the 0.01 level (2-tailed).

An analysis was conducted to determine the relationship between Cost of Loan and Performance of Women Owned Enterprises. Table 4.11 shows the results of the correlation analysis. Pearson correlation tested at 99% confidence level at 2-tailed significance and sample of 371 was used. The findings revealed that there exist a strong positive and statistically significant relationship between cost of loan and performance of women owned enterprises ($r=0.\ 507^{**}$; $p<0.01$). This implies that when cost of loan is made favorable in terms of flexibility in their repayment period, performance of women owned enterprises is expected to increase. Conversely when cost of loan is unfavorable, it decreases performance of women owned Enterprises. It can be argued that when individuals are able to access loans without any difficulty, business performance will increase. This result therefore validates the precept that costing of loan has a positive relationship with performance of a business enterprise. This finding concurs with Njiru (2014) who notes that the cost of credit has direct influence on the financial performance of commercial dairy SME's in the county of Kiambu.

Additionally, an analysis was conducted to determine the relationship between Savings and Performance of Women Owned Enterprises. Table 4.11 shows the results of the correlation analysis. It was observed from the analyzed data that there exist a positive and statistically significant relationship between Savings and Performance of Women Owned Enterprises ($r=0.369^{**}$; $p<0.01$). This implies that when savings increases, business performance is expected to increase. It can be affirmed that when savings in the microfinance is increased, it can be used as collateral to obtain loan services hence improving in business performance. This indicates that the amount one may save could affect the amount of loan one has to receive thus affecting performance of business. According to Lagat, Kogei and Rotich (2015) access to savings schemes, managerial training and loan grace period is statistically significant in determining the performance of Micro, Small and Medium Scale Enterprises (MSMEs).

Moreover, analysis was conducted to determine the relationship between Training and Performance of Women Owned Enterprises. It was observed from the analyzed data that there exist a positive and statistically significant relationship between Training and Performance of Women Owned Enterprises ($r=0.\ 706^{**}$; $p<0.01$). This implies that when training in business related matters is enhanced performance of Women Enterprises also increases. It can be argued that training entrepreneurs in book keeping, marketing skills and planning skills will have a positive relationship with business performance. This finding therefore validates the precept that training and performance of women owned enterprises are positively correlated. Similarly, Omwenga and Mukulu (2013) confirms that there might be a problem pertinent to women entrepreneurs as generally there is a lack of entrepreneurship training and skills development in Kenya where most women entrepreneurs acquire their skills and experience through their family members, friends and previous experiences.

4.7. Regression Analysis

Regression analysis was conducted to determine the effect of independent variables on dependent variable. The independent variables include: cost of loan, saving and training while the dependent variable includes performance of women owned enterprises. The finding is presented in model summary, ANOVA and coefficients Tables respectively.

4.7.1. Model Results

Model summary showing the model predictors which include constant, IFS training, cost of loan and IFS saving. The finding is as presented in Table 4.12.

Table 4. 12: Model Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.780[a]	.608	.605	.344

a. Predictors: (Constant), Training, IFS Cost of Loan, IFS Savings

Model summary Table 4.12 indicates a value of Adjusted r^2 as 0.605. This means that 60.5% variation in Performance of women enterprises is due to the variation of independent variables of cost of loan, saving and training in women entrepreneurs with a standard error of the estimate of 0.344.

4.7.2. ANOVA Results

F-statistics were carried out to find out the overall strength of the model. The finding is presented in Table 4.13.

Table 4. 13: ANOVA[a] Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	67.336	3	22.445	189.989	.000[b]
	Residual	43.358	367	.118		
	Total	110.694	370			

a. Dependent Variable: Performance of Women Enterprises

b. Predictors: (Constant), Training, IFS Cost of Loan, IFS Savings

From the findings, it is clear that the value of F-Statistic 189.989 indicates that the model is highly significant at 95% confidence level;$R^2 = 0.608$, $F (3, 367) = 189.989$;$p <0.05$.

4.7.2. Coefficients Table

Table 4.14 shows the Beta coefficients for the independent variables under investigation.

Table 4. 14: Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.104	.189		.549	.583		
IFS Cost of Loan	.405	.045	.310	8.989	.000	0.899	1.112
IFS Savings	.177	.041	.150	4.352	.000	0.899	1.113
Training	.461	.030	.561	15.584	.000	0.824	1.213

a. Dependent Variable: Performance of Women Entrepreneurs

In relation to the Collinearity Statistics, VIF value of 1.112, 1.113 and 1.213 was produced denoting that the VIF value obtained is between 1 to 10. It can be concluded that there is no multicollinearity indicators in the model. On the basis of Unstandardized Beta coefficients, the model shows that cost of loan causes 40.5 % positive variation in performance of women enterprises. Similarly, Savings causes 17.7 % positive variation in performance of women enterprises and finally Training causes up to 46.1% positive variation in Performance of women enterprises. Conversely, on the basis of prediction, it can be argued further that the multiple regression model with all three predictors produced $R^2 = 0.608$, $F (3, 367) = 189.989$; $p <0.05$. As can be seen in Table 4.14, cost of loan, savings and training had a significant positive regression weights of 0.405, 0.177 and 0.461 indicating respondents with higher scores on this scale were expected to have higher influence on performance of women enterprises, after controlling for the other variables in the model.

CHAPTER FIVE

SUMMARY, CONCLUSSIONS AND RECOMMENDATION

5.1. Introduction

This chapter presents summary, conclusions and recommendations arising from analyses, findings and discussions.

5.2. Summary

Summary of notable finding is presented in subsections 5.2.1, 5.2.2 and 5.2.3.

5.2.1: Cost of Loans and the Performance of Women Enterprises

It was observed that up to 69.6 % of all respondents agreed that experience delays in receiving loan. This view was supported by 79 % of those who maintained that they have no access to short term loans and 72.5% who aver that they experienced several barriers to accessing loan for their business. This implies that when there is difficulty by individuals in accessing loans, it may affect their business and to a large extent performance of their business.

Similarly, respondents disagreed that interest charged on loans is favorable and that they were able to pay their loans in time with 69.3% and 79% respectively. The finding further showed that only 10.8 % reported that they were able to access to long term loans while up to 89.2% reported that they were unable. It was also worth noting that 49.6% averred that their level of profitability affects their saving power and consequently the ability to get loans. It was clear that 59.3% affirmed that they were unsatisfied with the loans they received.

A Pearson correlation tested at 99% confidence level at 2-tailed significance and sample of 371 revealed that there exist a strong positive and statistically significant relationship between cost of loan and performance of women owned enterprises ($r=0.507^{**}$; $p<0.01$).This implies that when cost of loan is made favorable in terms of flexibility in their repayment period, performance of women enterprises is expected to increase. This finding concurs with Njiru (2014) who notes that the cost of credit has direct influence on the financial performance of commercial dairy SME's in the county of Kiambu.

5.2.2 Informal Financial Sector Savings and the Performance of Women Enterprises

It was evident from the finding that nearly 80.5% of the respondents disagreed that that they use saving as collateral to loan borrowed while 15.4% were neutral. This view was supported by 84.1% who aver that saving has never improved their income base and that it has not assisted them obtain a required credit (81.1%). This implies that the amount one may save could affect the amount of loan one has to receive thus affecting performance of business enterprises. It was clear from the finding that respondents disagreed that respondents engage in time deposits and that they have benefited from time deposits with 79.5% and 70.6% respectively. This study revealed that 68.4% of the respondents never saved regularly while 68.5% did not contribute to group savings. This implies that obtaining loan may become ineffective as the amount of loan is directly proportional to the amount of saving one has. It was clear that 69.6% of the respondents disagreed that they re-invest their savings back to the business leaving nearly 12.1% to do re-investment. It is worth noting that some respondents agreed that's saving is beneficial to their business (9.2%) leading to improved profitability of their business (15.9%). It can be argued that how an individual saves may have an influence in the amount of loan received.

A Pearson correlation tested at 99% confidence level at 2-tailed significance and sample of 371 was used to determine the relationship between IFS Savings and Performance of Women Enterprises. It was observed from the analyzed data that there exist a positive and statistically significant relationship between IFS Savings and Performance of Women Enterprises ($r=0.369^{**}$; $p<0.01$). This implies that when savings increases, business performance it is expected to increase. It can be affirmed that when savings in the microfinance is increased, it can be used as collateral to obtain loan services hence improving in business performance. This finding concur Rotich, Lagat and Kogei (2015) who reported that access to savings schemes, managerial training and loan grace period is statistically significant in determining the performance of Micro, Small and Medium Scale Enterprises (MSMEs).

5.2.3. Informal Financial Sector Training and Performance of Women Enterprises

The finding revealed that 67.7 % of the respondents disagreed that they were disciplined in handling financial matters and that they have been trained in financial management (60.4%). This view was supported by 89.5% who disagreed that business training has improved their efficiency in business whereas others aver that training has never improved saving power and confidence in business with 69.8% and 83.5% respectively. However, it was observed that 13.8% aver that marketing has improved business performance which was supported by 33.1% who asserts that they are equipped in planning skills while 52.8% had a contrary view. Business marketing training is important in business management. It was observed that 71.4% affirm that they have not been trained in marketing skills. This view was supported by 56.8% who asserted that they have not been trained in business management while 67.9% assert that they never attend business oriented courses regularly. A huge percentage of 67.9% reported that book keeping was challenging. This implies that effective day-to-day running of business may be at risk.

A Pearson correlation tested at 99% confidence level at 2-tailed significance and sample of 371 revealed that there exist a positive and statistically significant relationship between Training and Performance of Women Enterprises ($r=0.706^{**}$; $p<0.01$). This implies that when training in business related matters is enhanced performance of Women Enterprises also increases. It can be argued that training entrepreneurs in book keeping, marketing skills and planning skills will have a positive relationship with business performance. Omwenga and Mukulu (2013) confirms that there might be a problem pertinent to women entrepreneurs as generally there is a lack of entrepreneurship training and skills development in Kenya where most women entrepreneurs acquire their skills and experience through their family members, friends and previous experiences.

Regression analysis was conducted to determine the effect of independent variables on dependent variable. On the basis of Unstandardized Beta coefficients, the model shows that cost of loan causes 40.5% positive variation in performance of women owned enterprises. Similarly, savings causes 17.7% positive variation in performance of women owned enterprises and finally training causes up to 46.1% positive variation in performance of women owned enterprises.

5.3. Conclusion

Regarding Cost of loans, IFS savings and IFS training has a positive correlation with performance of women owned enterprises. Cost of loan causes 40.5% positive variation in performance of women owned enterprises. Similarly, savings causes 17.7% positive variation in performance of women owned enterprises and finally training causes up to 46.1% positive variation in performance of women owned enterprises.

5.4. Recommendation

The study recommends that Cost of loan should be made favorable in terms of flexibility and favorable in their repayment period, interest rates charged of disbursement period of loans. Secondly, individual entrepreneurs should be trained on demand deposits to raise the bulk of loan they may access. Finally, informal financial sector should fast track training entrepreneurs in book keeping, marketing skills and planning skills.

5.5 Recommendation for Further Research

The study recommends that research can be done further on the various methods used for training these women and how effective have they been to the women and how has the different modes of training affected the performances of the women enterprises. Research can also be done to investigate similar organizations that have front office banking and how it has affected the women enterprises that belong to those organizations.

REFERENCES

Abdinor , D. S. (2013). *The Effect Of Microfinance Institution Lending On The Growth of Small And Medium Enterprise In Somalia.* University of Nairobi: Unpublished Thesis.

Agier, I., & Szafarz, A. (2010). *Credit to Women Enterprises: The Curse of The Trust Worthier Sex.* Paris: Dévelopement et Sociétés.

Akanji , O. O. (2006). Microfinance As A Strategy For Poverty Reduction. *Economic and Financial Review, 39*(4), 1-5.

Akanji, O. O. (2006). Microfinance as a Strategy for Poverty Reduction. *Central Bank of Nigeria Economic and Financial Review*, *39*(4), 78-102.

Akintoye, I. R., & Oladejo, M. O. (2008). "Theory of micro enterprises: The Nigeria experience". *International journal of social sciences, of Uyo, Nigeria, 3*(7).

Alila, P. O. (1998). Informal Credit and Rural Small Enterprises Growth. *Journal of Asian and African Studies*, *33*(2), 159-180.

Allen, H (2006). Village Savings and Credit Associations –Sustainable and Cost-Effective Rural Finance. *Small Enterprise Development*, *17*(1), 16–68.

Amanoo, E., Kojo, P., & Asmah, E. (2003). *The Impact Of Interest Rates On Demand For Credit And Loan Repayment By The Poor And Smes In Ghana.* University of Cape Coast,Cape Coast,Ghana: Unpublished Thesis.

Aryeetey, E. (2001). *"Priority Research Issues Relating to Regulation and Competition in Ghana"*, Centre on Regulation and Competition Working Paper Series, University of Manchester, Manchester.

Aryeetey, E. 1996. "Rural finance in Africa: Institutional developments and access forthe poor". The World Bank Annual Conference on Development Economics, 25–26 April, Washington, D.C.

Aryeetey, E. and C. Udry. 1997. "The Characteristics of Informal Financial Markets in Sub-Saharan Africa". *Journal of African Economies*, 6(1)

Aryeetey, E. H., Hettige, M., Nissanke & Steel.W. (2001). "Financial Market Integration and Reforms in Ghana, Malawi, Nigeria and Tanzania". *World Bank Economic Review*, 11(2), 195–218.

Aryeetey, E., Baah-Nuakoh, A., Duggleby, T., Hettige, H., & Steel, W. F. (1994). "Supply and demand for finance of small scale enterprises in Ghana" (World Bank Discussion Paper No. 251). Washington DC: World Bank.

Athanne. (2011). *Entrepreneurship in Kenya, Nairobi.* Nairobi.

Atieno, R. (2001). *Formal and informal institutions' lending policies and access to credit by small-scale enterprises in Kenya: An empirical assessment*. Nairobi: African Economic Research Consortium.

Aunga, D. A., & Birore, R. E. (2017). Challenges Facing Small Scale Entrepreneures accessing loans from Banks at Ngongongare, Meru District, Arusha region in Tanzania. *Journal of Business and Management, 19*(3), 103-113.

Bawuah , B., Yakubu , A. S., & Alhassan , M. (2014). The Effects of Interest Rate on Micro, Small and Medium Enterprises Financing Decision in Wa Municipality of Ghana. *International Journal of Business, Humanities and Technology, 4*(4), 81-90.

Berner, E., Gomez, G., & Knorringa, P. (2012). "Helping A Large Number of People Become A Little Less Poor: The Logic of Survival Enterprises", *European Journal of Development Research*, 24(3), 382-396.

Bowen, M., Morara, M., & Mureithi, S. (2009). Management of Business Challenges Among Small and Micro Enterprises in Nairobi-Kenya. *KCA Journal of Business Management*, *2*(1), 16-31.

Brown, S., Doyle, W., Lewis, H., Mallette, D. & Young, P. (2002). *Women Enterprises in Canada in the 90's*. Montreal : Business Development Bank of Canada.

Brush, C., & Hisrich, R. (1999). *Women-Owned Businesses: Why Do They Matter?* Boston, MA: Kluwer Academic Publisher.

Calice, P., Chando, V., & Sekioua, S. (2012). *Bank Financing to Small and Medium Enterprises in East Africa: Findings of a Survey in Kenya, Tanzania, and Uganda and Zambia.* (No. 146). Working Paper.

Castro N., Gichuki., Milcah M., Mutuku & Lydia N. K. (2014) Performance of Women Owned Enterprises Accessing Credit From Village Credit and Savings Associations in Kenya, *Journal of Global Entrepreneurship Research*,4(16).

Cheston, S., & Kuhn, L.(2002). Empowering Women through Micro Finance. Iowa, USA: UNIFEM

Cochran, W. G. 1963. Sampling Techniques, 2nd Edn, New York: John Wiley and Sons, Inc.

Coleman, S. (2007), "The Role of Human and Financial Capital In The Profitability and Growth of Women Owned Small Firms", *Journal of Small Business Management*, 45(3), 1-5.

Dawuda, A., & Azeko, I. (2015). An Assessment of Financial Records Keeping Behaviour of Small Scale Businesses in Ghana: A Case Study of Bolgatanga Municipality. *International Journal of Finance and Accounting, 4*(3), 187-194.

Deelen, L., & Majulin, E. (2008). *Village Banking in LAO Handbook for Village Banks Management Committees and Support Organizations*. Bangkok: International Labour Originations.

Dupas, P., & Robinson. J. (2009). "*Savings Constraints and Microenterprise Development: Evidence From A Field Experiment in Kenya Nairobi",* Working Paper Series Working Paper 14693

Ekpe, I., Razak, R. C., & Mat, N. B. (2013). The Performance of Female Enterprises: Credit, Training and the Moderating Effect of Attitude towards Risk-Taking. *International Journal of Management*, *30* (3), 1-10.

Esperanca, J.P., Ana, PMG, & Mohamed, AG. (2003). "Corporate Debt Policy of Small Firms: An Empirical (Re) Examination*." Journal of Small Business and Enterprise Development*, 10(1), 62–80.

Eyben, R., Kabeer, N., & Cornwall, A. (2008). Conceptualizing Empowerment and the Implications for Pro Poor Growth. *Paper for the DAC Poverty Network, Sussex: Institute of Development Studies, http://www. ids. ac. uk/ ids publication/ conceptualizing empowerment-and-the implications-for-pro-poor-growth*.

Fafchamps, M. D., McKenzie, S., Quinn, & Woodruff, C. (2011). *When is Capital Enough to get Female Enterprises Growing? Evidence from A Randomized Experiment in Ghana*. Washington DC: World Bank.

Fillis, I., Johansson, U., & Wagner, B. (2003). A Conceptualization of the Opportunities and Barriers to e-Business Development in the Smaller Firm. *Journal of Small Business and Enterprise Development*, 10(3), 336-344.

Financial Sector Deepening (FSD). (2009). *Financial Access in Kenya: Results of National Survey* . Nairobi, Kenya: FSD.

Financial Sector Deepening (FSD). (2011). *Financial Access in Kenya: Results of National Survey* . Nairobi, Kenya: FSD.

Fournier, V., & Grey, C. (1999). Too Much, Too Little and Too Often: A critique of du Gay's analysis of Enterprise Organization. *Sage Journals*, 6(1), 107-128.

Galan , R. M. (2015). Constraints of Acessing Debit Financing From Comercial Banks Among Small And Medium Enterprises In Tanzania:A Literature Review. *Second European Academic Research Conference On Global Business,Economics Finance And Banking* (pp. 3-5). Zurich, Switzerland: Globalbizresearch.

Ghosh, J. (2009). *In formalization and Women's Workforce Participation: A Consideration of Recent Trends in Asia'.* In S Razavi (Ed.), The gendered impacts of liberalization: towards 'embedded' liberalism? London: Routledge.

Gichuki, C. N., Mulu-Mutuku, M., & Kinuthia, L. N. (2014). Performance of Women Owned Enterprises Accessing Credit From Village Credit And Savings Associations in Kenya. *Journal of Global Entrepreneurship Research*, 4 (1), 1-13.

Gikonyo W., Zainalaludin Z., & Masud J (2006). Empowering Young Women Through Micro-Enterprise Scaling-Up: A Case of Malaysian Rural Women. *Youth Employment Summit.* Kuala Lumpur :Razi Publishers Press.

Golla, AA, Malhotra, P, Nanda, & Mehra, R. (2011). *Understanding and Measuring Women's Economic Empowerment. Definition, Framework, Indicators.* Washington DC: International Centre for Research on Women.

Gutu, F., Mulugeta, W., & Birlie, B. (2017). Determinant Factors Affecting Loan Repayment Performance of Women Borrowers from Micro Finance Institutions in Southwest Ethiopia: Evidence from Four Woredas around Gilgel Gibe Hydroelectric Power Dam. *Global Journal of Management and Business Research: C Finance, 17*(1), 1-11.

Hansmann, H. (1999). Cooperative Firms in Theory and Practice. *Finish Journal of Business Economics*, 4, 387–403.

Hassan, K.M., Luis, R. G .(1997). "The Experience of the Grameen Bank of Bangladesh in Community Development." *International Journal of Social Economics*, 24(12), 1488 – 1523.

Heilbrunn, S .(2004). Impact of Gender on Difficulties Faced By Enterprises. *The International Journal of Entrepreneurship and Innovation*, 5(3), 159-165.

Hevener, C .(2006). "Alternative financial vehicles: rotating savings and credit associations." *Federal Reserve Bank of Philadelphia.* Available at: www.Philadelphia fed.org/ca/pdf.

Ibru, C. (2009). *Growing Microfinance Through New Technologies*. Federal University of Technology, Akure: Nigeria.

Ifelunini, I. A., & Wosowei, E. C. (2013). Constraints to Women Entrepreneurs' Access to Microfinance in South-South Nigeria. *Research Journal of Finance and Accounting, 4*(6), 6-13.

ILO (2008). Women Entrepreneurs in Kenya. Factors affecting Women Entrepreneurs in Micro and Small Enterprises in Kenya. Geneva. International labor organization.

ILO (2009). "*Gender employment*", Available at: www.ilo.org.

ILO. (2008). Global employment trends for women. ILO Geneva, Switzerland: ILO. International Labor Organization.

Jamali, D. (2009). Constraints and Opportunities Facing Women Enterprises in Developing Countries: A Relational Perspective. Gender in Management. *An International Journal*, 24(4), 232-251.

Justin, G., & Carlos M (2003). *Small Business Management: An Entrepreneurial Emphasis.* Ohio: South Western Educational Publishing.

Kabeer, N., & Matin, I. (2004). *The Wider Social Impacts of BRAC's Groupbased.* Bangladesh: Research and Evaluation Division, BRAC.

Kabukuru, A., & Afande, F. O. (2016). Analysis of Challenges Faced by Women Entrepreneurs in Accessing Finance in Kenya (A Case of Beauty Sector in Nairobi Central Business District). *Journal of Poverty, Investment and Development, 24*, 8-26.

Kamunyu, C. W., & Theuri, F. S. (2017). Factors Affecting Growth Of Women Owned Small And Medium Enterprises In Kenya: A Survey of Women-Led Smes In South Coast Ukunda. *Journal of Business and Management, 19*(3), 60-66.

Karani, P. K. (2012). *Socio-Cultural Factors Influencing the Performance of Women Enterprises in Mombasa County, Kenya.* University of Nairobi, Kenya: Doctoral Dissertation.

Karim, L. (2008). Demystifying Micro-Credit: the Grameen Bank, NGOs and Neo liberalism in Bangladesh. *Cultural Dynamics,* 20(1) 5–29.

Kehinde, O.J. (2006). Poverty alleviation strategies and the challenges of government in Nigeria. The way forward from legion of failed policies. *International Journal of Social and Policy Issues,* vol 4, no 1 and 2.

Kenya National Bureau of statistics. (2009). *Economic Survey 2009*. Nairobi: Government of Kenya Printer.

Kessy S. (2009). Microfinance and Enterprise Performance in Tanzania: Does Gender Matter? A Paper Presented at *10th Annual IAABD Conference in 2009*.

Kimanzi, Y. K. (2016). *Influence Of Micro Finance Services On Growth Of Women Owned Enterprises In Kitui Central Subcounty.* South Eastern kenya University: Unpublished Thesis.

Kimwolo, A. K., Saina, C. K., & Cheserek, G. J. (2012). Effects of Credit Training Skills on Sales Performance among Women Entrepreneurs in Elgeiyo Marakwet County, Kenya. *Journal of Emerging Trends in Economics and Management Sciences*, 945-950.

King'ori, G. N., & Theuri, F. S. (2016). The Role of Entrepreneurship Training and Education in En-hancing Growth of Small and Medium Enterprises in Kenya: A Case Study of Mombasa County. *Journal Of Humanities And Social Science, 21*(4), 97-106.

KNBS. (2015, October 2). *Statistical Abstract 2015*. Retrieved August 18, 2016, from KNBS: https://www.knbs.or.ke/statistical-abstract-2015/.

Koech, B. K., & Namusonge, G. S. (2015). Factors Influencing Performance Of Women-Owned Micro And Small Enterprises In Nairobi County In Kenya. *Strategi journal of business change and management, 2*(2), 1799-1817.

Kothari, C.R. (2005): *Research Methodology, Methods and Techniques*. New Dehli, India: New Age International Publishers.

Kuzilwa, J. A. (2005). The Role of Credit for Small Business Success A Study of the National Entrepreneurship Development Fund in Tanzania. *Journal of Entrepreneurship*, *14*(2).

Kwaning, C. O., & Nyantakyi, K. (2015). The Challenges Behind Smes' Access To Debts Financing In The The Challenges Behind Smes' Access To Debts Financing In The Ghanaian Financial Market. *International Journal of Small Business and Entrepreneurship, 3*(2), 16-30.

Ladzani, W. M., & Vuuren, J. v. (2002). Entrepreneurship Training for Emerging SMEs in South Africa. *Journal of Small Business Management*, 153-160.

Lagat, C., Kogei, J., & Rotich, I. (2015). Effects of microfinance services on the performance of small and medium enterprises in Kenya. *African Journal of Business Management, 9*(5), 206-211.

Lock, R. (2015). *The Impact of Female Entrepreneurship On Economic Growth In Kenya.* London: CIMR Research Working Paper Series;Working Paper No.26.

Makena, P., Kubaison, S. T., & Njati, C. I. (2014). Challenges facing women entrepreneurs in accessing business finance in Kenya: Case of Ruiru Township, Kiambu County. *Journal of Business and Management, 16*(4), 83-91.

Mano, Y., Iddrisu, A., Yoshino, Y. & Sonobe, T .(2012). "How Can Micro and Small Enterprises in Sub-Saharan Africa Become More Productive? The Impacts of Experimental Basic Managerial Training." *World Development* , 40 (3), 458-46.

Marti, I, & Mair, J. (2009). *Bringing Change into the Lives of The Poor: Entrepreneurship Outside Traditional Boundaries*. Institutional work. Cambridge: Cambridge University Press.

Maru, L., & Chemjor, R. (2013). Microfinance Interventions and Empowerment of Women Entrepreneurs Rural Constituencies in Kenya. *Research Journal of Finance and Accounting, 4*(9), 84-95.

Mashenene, R. G. (2015). Constraints Of Acessing Debit Financing From Comercial Banks Among Small And Medium Enterprises In Tanzania: A Literature Review *Second European Academic Research conferenceon Global business economics finance and banking* (pp. 3-5). Zurich-Switzerland: globalbizresearch.

Mauchi, F. N., Mutengezanwa, M., & Damiyano, D. (2014). Challenges faced by women entrepreneurs: A case study of Mashonaland Central Province. *International Journal of Development and Sustainability, 3*(3), 466-480.

Ministry of Devolution and Planning. (2013). *Equity in Access, Control and Participation in Resource Distribution for Improved Livelihood of Women,* *Youth and Vulnerable Groups.* Nairobi : Government of the Republic of Kenya Printer.

Mkpado, M., &Arene, C. J. (2007). Effects of Democratization of Group Administration on the Sustainability of Agricultural Micro Credit Groups in Nigeria. *International Journal of Rural Studies (IDRS)*, 14(2).

Msoka , E. M. (2013). Do Entrepreneurship Skills Have an Influence on the Performance of Women Owned Enterprises in Africa? Case of Micro and Small Enterprises in Dar es Salaam, Tanzania. *International Journal of Business, Humanities and Technology, 3*(3), 53-62.

Muchilwa , E. O. (2013). *The Impact Of Savings And Credit Co-Operative Societies On Performance Of Enterprises: A Case Study Of Selected Women Enterprises In Nairobi County.* Kenyatta University: Unpublished Thesis.

Mugenda, O. M. & Mugenda. A.G. (2003). *Research Methods, Qualitative and Quantitative Approaches*. Nairobi: African Centre for Technology Studies.

Mugenda, O. M. (1999). *Research Methods: Quantitative and Qualitative Approaches.* Nairobi: African Centre for Technology Studies.

Mugo, L. W. (2012). *Factors Affecting Entrepreneurs' Performance In Kenya: A Case of Nairobi Women Groups In The Central Business District.* University of Nairobi: Unpublished Thesis.

Muhammad A.R.,& Pegram H .(2008). "Training needs for women-owned SMEs in England." *Education and Training*, 50(8), 687-696.

Mulugeta , C. W. (2010). *Factors Affecting The Performance Of Women Entrepreneurs In Micro And Small Enterprises.* Bahir Dar University: Unpublished Thesis.

Munene, B. G. (2013). *Impact Of Entrepreneurial Training On Performance of Micro, Small And Medium Enterprises In Nakuru County.* Kenyatta University: Unpublished Thesis.

Mungai , J. N., Maingi , J., & Muathe , S. (2014). Loan Repayment and Sustainability of Government Funded Micro-creditInitiatives in Murang'a County, Kenya. *International Journal of Business and Social Science, 10*(1), 171-186.

Mungai, B. (2012). *The Relationship Between Business Management Training And Small And Medium-Sized Enterprises' Growth In Kenya.* Kenyatta University: Unpublished Thesis.

Mushimiyimana, A. (2008). *Analysis of access to MFIs loans by women entrepreneurs and impact on their business.* University of Nairobi: Unpublished Thesis.

Muteru, B. (2013). The Effect Of Microfinance Institutions On Growth Of Women Owned Enterprises: A Case Study of Kenya Women Finance Trust In Kikuyu Township. *International Journal of economics and finance, 1*(5), 351-371.

Mutisya, M. S. (2014). Effect Of Microfinance Services On Performance Of Businesses Owned By Women In Kibera Slum, Nairobi County. *International Journal of Business and Commerce, 4*(1), 1-18.

Muturi, J. (2016). *Factors Influencing the Performance of SMEs in Kenya: A Case of Independent Petroleum Dealers in Nairobi*. Retrieved September 3, 2017, from United Staes International University- Africa Degital Repository: http://erepo.usiu.ac.ke/handle/11732/2237.

Nirathron, N. (2006). *Fighting Poverty From The Streets:A Survey Of Street Food Vendors In Bangkok.* Bangkok: International Labour Organization.

Njiru, B. N. (2014). *The Effect Of Cost Of Credit On The Financial Performance Of Commercial Dairy Small And Medium Enterprises In Kiambu County.* University of Nairobi: Unpublished Master Thesis.

Njoroge, Z. W., Kariuki, J. W., & Ogollah, K. (2014). Factors Leading To Disparity In Women Enterprise Loan Repayment In Selected Rural Constituencies In Kenya. *European Journal of Business Management, 1*(11), 1-23.

Ocholah, R. A., Okelo, S., Ojwang, C., Aila, F., & Ojera, P. B. (2013). Literature Review On The Relationship Between Microfinance Provision And Women Enterprise Performance. *Greener Journal of Social Sciences, 3*(5), 278-285.

Ojera, P., Simeyo, O., Lumumba, M., Nyabwanga, R., & Odondo, A. J. (2011). Effect of Provision of Micro Finance on the Performance of Micro Enterprises: A study of Youth Micro Enterprises Under Kenya Rural Enterprise Program (K-REP), Kisii County, Kenya. *African Journal of Business Management,* 5(20), 8290–8300.

Olawale, F. (2014). The Causes of the Failure of New Small and Medium Enterprises in South Africa. *Mediterranean Journal of Social Sciences, 5*(20), 922-927.

Omonywa, T. N., & Muturi, W. M. (2015). Factors Affecting Loan Repayment By Women Entrepreneurs: A Case Of Kisii County, Kenya. *International Journal of Economics, Commerce and Management, 3*(4), 1-15.

Omwenga , J. Q., & Mukulu, E. (2013). owards Improving the Performance of Women Entrepreneurs in Small and Medium Enterprises in Nairobi County, Kenya: Policy Recommendations. *International Journal of Business and Social Science, 4*(9), 312-316.

Omwono , G., Maungu , O., & Munyithya, E. W. (2015). Effects of Women Enterprise Fund Loan on Women Entrepreneurs a Survey of Small and Medium Enterprises in Eldoret Town, Kenya. *International Journal of Business and Social Science, 6*(12), 72-84.

Osuji , C. C. (2014). Impact of Micro Credit on the Performance of Women Entrepreneurs in Delta State. *International Journal of Empirical Finance, 2*(1), 45-51.

Otieno , S., Lumumba , M., Nyabwanga , R. N., Ojera , P., & Odondo, A. J. (2011). Effect of provision of micro finance on the performance of micro enterprises: A study of youth micro enterprises under Kenya Rural Enterprise Program(K-REP), Kisii County, Kenya. *African Journal of Business Management, 5*(20), 8290-8300.

Otuya, Robert (2003). *The effect of marketing information seeking behavior on Performance of Small Scale Enterprises: A Study of Selected Firms in Kitale Municipality*. Moi University: Unpublished MBA Thesis.

Oxford Dictionary of English (3rd ed.). (2015). Oxford University Press.

Peachey , S., & Roe , A. (2004). *Access To Finance: A Study For The World Savings Banks Institute.* Brussels: Oxford Policy Management.

Polit, D. F & Hungler, B. P. (1999). *Nursing Research; Principles and Methods*. 4thedition. Philadelphia: JB Lippincott.

Ponsindhu , T. (2017). Certain investigation on women entrepreneur problems and issues availing credit support from MSME. *International Journal of Applied Research, 3*(5), 312-316.

Rathiranee, Y., & Semasinghe, S. D. (2016). The Impact of Micro Finance Factors on Women Entrepreneurs" Performance in Northern Sri Lanka. *International Journal of Social Science Studies, 4*(3), 94-99.

Richard, J, & Adams, AV. (2004). *Skills Development in Sub-Saharan Africa*. Washington, DC: World Bank.

Rotich, I., Lagat, C., & Kogei, J. (2015). Effects of microfinance services on the performance of small and medium enterprises in Kenya. *Academic Journals, 9*(5), 2016-211.

Saadani, Y., Arvai, Z., & Rocha, R. D. R. (2011). A Review of Credit Guarantees Schemes in the Middle East and North Africa Region. *World Bank Policy Research Working Papers*.

Sacerdoti, E. (2005). *Access to bank credit in Sub-Saharan Africa: Key Issues and Reform Strategies (*IMF Working Paper Series, No. WP/05/166). Washington DC: IMF.

Shane, S. *(*2003*). A General Theory of Entrepreneurship*. Cheltenham, UK: Edward Elgar.

Sharief, S. R. & Sharief, S. T .(2008). *Scaling up Microfinance in East and Western Africa with Lessons from India*. Africa Economic Analysis, Bridgnorth.

Singh, G., & Belwal, R. (2008). Entrepreneurship and SMEsin Ethiopia Evaluating the role, prospectsand problems faced by womenin this emergent sector. *Gender in Management: AnInternational Journal, 23*(2), 120-136.

Stevenson, L. & St Onge, A. (2005). Support for growth oriented women entrepreneurs in Ethiopia, Kenya and Tanzania: An overview report, Programme on Boosting Employment through Small Enterprise strategy.

Still, L. V., & Timms, W. (2000). Women's Business: The Flexible Alternative Work Style for Women. *Women in Management Review*, *15*(5/6), 272-283.

Tambunan, T. (2008). SME development, economic growth, and government intervention in a developing country: The Indonesian story. *International Journal of Enterpreneurship, 6*(1), 147-167.

Thiga, V. N. (2013). *Challenges Facing Women In Micro Enterprises In Mathare Slums,Nairobi City County.* University of Nairobi: Unpublished Masters Thesis.

Townsen, S. (2009), *Stokvel Sector in South Africa*, Wits Business School, available at:www.dgrvsa.co.za./pdf

United Nation. (2006). *Entrepreneurship* and e-Business Development for Women (pp. 1–14). Thailand: United Nations Publication.

Vinogradov, E., & Kolvereid, L. (2007). Cultural Background, Human Capital and Self-Employment Rates Among Immigrants in Norway. *Entrepreneurship and Regional Development*, *19*(4), 359-376.

Waita, J. M. (2010). *Challenges facing women in accessing credit from microfinance institutions in Nakuru*. Retrieved September 23, 2017, from University of Nairobi: http://african-studies.uonbi.ac.ke/node/521.

Waita, J. M. (2012). *Challenges facing women in accessing credit from microfinance institutions in Nakuru*. University of Nairobi: Unpublished Thesis.

Wangeci , C. N., & Gathungu, J. M. (2013). The Effect Of Entrepreneurial Education And Training On Development Of Small And Medium Size Enterprises In Githunguri District- Kenya. *International Journal of Education and Research, 1*(8), 1-22.

Wasihum, R. & Paul, I.(2010). "Growth Determinants of Women Operated Micro and Small Enterprises in Addis Ababa." *Journal of Sustainable Development in Africa*, 13(6).

Wiklund, J., & Shepherd, D. (2003). Research Notes and Commentaries: Knowledge-Based Resources, Entrepreneurial Orientation, and the Performance of Small And Medium-Sized Businesses. *Strategic Management Journal*, *24*(13), 1307-1314.

Wilburn, K. (2009). A Model for Partnering with Not-for-Profits to Develop Socially Responsible Businesses in a Global Environment. *Journal of Business Ethics*, 85, 111.

Wisniwski, .S. (1999). Comparative Analysis of Saving Mobilization Strategies. Consultative Group to Assist the Poorest Working Group on Saving Mobilization (CGAP). Germany.

World Bank. (2009). *Enterprises Surveys.* Washington DC: World Bank.

World Bank. (2015). *International Bank for Reconstruction and Development.* Washington DC: World Bank.

World Economic Forum. (2014). *Women's Empowerment: Measuring the Global Gender Gap,*. Retrieved September 5, 2017, from World Economic Forum: http//www.weforum.org.

Wube, M. C. (2010). *Factors Affecting the Performance of Women Enterprises In Micro and Small Enterprises. The case of Dessie Town.* Bahir Dar University. Unpublished Thesis.

Yamane, T. (1967), *Statistics: An introductory Analysis*. 2nd ed., New York, NY: Harper and Row.

Yunus, M. (1999). Banker to the Poor- Micro-Lending and the Battle against World Poverty. *Research Methods Series.* 4^{th} Ed. Vol.5 Thousand Oak, CA: Sage.

Yunus, M. (2008). *Creating a World Without Poverty: Social Business and the Future of Capitalism.* New York: Public Affairs.

Zachary, L. N. (2013). *The Effect Of Interest Rates On Demand For Credit By Small Medium Enterprises In Nairobi County.* University of Nairobi: Unpublished Master of Business Thesis.

APPENDICES

APPENDIX I : QUESTIONNAIRE

School of Business and Economics,

Kabarak University,

Nakuru.

June 2016

Dear Respondent,

RE: Data Collection for Research Project

Iam an MBA student of Kabarak University conducting a research in partial fulfilmentof requirement for the award of a degree in Masters of Business Administration. The subject of my research is ***Effect of Informal Financial Sector Services on the Performance of Women Owned Enterprises in Nakuru Town***.

I am humbly requesting your assistance in this study by providing answers to the questions on the attached questionnaire. Please be assured that all the information provided will be treated with confidentiality and will be used for academic purposes only.

Your assistance will be highly appreciated.

Yours faithfully,

Carolyne .W. Mbugua

Researcher.

QUESTIONNAIRE

Instructions

i) Fill in the information on the blank spaces provided.
ii) Tick inside the box for the questions with multiple choices and those in the table format.

Section A (Bio – information)

1. Age (Years):

   18 - 30yrs ☐ 31 - 40 yrs ☐ 41 - 50 yrs ☐ 51 and ☐
   above

2. Years of experience as an entrepreneur

   1 - 5 yrs ☐ 6 - 10 yrs ☐ 11 - 15 yrs ☐ Over 15 ☐
yrs

3. What is your highest educational level?

   ☐ Primary ☐ Secondary

   ☐ Tertiary ☐ University

Other qualifications: ………………………………………………….

Rate your level of agreement to the facets in sections below.

Key

SA = strongly agree (5)

A = Agree (4)

N = Neutral (3)

D = Disagree (2)

SD = Strongly Disagree (1)

SECTION B

Cost of Loans and Performance of Enterprises

	SD	D	N	A	SA
I experience several barriers to accessing loan for my business					
I have access to short term loans					
My business currently needs a loan					
My level of profitability affects my saving power and ability to get loans					
I have access to long term loans					
I am able to pay my loans in time					
Interest charged on loans is favorable					
I am satisfied with the loans I receive					
Loan repayment period is flexible					
Loan borrowed is disbursed to me in good time					
I experience delays in receiving loan					

SECTION C

Savings and Performance of Enterprises

	SD	D	N	A	SA
I save regularly					
Saving has assisted in getting the required credit					
Saving is beneficial to my business					
Saving has increased the profitability of my business					
I contribute to group savings					
I engage in time deposits					
I have benefitted from demand deposits					
I re-invest my savings back to the business					
I engage in demand deposits					
I have benefited from time deposits					
My savings have improved					
Saving has improved my income					
I use saving as collateral to loan borrowed					

SECTION D

Training and Performance of Enterprises

	SD	D	N	A	SA
I have been trained in business management					
I attend business oriented courses regularly					
Book keeping is not a challenge for me					
Business training has improved my efficiency in business					
I am equipped in planning skills					
I have been trained in marketing skills					
Training has improved my confidence in business					
Training has improved my saving power					
I have been trained in financial management					
Marketing has improved my business performance					
I am disciplined in handling financial matters					
Handling financial matters is a challenge to me					

SECTION E

Performance of Women Owned Enterprises

	SD	D	N	A	SA
My profits have increased since I joined the Chama					
I received business start up capital					
I have benefited from business start up					
I re-invest my profits back to the business					
Keeping financial records has improved my business performance					
I Keep financial records properly					
My sales have increased					
I update my books of accounts regularly					
My purchases have increased					
I am able to meet my expenses comfortably					
My assets have increased					

THANK YOU FOR YOUR COOPERATION.

APPENDIX II : LETTER OF AUTHORIZATION

SCHOOL OF BUSINESS & ECONOMICS

P.O. Private Bag, 20157
Kabarak, KENYA
Email: jgathii@kabarak.ac.ke

Tel: 020-2035181
Fax: 254-51-343529/343012
www.kabarak.ac.ke

26th September, 2017

To Whom It May Concern:

Dear Sir/Madam,

RE: CAROLINE MBUGUA – GMB/NE/1243/09/12

This is to confirm that the above named is a bonafide student of Kabarak University pursuing a Master of Business Administration (Finance Option).

Caroline has completed her coursework and currently carrying out a study on "***Effect of Informal Financial Sector Service on the Performance of Women Enterprise in Nakuru Town.***

Your assistance will be highly appreciated.

Thank you.

Yours faithfully,

KABARAK UNIVERSITY
DEAN,
BUSINESS SCHOOL
26 SEP 2017
P.O. PRIVATE BAG 20157, KABARAK

DR. JOHN GATHII
DEAN SCHOOL OF BUSINESS AND ECONOMICS

Kabarak University Moral Code
As members of Kabarak University family, we purpose at all times and all places, to set apart in one's heart, Jesus as Lord.
(1 Peter 3:15)