# THE INFLUENCE OF MICROFINANCE SERVICES ON THE FINANCIAL PERFORMANCE OF WOMEN-OWNED ENTERPRISES IN NAKURU CENTRAL BUSINESS DISTRICT

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**A Project Submitted to the Institute of Postgraduate Studies of Kabarak University in Partial Fulfillment of the Requirement for the Award of Master in Business Administration (Finance) Degree**

**KABARAK UNIVERSITY**

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The project titled **"Influence of Microfinance Institutions' Services on the Financial Performance of Women-Owned Enterprises in Nakuru's Central Business Centre,"** written by **Lucy Chilande Wanjala,** is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research proposal and recommend that it be acknowledged in partial fulfillment of the requirement for the award of the degree of Master of Business Administration (Finance).

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## ABSTRACT

Microfinance institutions play a crucial role in empowering women entrepreneurs by enhancing their decision-making abilities and improving their socio-economic status within households and communities. This study examined the influence of microfinance institutions' services on the financial performance of women-owned enterprises in Nakuru's Central Business District (CBD). Specifically, the study evaluated how savings, funding, advisory, and insurance services offered by microfinance institutions affect enterprise financial outcomes. The study was grounded in the Resource-Based Theory, Microfinance Credit Theory, Risk Management Theory, and Modern Portfolio Theory, which collectively provided a robust conceptual framework for understanding the contribution of financial and non-financial services to business performance. A descriptive research design guided the study. The **t**arget population consisted of 1,800 women-owned enterprises operating within Nakuru's CBD, from which a sample of 200 respondents was selected using stratified random sampling to ensure adequate representation across various business categories. Data were collected using structured questionnaires. A pilot study conducted in Eldoret City enhanced the instrument's reliability and clarity. Validity was established through face and content validation. At the same time, reliability was confirmed using Cronbach's Alpha, with all variables achieving an overall reliability coefficient of 0.851, well above the acceptable threshold of 0.7, indicating strong internal consistency. Quantitative data were analyzed using descriptive and inferential statistical approaches. Descriptive statistics included means, percentages, frequency distributions, and standard deviations, while regression analysis formed the basis of the inferential assessment. Findings revealed that all four microfinance services had a positive, statistically significant effect on financial performance. Savings services ($\beta = 0.199$; $p = 0.012$), funding services ($\beta = 0.507$; $p = 0.000$), advisory services ($\beta = 0.434$; $p = 0.000$), and insurance services ($\beta = 0.270$; $p = 0.000$) each contributed significantly to enhancing the financial performance of women-owned enterprises. These results highlight the importance of efficient savings mobilization, favorable access to loans, reliable advisory support, and adequate insurance coverage in fostering business growth and sustainability. While insurance premiums were noted to be relatively high, insurance services still played a vital role in reducing business risks and supporting continuity. The study recommends strengthened savings sensitization initiatives, flexible collateral requirements, and collaboration between microfinance institutions and local authorities to provide training in record keeping, financial planning, and marketing. Furthermore, greater awareness of insurance options is necessary to enhance business resilience.



***Keywords:*** *Savings Services, Funding Services, Advisory Services, Insurance Coverage Services, Women-Owned Enterprises, Microfinance Institutions*.

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| | |
|---|---|
| ANOVA: | Analysis of Variance |
| CBD: | Central Business District |
| GDP: | Gross Domestic Product |
| GEM: | Global Entrepreneurship Monitor |
| IFC: | International Finance Corporation |
| MFIs: | Microfinance Institutions |
| MSEs: | Micro and Small Enterprises |
| NACOSTI: | National Commission for Science, Technology, and Innovation |
| ROA: | Return on Assets |
| SEM-PLS: | Structural Equation Model- Partial Least Squares |
| SMEs: | Small and Medium Enterprises |
| SPSS: | Statistical Package for Social Sciences |
| USA: | United States of America |
| VIF: | Variance of Inflation Factor |
| WOEs： | Women-Owned Enterprises |

## CONCEPTUAL AND OPERATIONAL DEFINITION OF KEY TERMS

**Advisory Services** are consulting services offered by specialists that develop findings, conclusions, and recommendations that can influence a customer's investment decision (Awua & Addaney, 2016). In this study, advisory services will refer to investment, financial, record-keeping, and budgeting advice offered by Microfinance institutions in Nakuru's CBD.

**Financial Performance** is the assessment of how well a business manages its resources to generate income and create value for stakeholders (Ross et al., 2022). Economic performance will refer to the evaluation of the net profit made by women-owned enterprises in Nakuru's CBD in this study.

**Funding Services** are services that involve the provision of monetary resources, typically in the form of money or other forms of credit or investment, for a particular purpose, such as starting up or expanding a business (Mumbua, 2020). Within the context of this study, funding services will refer to the services that enable access to funds from MFIs in Nakuru's CBD.

**Insurance Coverage Services** involve spreading the loss from a particular risk across several individuals who are exposed to it and agree to insure themselves against that risk through a cooperative device (Mishra & Mishara, 2011). In this study, insurance coverage services will refer to services that enable women to access coverage offered by MFIs, such as medical bills, education, life, property, and crop insurance.

**Microfinance Institutions** are establishments that provide financial services and non-financial services to small business entrepreneurs and individuals who cannot access traditional bank products (Mermod, 2013). In this study, MFIs will represent the firms that offer both monetary and non-monetary services to SMEs within Nakuru's CBD.

**Savings Services** these includes monitoring the money customers have left over from their income, helping them build wealth that can later be used as collateral for loans (Kihara, 2017). In the context of this study, savings services will comprise monitoring the amount of money saved by WOEs in Nakuru's CBD.

**Women-Owned Enterprise**: a business in which a woman or a group of women controls and owns at least 51% of the company (Orser et al., 2021). In this study, WOEs will refer specifically to SMEs that are at least 51% managed or owned by women in Nakuru's CBD.

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background to the Study

This chapter presented the study by outlining the background, problem statement, objectives, research questions, significance, and scope, and by examining how microfinance services influence the financial performance of women-owned businesses in Nakuru's CBD.

Women-owned enterprises play a crucial role in Kenya's economic growth, especially in urban areas like Nakuru's Central Business District. Despite their increasing contribution, many of these enterprises still face financial challenges that limit their expansion and long-term viability. Globally, microfinance has developed into a key tool for promoting financial inclusion among women entrepreneurs, particularly in low- and middle-income countries. Over the past decade, the microfinance sector has shifted from offering basic microcredit to providing a wider range of services, including micro-savings, micro-insurance, digital finance, and advisory support. This change has been driven by a growing understanding that credit alone is not enough to empower women entrepreneurs or sustainably boost enterprise performance. Studies in emerging economies show that women gain more when MFIs provide a package of services rather than just standalone credit products (Islam *et al.*, 2020).

Around the world, micro-savings are recognized as an essential service that helps women entrepreneurs develop financial discipline, manage consumption smoothly, build business capital, and protect against unexpected shocks. Savings accounts have been shown to boost business investment and lower dependence on expensive informal loans, thereby increasing business profitability (Kinyua & Ogutu, 2022). Micro-credit, meanwhile, has played a catalytic role in funding the growth of small businesses,

providing short-term working capital, and allowing entrepreneurs to diversify their product offerings. Evidence from South Asia shows that when women access well-structured loans with manageable interest rates and supportive repayment terms, they experience notable improvements in revenue growth and asset accumulation (Al-Mamun *et al.*, 2021).

Advisory and business development services have become equally important aspects of microfinance. International research showed that entrepreneurial skills training—including bookkeeping, marketing, inventory control, and customer management—improved the productive use of microfinance loans and increased enterprise survival rates (Waweru & Ngugi, 2020). Many international MFIs have therefore incorporated non-financial services into their business models to boost their clients' financial performance. Studies indicated that enterprises whose owners received ongoing advisory support were more likely to keep accurate financial records, reinvest profits, and avoid common pitfalls that often hinder performance.

Micro-insurance has also gained momentum worldwide as an essential risk-mitigation tool for micro and small enterprises. It protects entrepreneurs from shocks such as illness, death, fire, and theft, which often wipe out savings or force small ventures to close. Research in India and Bangladesh showed that micro-insurance helps stabilize enterprise operations, maintain cash flow, and prevent forced liquidation of assets (Kaur & Kapuria, 2021). Despite these global achievements, women entrepreneurs continue to face systemic challenges, such as gender-biased lending practices, limited collateral, and inadequate financial literacy, which hinder their full access to microfinance services (OECD, 2022). Many women-owned enterprises remain informal, small-scale, and vulnerable to market shocks. As a result, global literature consistently emphasizes the

need for integrated, flexible, and gender-responsive microfinance services to improve the financial performance of women-owned enterprises.

Across Sub-Saharan Africa, microfinance has been widely recognized as a vital support for women entrepreneurs, who make up a significant part of the region's informal sector. In many African economies, women-owned businesses face barriers such as limited access to formal banking, discriminatory lending practices, insufficient collateral, and limited business skills. As a result, microfinance institutions have become crucial financing partners for women looking to start, sustain, or grow small businesses (*Abor et al*., 2021). Studies conducted in Ethiopia, Tanzania, Uganda, and Nigeria showed that microcredit significantly improved the performance of women-owned enterprises by enabling them to purchase inventory, acquire work equipment, and expand market operations (Bati et al., 2022). Micro-savings services supported capital formation and enhanced women entrepreneurs' ability to withstand income fluctuations associated with informal-sector operations. In many African countries, savings groups and digital savings platforms have played a substantial role in strengthening enterprise liquidity and reducing overreliance on expensive short-term loans (Amos & Mutono, 2023).

Advisory services have also played a key role in enhancing financial performance in the region. Evidence from East Africa shows that entrepreneurial training helped women understand market trends, improve pricing strategies, adopt basic accounting practices, and implement better inventory control, all of which had measurable effects on profitability and business growth (Gichuki & Mulu-Mutuku, 2020). MFIs in the region are increasingly integrating financial literacy, mentorship, and regular business review sessions to support sustainable enterprise performance.

In Africa, evidence on micro-insurance also highlights its growing importance in safeguarding women-owned businesses from catastrophic risks. In Uganda and Kenya,

for instance, insurance products for health, property, livestock, and business assets have helped entrepreneurs protect their cash flow and keep their businesses running even during unexpected shocks (Mutua & Mwisukha, 2021). Despite this progress, micro-insurance adoption remained low in many African countries due to limited awareness, affordability concerns, and mistrust of insurance providers (Amos & Mutono, 2023). However, while microfinance showed great potential, challenges remained. High interest rates, strict loan repayment schedules, limited product choices, and low financial literacy often diminished the transformative effect of microfinance on business performance.

Additionally, regional studies indicated that women entrepreneurs tended to invest in low-margin sectors such as retail trade and food vending, which limited the extent to which microfinance could improve profitability (Bati et al., 2022). Despite these constraints, regional literature consistently reaffirmed that micro-savings, micro-credit, advisory support, and micro-insurance remained essential for improving the financial performance of women-owned enterprises. The success of these services depended on affordability, accessibility, quality of training, and the entrepreneurs' ability to manage financial resources effectively.

In Kenya, women-owned businesses played a vital role in boosting urban and rural economic growth, creating jobs, and improving household welfare. However, Kenyan women entrepreneurs faced limited access to formal financial services due to collateral requirements, high bank fees, strict lending policies, and cultural barriers. Microfinance institutions, therefore, served as an alternative source of financial support for women unable to secure loans from commercial banks (Mwangi & Kimani, 2021). These institutions in Kenya offered a range of services, including savings accounts, microcredit, training, insurance, and digital finance, that supported the operations of women-owned businesses. Researchers found that micro-credit services helped women

buy inventory, expand retail spaces, diversify their product offerings, and manage short-term cash flow needs (Cherono & Muturi, 2021). Additionally, savings services, especially mobile-based microsavings, improved women's ability to build investment capital and handle unexpected expenses without disrupting their businesses (Kinyua & Ogutu, 2022).

Advisory services have also been identified as a key factor contributing to the financial performance of women-owned enterprises in Kenya. Entrepreneurial training improved business planning, financial management, marketing skills, and record-keeping practices. Studies showed that women who accessed advisory support from MFIs were more likely to increase their sales, reinvest profits, and sustain their enterprise performance. Micro-insurance, although less common than credit and savings, has become an essential service for protecting small enterprises from risks. Coverage for health, property, and business assets helps entrepreneurs preserve their working capital, maintain operations during tough times, and avoid financial losses that could harm performance. Despite these benefits, research in Kenya found that microfinance outcomes varied across counties, business environments, and economic sectors.

Many Kenyan studies focused on Nairobi, Mombasa, and Kisumu, leaving a gap in understanding how microfinance services affected the financial performance of women-owned businesses in mid-sized cities like Nakuru. Nakuru CBD experienced rapid commercial growth, with women actively involved in retail, clothing, food services, cosmetics, and small-scale manufacturing. These businesses operated in a competitive environment with high costs, making their financial results sensitive to the type and quality of microfinance services accessed (Mwangi & Kimani, 2021). However, few studies have examined how micro-savings, credit, advisory, and insurance together influence financial performance among women-owned businesses in Nakuru CBD. Most

existing research has focused either on single services (such as credit), broader MSME categories, or county-level analysis, without capturing the unique realities of women entrepreneurs in Nakuru's urban commercial center. This gap motivated the current study.

### 1.1.1 Financial Performance of Women-Owned Enterprises

Globally, women-owned enterprises (WOEs) are attracting increasing scholarly and policy interest due to their growing role in creating jobs, diversifying economies, and reducing poverty. According to the World Bank (2020), WOEs account for nearly one-third of all registered businesses worldwide, underscoring their growing importance in the global entrepreneurial landscape. Despite this progress, women-owned businesses often perform worse than male-owned businesses due to structural and gender-related barriers, including limited access to credit, inadequate business support, and discriminatory lending practices. Evidence from developed countries shows that when women entrepreneurs gain access to suitable financial products, including savings accounts, affordable loans, insurance, and financial training, their revenue, stability, and profits tend to improve significantly (Brush et al., 2019).

However, ongoing gender-specific challenges still hinder their performance. A cross-country analysis by the International Labour Organization (ILO, 2021) found that WOEs frequently operate in low-return sectors, face stringent collateral requirements, and are constrained by social norms that limit their growth. Consequently, their financial performance tends to be more unstable and depends heavily on the availability and quality of microfinance services (Klapper & Singer, 2019).

Regionally, throughout Sub-Saharan Africa, women-owned businesses play a crucial role in creating jobs and supporting household incomes, especially in urban areas. However, their financial success remains limited by restricted access to affordable funding, gaps in

entrepreneurial skills, and vulnerability to market and economic shocks. The African Development Bank (AfDB, 2020) states that nearly 70% of African women entrepreneurs depend on informal financing sources, which limits their ability to invest, grow, and gain financial stability. Microfinance institutions (MFIs) have become vital in closing the funding gap for women entrepreneurs across the region. Studies from Tanzania, Uganda, and Ghana show that micro-savings, microcredit, and advisory services significantly improve sales growth, profitability, and cash flow stability among women-owned enterprises (Kato & Norris, 2019; Osei & Ackah, 2021). Despite these benefits, issues such as high interest rates, low insurance participation, and inconsistent advisory services continue to hinder the full financial potential of women-owned businesses (Mbayo & Sserwanja, 2020). Regional experts highlight that enhancing financial inclusion and supporting gender-responsive microfinance programs are essential for boosting the economic performance and sustainability of women-owned enterprises.

In Kenya, women-owned businesses make up a significant share of the micro, small, and medium enterprise (MSME) sector and contribute significantly to household welfare and urban economic growth. However, their financial performance suffers due to limited collateral, strict lending conditions, low financial literacy, and exposure to risks like theft, market fluctuations, and health emergencies (Kenya National Bureau of Statistics [KNBS], 2021). Studies across various counties, including Nairobi, Mombasa, and Nakuru, consistently show that microfinance services such as micro-savings, flexible loans, business advisory services, and micro-insurance are crucial for improving the financial outcomes of women-led businesses (Wambugu & Kariuki, 2020). In Nakuru County specifically, evidence indicates that women entrepreneurs who effectively use microfinance services achieve higher profits, better working capital cycles, and increased

resilience against financial shocks (Gichuki & Mulu-Mutuku, 2021). Despite these positive results, issues like high loan processing fees, limited insurance coverage, and irregular advisory follow-up continue to limit the potential impact of microfinance institutions. Overall, local evidence shows that well-designed microfinance services are essential for driving revenue growth, improving liquidity, and ensuring the sustainability of women-owned businesses in Kenya.

### 1.2 Statement of the Problem

Women-owned enterprises (WOEs) in the Nakuru Central Business District operate in a challenging environment where their financial performance, measured in terms of returns on investment, profitability, income growth, and sustainability, is impacted by multiple institutional, economic, and managerial constraints. Despite the substantial presence of microfinance institutions (MFIs) offering savings, funding, advisory, and insurance services, many such enterprises continue to underperform. For instance, in Kenya, it was reported that although women owned 60.7% of unlicensed enterprises, male- owned enterprises still accounted for about 57% of the reported income in comparable segments (Oyugi et al., 2020). Moreover, only around 10% of the estimated 1.3 million women-owned micro and small enterprises had access to formal microfinance services in Kenya (Kiraka, 2012/13). These statistics highlight a significant discrepancy between ownership participation and financial performance.

In the specific context of Nakuru CBD, WOEs face limited access to appropriately tailored microfinance services, weak linkages between microfinance provisioning and enterprise financial management capacity, and inadequate use of value-adding services such as advisory and insurance. While MFIs increasingly provide savings and loan facilities, there remains a gap in translating these into measurable enhancements in the profitability and sustainability of women- owned enterprises (Owuor, 2015). The

problem, therefore, is that although microfinance institutions' services are available, the expected improvement in the financial performance of women-owned enterprises is not being realised to the extent anticipated. The literature reveals gaps in coverage across all four service dimensions (savings, funding, advisory, and insurance) in the specific urban Kenyan context, particularly in Nakuru's CBD. Without a clearer understanding of how these services affect financial performance in this locale, policy-makers, MFIs, and enterprise owners cannot devise targeted strategies to strengthen the financial outcomes of women-owned enterprises. Therefore, this study addresses the problem of weak financial performance among women-owned enterprises in Nakuru's CBD by investigating how the services offered (savings, funding, advisory, and insurance) influence financial performance and identifying where gaps in service design and uptake persist.

## 1.3 Objectives of the Study

### 1.3.1 General Objective

This study's objective was to examine the influence of Microfinance institutions' services on the financial performance of women-owned enterprises in Nakuru's CBD.

### 1.3.2 Specific Objectives

The specific objectives were to:

i Evaluate the influence of savings services on the financial performance of women-owned enterprises in Nakuru's CBD.

ii Determine the influence of funding services on the financial performance of women-owned enterprises in Nakuru's CBD.

iii Examine the influence of advisory services on the financial performance of women-owned enterprises in Nakuru's CBD.

iv Investigate the influence of insurance coverage services on the financial performance of WOEs in Nakuru's CBD.

### 1.4 Research Hypothesis

The research hypotheses for the study were:

i. Savings services had no statistically significant influence on the financial performance of women-owned enterprises in Nakuru's Central Business District.

ii. Funding services had no statistically significant influence on the financial performance of women-owned enterprises in Nakuru's Central Business District.

iii. Advisory services had no statistically significant influence on the financial performance of women-owned enterprises in Nakuru's Central Business District.

iv. Insurance coverage services had no statistically significant influence on the financial performance of women-owned enterprises in Nakuru's Central Business District.

### 1.5 Significance of the Study

This study is critical because it fills a crucial gap in understanding how microfinance institution (MFI) services affect the financial performance of women-owned businesses, a sector vital to Kenya's urban economy. Women entrepreneurs significantly contribute to household income, job creation, and local economic growth, but they often encounter systemic financial and operational challenges. By analyzing how savings, funding, advisory, and insurance services influence business performance, this study offers insights to strengthen women's economic empowerment. The study is especially relevant to women-owned businesses because it identifies the MFI services with the most significant impact on business success. The findings will help women entrepreneurs

make better decisions about which financial products and support services can most effectively improve profitability, growth, and economic stability.

To microfinance institutions, the study provides evidence-based guidance on product design, service delivery, and areas needing improvement. By understanding which services most effectively boost enterprise performance, MFIs can refine their lending models, advisory programs, and risk-management products to serve their women clients better. This can improve customer satisfaction, loan repayment rates, and long-term client loyalty. The study is also valuable for policymakers and government agencies focused on financial inclusion, gender equality, and SME development.

The evidence will support policies to expand women's access to credit, enhance business development services, and increase financial literacy initiatives. It will also help develop regulatory frameworks that encourage MFIs to offer more inclusive and affordable products tailored to women entrepreneurs. For researchers and scholars, the study contributes to existing literature on microfinance and women's entrepreneurship by providing empirical evidence from an urban Kenyan context. It highlights essential variables and relationships that may guide future research, laying a foundation for further academic exploration.

Lastly, the study benefits development partners and NGOs working on gender and economic empowerment. The results will help them design targeted interventions to promote sustainable entrepreneurship among women and support their integration into the formal financial system. Overall, this research is significant because it advances understanding of how microfinance services influence the financial outcomes of women-owned enterprises and offers practical insights for increasing women's economic participation and business success in Nakuru CBD.

## 1.6 Scope of the Study

This study examined the impact of microfinance institution (MFI) services on the financial performance of women-owned businesses within Nakuru Central Business District (CBD). The research was limited to Nakuru CBD because it has a high density of women-led micro and small enterprises and a diverse range of MFIs that actively provide savings, credit, advisory, and insurance services. This concentration made it an ideal setting to analyze how different MFI services influence enterprise performance in a vibrant urban business environment. Conceptually, the study focused on four main MFI service variables: savings services, funding services, advisory services, and insurance services, and their effect on the financial performance of women-owned businesses. Economic performance was measured through indicators such as profitability, revenue growth, liquidity, and business expansion. Non-financial performance measures such as customer satisfaction, innovation, and employee productivity were not included.

The study population consisted of women entrepreneurs operating registered businesses within Nakuru CBD, as detailed in the sampling frame in Appendix II. Only enterprises owned and managed by women were included, excluding male-owned companies, joint ventures, and informal home-based enterprises outside the CBD. By focusing solely on women-owned enterprises, the study aimed to explore gender-specific experiences and how MFIs support women's economic progress. Methodologically, the study employed a descriptive research design and used structured questionnaires to collect primary data from respondents. The period covered the most recent financial year during which women entrepreneurs actively interacted with MFIs for savings, credit, advisory services, and insurance. Secondary data from institutional reports and scholarly literature were used to supplement the primary data.

The scope did not include an assessment of broader macroeconomic factors, regulatory frameworks, or internal MFI operational policies that might affect service delivery, as these were deemed outside the study's immediate focus. Likewise, the study did not compare MFI services across counties or regions, as it was geographically limited to Nakuru CBD. In summary, the study's scope was centered on women-owned enterprises in Nakuru CBD, examining four key MFI service dimensions and evaluating financial performance outcomes, all within the context of registered businesses operating during the study period.

### 1.7 Limitations of the Study

Several limitations were encountered during this study, some of which may have affected the depth or generalizability of the results. First, the study relied primarily on self-reported data, which may be influenced by response bias. Some respondents might have exaggerated or downplayed their use of microfinance services or the performance of their businesses due to social desirability or fear of revealing sensitive financial information. Second, the study was limited to Nakuru Central Business District, restricting the extent to which the findings can be applied to women-owned businesses in other regions. Business conditions, access to financial institutions, and the economic environment may vary across counties, so the results might not entirely reflect the experiences of women entrepreneurs outside the study area.

Third, the study examined only four specific microfinance institution services—savings, funding, advisory, and insurance. While these are essential parts of MFI operations, microfinance institutions also provide other services, such as mobile banking, group lending models, digital financial training, and asset financing. Not including these may have limited insights into the full role of MFIs in women's enterprise success. Finally, the study did not consider external factors such as macroeconomic conditions,

competition, inflation, or regulatory changes, which may also influence the financial success of women-owned businesses. These external factors could have interacted with MFI services, affecting business outcomes, but they were outside the scope of this study.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

This chapter reviews key theories, empirical studies, and the conceptual framework related to how microfinance services influence the financial performance of women-owned enterprises.

## 2.2 Theoretical Review

This section reviewed resource-based theory, microfinance credit, risk management, and modern portfolio theory, which guided the research.

### 2.2.1 Resource-Based Theory

Jay B. Barney (1991), an American scholar, coined this theory in his article titled “Firm Resources and Sustained Competitive Advantages”. According to the theory, the firm’s principal drivers of competitive advantage and long-term success are its resources and capabilities. As such, external factors do not solely determine an organization’s competitive advantage; its internal resources and capabilities also heavily influence it. The theory focuses on understanding firms' competitive advantage by analyzing their unique resources and capabilities.

Kipsang (2016), Kyalo & Kigananne (2018), and Julius & Rugami (2020) employed the theory in their research and established that the availability of internal resources positively influences a business’s financial performance. Priem & Butler (2001) discussed the advantages of the resource-based theory, including the availability of internal resources, which enable business owners to run the entity smoothly and improve financial performance. The theory also helps a firm develop a deeper understanding of its strengths, weaknesses, and competitive advantages. The firm makes strategic decisions by emphasizing the identification, development, and deployment of its key resources and

capabilities. Lastly, the firm identifies its dynamic capabilities, which involve adapting and changing its resources and capabilities over time.

Newbert (2007) examined the disadvantages of resource-based theory, which include a lack of external focus, such as the neglect of market dynamics, industry structure, and customer preferences. It is also difficult to measure resources, as it is challenging to assess their value, rarity, inimitability, and non-substitutability. It also tends to focus more on analyzing a firm's existing resources and capabilities than on their evolution over time.

Consistent with resource-based theory, the research found that savings services have a significantly positive impact on the financial performance of WOEs. This supports the theory's statement that external factors do not solely determine an enterprise's competitive advantage but are also heavily influenced by its internal resources and capabilities. For women entrepreneurs, who often lack collateral savings, this internal resource serves as a pivotal substitute for external financing. The theory was appropriate for the study because it helped analyze the influence of savings services on the WOEs' financial performance.

### 2.2.2 Microfinance Credit Theory

Muhammad Yunus (1976) was working on providing small loans to poor women in rural Bangladesh when he coined this theory. Microfinance credit theory mainly posits that providing access to financial services, such as small loans, to low-income individuals, mainly to those traditionally excluded from the formal banking sector, can empower them economically and help alleviate poverty. Majid et al. (2014), Kipsang (2016), and Amran & Mwisaji (2019) applied this theory in their research. They found that SME performance was affected by changes in costs and loan repayments, consistent with the microfinance credit theory.

Kihara (2017) disagreed with this theory based on his findings, concluding that microcredit and savings do not affect the financial performance of SMEs in Nairobi County. Johnson & Rogaly (1997), Meyer & Nagarajan (1999), and Kamal (2012) critiqued this theory. Microfinance credit theory helps promote financial inclusion, reduce poverty, empower entrepreneurs, and bring about positive social change. The disadvantages of this theory include over-indebtedness, limited impact on structural poverty, high interest rates, and lack of consumer protection.

The positive relationship between funding services and the financial performance suggests that MFIs empower WOEs to overcome systemic loan barriers. By providing liquidity, these loans enable investments that would not be achievable due to limited collateral or discriminatory lending practices offered by banks. The findings also show that a high percentage of respondents regard loan interest rates as favorable, suggesting that affordability moderates the theory's applicability. The theory was significant to the study, as it helped examine how MFIs' funding services affected WOEs' financial performance.

### 2.2.3 Risk Management Theory

Daniel Bernoulli (1738) first proposed this theory to explain why individuals should be more attentive to the size of the effects of different outcomes during decision-making processes. Harry Markowitz (1952) also contributed to Daniel's work by emphasizing the importance of diversification and asset allocation in reducing investment risk in his article, "Portfolio Selection." Risk management theory emphasizes the importance of taking a proactive, systematic approach to identify, assess, control, monitor, and review risks to minimize potential negative impacts on a project, organization, or activity. Kremel (2015), Mandala (2018), and Ajupov (2019) used risk management theory and found that it affects the performance of small and medium enterprises.

Risk management theory, as critiqued by Hamilton et al. (2011), has its pros and cons. The pros of the risk management theory include improved decision-making, as it encourages informed decisions that consider potential risks and their consequences. It promotes a proactive approach to managing potential risks by detecting and evaluating them in advance. Lastly, it helps an organization to build resilience to unforeseen events by systematically addressing the risks. The theory also has disadvantages, such as excessive risk aversion, which can hinder innovation and growth by leading organizations to be overly cautious in their risk management practices. There is also incomplete risk identification, as it is challenging to anticipate and account for all possible risks.

Risk management theory suggests that enterprises can achieve sustainable performance by addressing challenges faced by women. The findings align with this view, demonstrating that advisory services equip women with the knowledge and tools to improve their financial outcomes significantly. The theory was applied to the study, as it helped analyze the influence of MFIs' advisory services on WOEs' economic performance.

### 2.2.4 Modern Portfolio Theory

Harry Markowitz (1952) proposed this theory in "Portfolio Selection," suggesting that there is no such thing as a perfect investment, as all investments have a degree of risk relative to their returns. Generally, this theory gives a framework for creating and optimizing investment portfolios to get a balance between risk and return. Worku and Asmare (2018) and Kinya (2018) found that maximizing the estimated portfolio returns for a specific portfolio risk equally reduces the return's risk. These findings are consistent with the modern portfolio theory for the financial performance of enterprises.

Modern Portfolio Theory's central concept, as described by Gordon (2021), is the efficient frontier, a set of asset combinations that enable an investor to achieve the highest possible returns at the minimum risk. Segal (2021) also advocates for diversifying investments across different asset classes. Additionally, he recognizes that investors are generally risk-averse and seek to maximize their returns for a given level of risk. Dhoot (2020) analyzed some of the limitations of this theory. It assumes that in markets, investors make rational decisions and have access to perfect information, which may not always hold in practice. It also assumes markets are efficient, which may not always be true.

Modern portfolio theory's emphasis on diversification is especially critical for women entrepreneurs, who typically have fewer or no financial buffers. Insurance coverage compensates for this gap, directly contributing to their business stability and growth. The findings indicate a positive correlation between insurance coverage and WOEs' financial performance. The theory was relevant to this study, as it helped analyze the influence of MFIs' insurance services on women-owned enterprises.

## 2.3 Empirical Literature Review

### 2.3.1 Savings Services on the Financial Performance of Women-Owned Enterprises

Khachatryan *et al.* (2019) investigated the effectiveness of the "loans-plus-savings" model for microfinance in Eastern Europe and Central Asia. The study used a sample of 710 observations from both regions, applied the propensity score matching technique, and employed its augmented dose-response style to relate the performance of loans-plus-savings MFIs to funding only. The findings indicated that financial performance and outreach range are positively correlated with savings mobilization, whereas evidence of outreach's seriousness suggests potential mission drift.

Mukawera and Nahayo (2022) assessed the contribution of Financial Literacy to the Development of Rural Women's Entrepreneurship in Rwanda. They employed a descriptive and diagnostic research design, with a sample of 92 women entrepreneurs. Questionnaires and documentary reviews were used to collect data. The collected data were evaluated using both descriptive statistics and inferential statistics. The outcomes showed that savings skills knowledge had a positive effect on rural women's entrepreneurship growth and that an increase of one unit in debt management, budgeting, banking services, bookkeeping, and savings skills knowledge would lead to their growth.

Kathano (2019) analyzed the impact of financial management on the economic performance of micro- and women-owned SMEs in Meru, Kenya. The habits were credit, savings, and investment habits. The study used prospect theory, entrepreneurship, financial literacy, and trait theories to examine the objectives. A sample of 248 registered WOEs was used, and data were collected via questionnaires. Data evaluation was conducted using linear regression, and the results were presented in tables and figures. Kathano (2019) found that savings habits positively impact WOEs' financial performance.

Kariuki and Kibet (2018) researched the impacts of MFIs' savings services on the financial performance of WOEs in Kenya's Nakuru County using a cross-sectional survey design and a sample of 150 women-owned businesses. The researchers used a stratified random sampling method to carefully select the sample size, collected data using a structured questionnaire, and used descriptive statistics and regression analyses for the evaluation. The results showed that MFIs' saving services have a positive impact on Nakuru County's WOEs' financial performance.

Kinyanjui (2019) studied the effects of MFIs' savings services on the financial performance of WOEs in Nakuru Town. The descriptive survey design used a random

sample of 100 WOEs and collected data using structured questionnaires. The researcher used descriptive statistics and regression analysis to analyze the collected data. The researcher found that MFIs' savings services have significant and positive impacts on Nakuru Town's WOEs.

In conclusion, growth. A comprehensive review of these studies offers valuable insights into the influence of MFIs on the financial performance and development of Kenya's WOEs. There is validation of the effectiveness of the savings services that MFIs offer to WOEs in Nakuru's CBD. People save to achieve their short-term or long-term objectives (BCRA, n.d.). Effective MFIs provide customers with savings opportunities, helping them increase their financial stability and plan for their future. The studies also complement discussions of the positive effects of MFIs on the economic performance and growth of WOEs. However, there could be debate about the need for further research into the specific impact of savings services on the financial performance of WOEs in Nakuru's CBD.

### 2.3.2 Funding Services on the Financial Performance of Women-Owned Enterprises

Ferdousi (2015) investigated the effects of microfinance on sustainable entrepreneurship in Bangladesh and India. The research measured the efficiency of microenterprise credits on increasing entrepreneurs' revenues and innovation. Interviews and questionnaire data were collected from a sample of 160 entrepreneurs. Basic statistical techniques and economic models were employed to analyze the collected data, and the results supported the importance of issuing loans to entrepreneurs to enhance their companies' productivity and competitiveness. In contrast, Ferdousi (2015) observed that larger loans have a positive influence on organizational income, whereas less innovative business practices pose a threat to it. The researcher suggested that MFIs must offer loans in conjunction with appropriate business skills, technologies, and information, while

meticulously selecting and monitoring loan recipients to ensure the effective utilization of the financial resources.

Thaher (2021) examined the effects of microfinance services on women's entrepreneurship in Jordan. A qualitative methodology was employed, including semi-structured interviews with 24 participants. The research revealed that the financial services offered by MFIs, particularly financing, have a significant impact on the economic performance of women-owned enterprises. It also showed that the most essential needs of women in business include access to adequate financing and the financial services required to reduce monthly installments, lower interest rates, and extend the grace period.

Msamba micro-financial institutions' contribution to Tanzania's women's entrepreneurship, with 120 respondents. The qualitative research used questionnaires and interviews to collect primary data. The findings showed that MFIs need to improve funding provision to enhance the services offered by women entrepreneurs. Additionally, the survey found that high interest rates and collateral requirements are challenges for women entrepreneurs seeking funding from MFIs.

Odongo (2014) conducted a study on loan terms and financial performance among Uganda's SMEs. The researcher adopted a descriptive research design and conducted a cross-sectional survey. A questionnaire was the research instrument used to collect data from respondents. The findings showed that the lending terms are linearly correlated to SMEs' financial performance. Hence, financial organizations' loaning terms have a lower impact on organizational performance than other factors.

Murad and Idewele (2017) examined the effects of MFIs on Nigeria's economic development. The study used secondary data from the Central Bank of Nigeria on

commercial banks from 1992 to 2012 and analyzed them using multiple regression analyses. The researcher found that microfinance loans positively influence organizational performance in the country in the short run, but not in the long run.

Amsi *et al. (2017) used a sample of 210 Kenyan SMEs to identify the impacts of microfinance credit* on their financial performance. The researchers used simple random and stratified sampling and utilized Cronbach's alpha for reliability assessment. Data collected showed that most participants had not received entrepreneurship training. The research found negative impacts of collateral requirements, interest rates, and repayment periods on SMEs' financial performance, while credit amounts and entrepreneur orientation positively influence it. According to this study, microfinance credit affects the economic performance of SMEs, with entrepreneur orientation making a greater contribution than other factors.

Savatia (2018) conducted a descriptive study on microsupport and the performance of youth-owned businesses in Kenya's Kericho County. The researcher randomly selected 30 respondents and evaluated the collected data using descriptive and inferential statistics. Savatia (2018) found that government policies, high interest rates, social, and economic activities are barriers to accessing microcredit services.

Ouma (2020) conducted a study on the effects of MFIs on WOE's growth in Nakuru. The researcher used questionnaires for data collection and found that MFIs significantly contribute to WOEs' growth in the country. Along the same lines, Wanjiru (2021) used a mixed-methods research design to examine MFIs' impacts on the financial sustainability of WOEs in the same county. The researcher used questionnaires and interviews for data collection, and the study's results showed that MFIs significantly contribute to Nakuru's WOEs' financial sustainability.

In conclusion, microfinance organizations have positive effects on WOEs' financial performance. The cited studies all concluded that MFIs significantly contribute to WOEs' economic performance, growth, and sustainability. Therefore, it is recommended that MFIs continue to provide funding services to women-owned enterprises to enhance their financial performance.

### 2.3.3 Advisory Services on Financial Performance of Women-Owned Enterprises

Advisory services, such as specialized counseling on how best to utilize available resources, help women entrepreneurs become more informed decision-makers regarding finance-related matters. This enables them to take control of debts before they spiral out of control and further damage one's well-being and dignity down the line. This is achieved through training in budgeting, record keeping, trend analysis, and financial planning. Women may be able to identify profitable business opportunities and avoid costly mistakes, thereby improving their financial performance through the knowledge they acquire. Advisory services are not only crucial for the economic performance of WOEs but also for their overall success (Ongoro, 2019).

Osamah and Alrefaei (2022) conducted descriptive and analytical research examining the effects of Microfinance Advisory Services on Yemen's SMEs. The study involved 298 respondents, and SPSS was used for quantitative descriptive data analysis. The researchers found that MFIs' advisory services for MSEs are critical for enhancing SME performance. As such, the study supported the hypothesis that MFIs' advisory services positively impact the growth and development of client businesses.

Sulemana *et al. (2019) studied the role of microfinance in poverty reduction in Ghana's Ashaiman Municipality*. The data were collected from 265 respondents using interviews, observations, and questionnaires. Descriptive statistics and parametric and nonparametric procedures were used for the quantitative data, while thematic analysis was used for the

qualitative data. The findings showed that sex, business advisory, and the duration of microfinance services accounted for approximately 12 percent of the difference in income among beneficiaries. Thus, helping reduce poverty. The study recommended that the timely and regular provision of business advisory services to customers will enable them to invest the funds cautiously in improved living conditions.

Mutisya *et al.* (2014) researched the impacts of microfinance services on women-owned businesses in Kenya's Kibera slum. The researchers examined the implications of training programs and advisory services on these organizations using a causal-effect research design with 396 respondents. The instruments used to collect primary data were questionnaires. An Ordinal Regression Model was used to evaluate the data. The researchers found that funds provision, training programs, and advisory services have positive impacts on women-owned organizations.

Oyugi (2020) studied the impacts and financial performance of Microfinance Services for WOEs in Migori County's Migori Township. The research used a stratified random sampling technique and sampled 296 women. The collected data were qualitative and quantitative, and their analysis used both descriptive and inferential statistics. The research found that microfinance services, including credit facilities, capacity-building services, and market facilitation, positively correlate with improved WOE performance.

Mwangi and Kiambi (2021) examined the relationship between budgeting skills and the financial performance of women-owned SMEs in Nyeri County. The researchers used semi-structured questionnaires for data collection and stratified sampling to attain 96 respondents from 322 women-owned SMEs. Mwangi and Kiambi (2021) used descriptive and inferential statistics, along with SPSS, for data analysis. The duo concluded that budgeting skills and the financial performance of Nyeri Town's women-owned SMEs are positively correlated.

In conclusion, MFIs' advisory services are crucial in improving WOEs' financial performance. These services provide education, training, and support programs, enabling women to make informed decisions, understand how to fully utilize available resources, satisfy consumer needs, attract customers, deal with competitors, file tax returns, and improve their financial literacy. The importance of MFIs' advisory services for women-owned businesses has been demonstrated across contexts, including Yemen, Uganda, Bangladesh, and Kenya. Therefore, MFIs must continue to provide these services to empower women entrepreneurs and promote their economic growth.

### 2.3.4 Insurance Coverage Services on the Financial Performance of Women-Owned Enterprises

Yeboah and Obeng (2016) studied the effect of financial literacy on readiness to pay for micro-insurance among informal profitable market entrepreneurs in Ghana. Heckman's Two-Step Estimation Technique was applied to a sample of 612 entrepreneurs in major urban centers. The results showed that financial literacy increases the amount that customers are ready to pay for micro-insurance. The study recommended that MFIs should strengthen financial education to improve the acceptance of micro-insurance in many markets.

Epetimehin and Agboola (2022) studied the impacts of micro-insurance and risk management on the performance of Nigeria's SMEs, employed a descriptive survey research design, and utilized questionnaires for data collection from 331 participants. The researchers chose the participants through simple random sampling. SPSS software and the Partial Least Squares (PLS) Structural Equation Model (SEM) were used to analyze the data. The researchers found a notable positive effect of micro-insurance on SME performance, while micro-insurance risk control negatively affected it.

Rayamajhee *et al.* (2022) studied how financial literacy training and micro-insurance influenced SMEs' economic performance in Ghana's Sekondi-Takoradi Metropolis. The study was grounded in Schumpeter's theory of innovation and financial intermediation, employed an explanatory research design, and collected data from 260 SMEs using structured questionnaires. The study revealed a positive correlation between micro-insurance, financial literacy training, and SME's economic performance.

Masini (2015) examined the effects of MFIs on the financial performance of SMEs in Machakos town. The researcher employed stratified random sampling, used a sample size of 372, and collected secondary data using collection sheets. In contrast, questionnaires collected primary data from SME owners and managers. Inferential and descriptive statistics were used for data analysis, and the findings showed a weak relationship between microinsurance and SMEs' financial performance.

Bashir and Ondigo (2018) examined the effects of financial products on the economic performance of SMEs in Nairobi County to inform policy improvements and recommendations. The research employed a descriptive survey design and collected data using questionnaires from 400 SMEs. The researchers conducted data analysis using correlation and regression. The study's findings showed that microinsurance products positively, but not significantly, influence SMEs' financial performance.

Muthoga et al. (2018) sought to establish the impact of Entrepreneurial innovativeness on microinsurance uptake among MSEs in Kenya. The descriptive research used a stratified random sampling technique to recruit 400 MSEs to participate in the study, and structured questionnaires were used to collect data. The data were analyzed using correlation and multiple linear regression. The findings showed that entrepreneurial innovativeness and the regulatory context did not significantly influence microinsurance

uptake. The study recommended that micro insurance companies be original when introducing new products.

In conclusion, MFIs' insurance coverage improves Woes' financial performance. Insurance coverage helps women mitigate risks and improve their financial status by compensating them for their losses. Therefore, MFIs must continue providing insurance coverage to empower women entrepreneurs and promote their economic growth.

### 2.3.5 Summary of Literature Reviewed and Research Gap

Table 1 below summarizes methodologies, findings, and gaps across selected scholarly works, offering a structured comparison of existing and current research.

**Table 1**

*Summary of Literature and Gaps*

| Author | Focus of the Study | Findings of the Study | Gaps of the Study | How the Current Studies address the Gaps |
|---|---|---|---|---|
| Khan et al., (2021) | Impacts of Microfinance on Poverty Reduction in Pakistan | Microfinance played a significant role in reducing poverty in Pakistan. | However, the study focused on the influence of MFIs on the general household welfare of people in Pakistan. | The current study sought to fill the gap by focusing on the influence of MFIs' services on the business health (financial performance) of WOEs in Nakuru CBD. |
| Al-Alayan (2021) | Challenges faced by Islamic MFIs in Saudi Arabia. | The study found that high operational costs, funding constraints, and sustainability challenges are significant challenges faced by MFIs in Saudi Arabia. | However, the study focused on the institutional survival of microfinance in Saudi Arabia. | This study shifted its focus to client-level effectiveness among WOEs. |

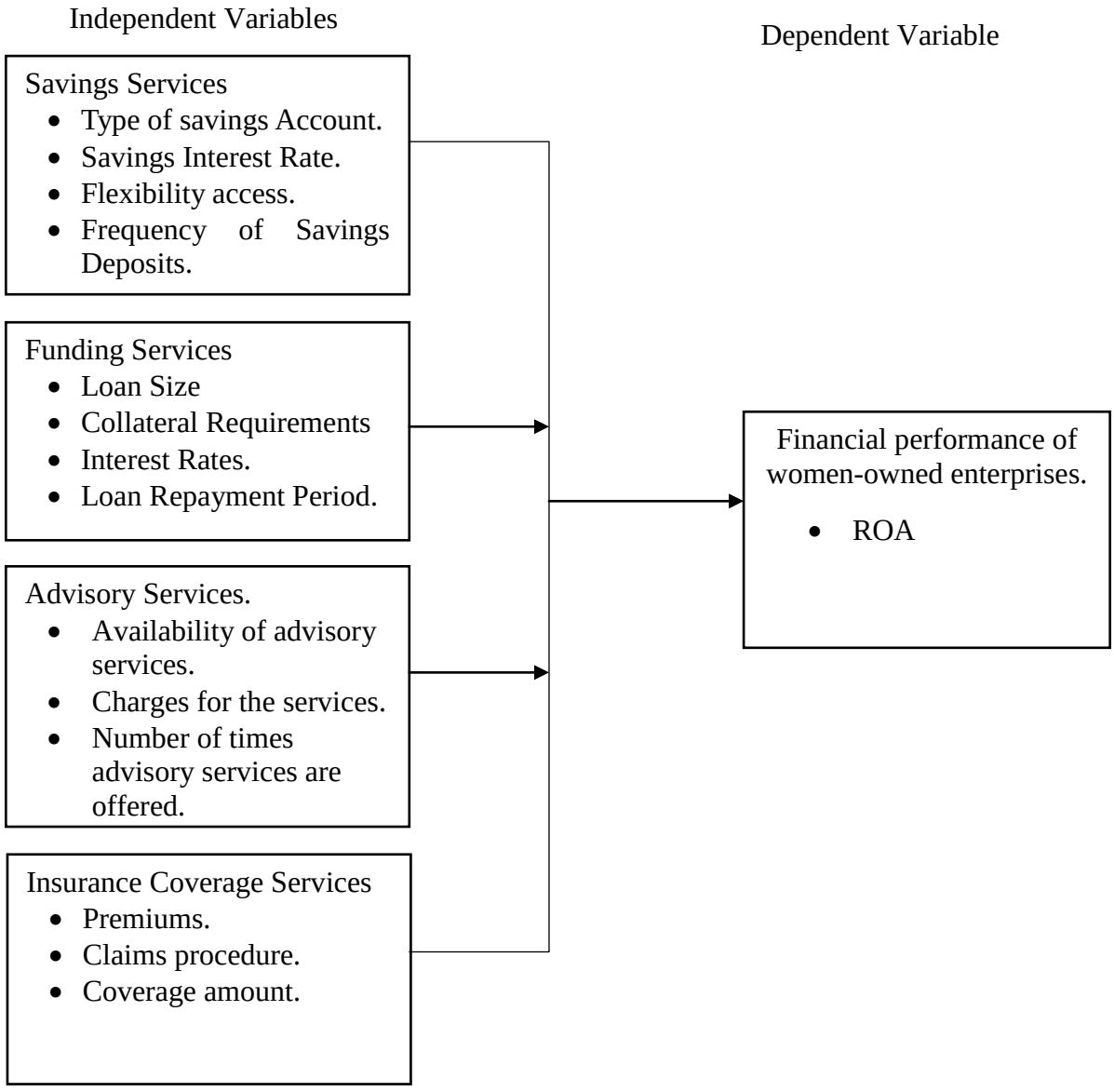
| | | | | |
|---|---|---|---|---|
| Adero & Kariuki (2020) | Influence of microfinance interventions on women's financial empowerment in Mombasa. | The findings showed that microfinance insurance requirements were not transparent and that MFIs provided frequent training for women, leading to improved financial decision-making among women in Mombasa. | The study was limited to a population of self-groups in the county, hence a contextual and conceptual gap. | The current study was carried out in Nakuru's CBD and focused on WOEs. |
| Akingunola et al., (2018) | Examined the effects of microfinance on Nigeria's Ogun State's MSE. | Results indicated a positive impact of microfinance on the performance of MSE in Ogun State, Nigeria. | The research's geographical limitation presented a contextual gap Further, the study focused on microcredit as one of the services provided by the MFIs | The current study focused on Nakuru CBD, Kenya. The current study will also focus on the four services provided by MFIs: savings, funding, advisory, and insurance coverage. |
| Kipsang (2016) | Impact of micro-finance services on the performance of SMEs in Nakuru town. | The outcome showed a strong positive relationship between micro-finance services and the growth of SMEs in Nakuru town. | Focused on investigating micro-finance services' impacts on Nakuru County's SME in general. | The current study examined the savings, funding, advisory, and insurance coverage services offered by MFIs and their impact on the financial performance of WOEs in Nakuru CBDs. |
| Wanjau (2013) | Factors Affecting Credit Access by SMEs in Nakuru Municipality, Kenya. | The study found that MFIs' requirements and credit procedures have adverse effects on the access to credit that MFIs offer | The study investigated 620 SMEs in Nakuru County, thereby presenting a methodological gap. | The current study used a population of 1800 WOEs. |

## 2.4 Conceptual Framework

The study's conceptual framework outlined the relationship between the independent and dependent variables. The dependent variable was the financial performance of women-owned enterprises, while the independent variables included services from microfinance institutions, such as savings, funding, insurance, and advisory services.

**Figure 1**

*Conceptual Framework*




*Source:* Author, (2025)

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter summarizes the study's methodology, including the research design, population, sampling procedures, data collection methods, analysis techniques, and ethical considerations.

## 3.2 Research Design

This study used a descriptive research design, which is suitable for studies that aim to describe population characteristics, explore relationships between variables, and accurately portray phenomena in their natural environments. As Kombo and Tromp (2006) observed, descriptive research is ideal for studies that seek to present facts and systematically analyze the current situation. In this study, the descriptive approach allowed the researcher to examine how different microfinance institution services, such as savings, funding, advisory, and insurance, relate to the financial performance of women-owned businesses in Nakuru CBD.

## 3.3Target Population

Cooper and Schindler (2006) define a target population as the entire group of elements or individuals that have the characteristics relevant to a specific study. From this population, the researcher selects respondents and ultimately derives the study findings. In this study, the target population consisted of 1,800 women-owned enterprises operating within Nakuru’s Central Business District (CBD), as reported by the County Government of Nakuru (2022). This population is diverse, including women entrepreneurs from different age groups, marital statuses, educational backgrounds, and business sectors such as retail, services, agro-based enterprises, and specialized trades. The unit of analysis for this study is the women-owned enterprise, the primary entity

assessed to determine how microfinance institution services influence financial performance. The focus is on characteristics, financial outcomes, and business interactions with MFIs at the enterprise level. The unit of observation, however, is the owner of each women-owned enterprise.

### 3.4 Sampling Frame

A sample frame is the set of items from which a sample may be selected (Henry, 2010). It serves as a basis for choosing a representative sample from the population for a research study. In this study, the representative sample comprised nineteen categories of women-owned enterprises in Nakuru's CBD.

**Table 2**

*Sample Frame*

| Business Category | Target Population (N) | Sample (n) |
|---|---|---|
| Agro Vet | 95 | 11 |
| Baby Shops | 110 | 12 |
| Boutiques | 180 | 20 |
| Cereal Shops | 130 | 14 |
| Cybercafés | 85 | 9 |
| Dairy Shops | 130 | 14 |
| Daycare | 75 | 8 |
| Electronic Shops | 140 | 16 |
| Kitchen Ware Shops | 110 | 12 |
| Mali Mali Shops | 135 | 15 |
| M-Pesa | 165 | 18 |
| Salon | 150 | 17 |
| Tailoring Shops | 130 | 14 |
| Wines and Spirits | 165 | 18 |
| Total | 1,800 | 200 |

### 3.5 Sampling Design and Sample Size

#### 3.5.1 Sampling Design

A sample design is a precise strategy for selecting a sample from a specific population. Researchers use this technique to choose items for their sample. It also helps determine how many items the sample should include using the sample size formula (Kothari & Garg, 2019). The most suitable sampling design for this research was stratified random sampling. Stratified random sampling is a sampling method in which a particular category of individuals in a population is represented in the sample (Gathii et al., 2019). This design was applied to ensure all women-owned enterprises selling different types of commodities had an equal chance of being selected. The formula for calculating the sample size for each stratum is given below.

$$n_1 = \left(\frac{n}{N}\right) N_1$$

Where:

$n_1$= Sample size in every stratum

n= Sample size

N Total population size

$N_1$= Population in each stratum

#### 3.5.2 Sampling Size

According to Gayn & Mills (2009), the minimum sample size, or rather the participants, depends on the type of research involved. Calculating a definite sample size for the study is a significant requirement in sampling. Nassiuma's (2000) coefficient-of-variation sampling formula was used to compute the sample size. The coefficient of variation was

30% and the margin of error was 2%. According to Messah et al. (2014), the Nassiuma's coefficient of variation sampling formula is as follows:

$$n = \frac{NC^2}{C^2 + (N-1)\varepsilon^2}$$

Where:

n= Sample size

N= Population size

C= Coefficient of variation (30%)

ε= Error rate (2%)

Substituting these values in the equation, the projected sample size (n) will be:

$$n = \frac{1800(0.3)^2}{0.3^2 + (1800-1)0.02^2}$$

n= 200 respondents

**3.6 Data Collection Instruments**

Questionnaires were used in this study as a research instrument to collect primary data from all respondents. The researcher used a structured questionnaire to minimize response distortion. The questions fully translated the study's objectives, enabling accurate replies, as there was little opportunity to seek further clarification (Ndikaru, 2021). Due to its ability to obtain information from participants and provide a better understanding and explanation of the findings, it was the most preferred instrument for collecting data in this research(Henry, 2010).

### 3.6.1 Pilot Study

A pilot study is a small-scale study that helps the researcher understand the real problem and the changes that occur during the main study. It guides the significance of the population, the capability of the sampling frame, the suitability of the method of data collection, the sufficiency of the questionnaire, the response rate to be expected, and the cost that is to be incurred at different stages during data collection in the main study (Martyn,2014). The respondents who should participate should be 10% of the main study's sample size (Gannon & Fauchon, 2021). The pilot study was conducted within Eldoret city, as it shares similar demographic and economic characteristics with Nakuru. A sample of 20 women entrepreneurs was used to determine the validity and reliability of the instrument employed in the main study.

### 3.6.2 Validity of the Instrument

Mugenda & Mgenda (2019) define validity as the meaningfulness and accuracy of the conclusions established by the findings. It is the extent to which the outcomes of data analysis reflect the study's circumstances. A research study is considered valid when its assessment evaluates what it is intended to evaluate. The validity of the research content was assessed through evaluation of the questionnaire's face and content validity. The researcher ensured face validity by ensuring the questionnaire had appropriate spacing, text size, and an appealing appearance. For content validity, an expert reviewed the questionnaire and ensured it covered all relevant aspects of the measurement (Alken, 2019). In this study, the university supervisor assessed the questionnaire for validity.

### 3.6.3 Reliability of the Instrument

The reliability of an instrument is the extent to which it yields consistent outcomes or information across multiple trials (Christensen, 2023). It is essential to assess an instrument's reliability during data collection to ensure the measurements and

observations obtained are reliable and trustworthy. The study used Cronbach's alpha to determine the internal reliability of the responses. Internal reliability was used to arrange a series of Likert-established questions to measure both independent and dependent variables. Cronbach's Alpha coefficient of 0.7 or higher was used, as it is considered sufficient for internal reliability. The method was suitable as it involved single management of the instrument and allowed for choices among items (Cosby, 2022).

**Table 3**

*Reliability Test Results*

| Variable | No. of Items | Cronbach's Alpha Value |
|---|---|---|
| Savings services | 5 | 0.915 |
| Funding services | 5 | 0.744 |
| Advisory services | 5 | 0.958 |
| Insurance services | 5 | 0.669 |
| Financial performance of women-owned enterprises | 4 | 0.967 |
| Overall Average | 29 | 0.851 |

The reliability analysis showed that most of the study variables demonstrated strong internal consistency, with savings services, advisory services, and financial performance all achieving Cronbach's Alpha values above 0.90, indicating excellent reliability. Funding services showed acceptable reliability (0.744), confirming that its items were sufficiently consistent. However, insurance services recorded a slightly lower coefficient of 0.669, suggesting the need to refine their measurement items. Overall, the instrument achieved an average Cronbach's Alpha of 0.851, signifying that the questionnaire was highly reliable and suitable for assessing the impact of microfinance services on the financial performance of women-owned enterprises.

### 3.7 Data Collection Procedure

Cauvery et al. (2020) refer to data collection as the process by which data are collected and evaluated with respect to variables of interest. Data collection is an essential step in research, analysis, and decision-making during a study. Inaccurate data collection can influence the outcomes of any research and eventually lead to null and void results. To commence data collection, the researcher obtained approval from the Institute of Postgraduate Studies at Kabarak University and the Scientific and Ethics Review Committee (KUREC), both of which registered the proposal with the institution. The researcher then obtained an ethical form from the National Commission for Science, Technology, and Innovation (NACOSTI) for moral consideration. The researcher then conducted a 1-week pilot study.

The questionnaires were then distributed to the respondents for the main research study after two weeks of testing the instrument's validity and reliability. The questionnaires were collected after 2 weeks to ensure respondents had enough time to review the questions and answer them accurately, providing full information. The researcher reviewed completed questionnaires to ensure they were filled out correctly and completely. In cases of incompleteness, the researcher contacted the participants to complete missing data, and she also had backup forms to replace damaged and lost questionnaires.

### 3.8 Data Analysis and Presentation

After the data had been collected, the questionnaires were scrutinized for omissions and errors, coded, and tabulated. The data analysis process consisted of several steps, including editing, classification, transcription, coding, and tabulation. Editing involved checking the completed questionnaires to ensure that all questions were answered, that the data were accurate and reliable, that entries were made in accordance with the

instructions, and that there were no contradictions in the answers. Classification is a stage in which the researcher arranges the edited data into groups based on their characteristics, which can be either descriptive or numerical.

The transcription stage involves transferring information from the questionnaire to a card, keeping the original schedules intact and unmarked, which makes sorting information easier. Coding is the process by which the researcher classifies transcribed data by assigning an abbreviation or letter to each scheduled item and response category. Tabulation is the organization of collected data in a logical, concise, and orderly way, based on quantitative, qualitative, geographical, and chronological criteria, enabling better interpretation. The Statistical Package for the Social Sciences (SPSS) was developed to analyze data (Cauvery et al., 2020).

The researcher used both inferential and descriptive statistics to achieve the study's objectives. Descriptive statistics are employed to evaluate common characteristics. This study used descriptive statistics to identify the distribution's central tendency by calculating the mean, median, and mode (Hennie, 2010). Inferential statistics help the researcher predict and understand how independent variables affect the dependent variable in the larger population, based on sample data. Linear regression analysis was the inferential statistic chosen for this study. It helped test how the dependent variable, the financial performance of women-owned enterprises, was influenced by the independent variables, which included savings, funding, advisory, and insurance coverage services. To give a comprehensive view of the relationship between MFIs' services and the financial performance of women-owned enterprises in Nakuru’s CBD, the findings were displayed in tables and figures. The regression model that was used was as follows:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where:

$\beta_1$, β2, β3, and β4 are the regression coefficients of the independent variable.

Y Financial performance of women-owned enterprise

$\beta_0$= constant

$X_1$= Savings services

$X_2$= Funding services

$X_3$= Advisory services

X4 Insurance coverage services

ε = is the error term.

### 3.9 Diagnostic Tests

The research used several diagnostic tests. These included normality, multicollinearity, and heteroscedasticity. These diagnostic tests are discussed hereafter.

#### 3.9.1 Normality

The normality test was used to determine whether the population data followed a normal distribution. It makes it easier to achieve practical precision and data reliability (Mishra et al., 2019). To determine whether the data in this study were normally distributed, the Shapiro-Wilk test was used ($p \geq 0.05$).

#### 3.9.2 Multicollinearity

Multicollinearity reduces the model's statistical power by impairing the precision of the estimated coefficients. According to Shrestha (2020), the model assumes that the data is not multicollinear. This test helped to ensure that the data gathered is free from bias. It also helped ensure that the data for one variable is independent of the data for another. Multicollinearity occurs when multiple independent variables are highly or nearly

perfectly correlated with one another. The variance of inflation (VIF) was used to test for multicollinearity. Thus, when the VIF was less than one or greater than ten, multicollinearity was evident. In contrast, VIF values between 1 and 10 indicate no multicollinearity.

### 3.9.3 Heteroscedasticity

The model assumes the errors' variance is constant. Usually, the residuals graph is used to analyze this assumption. Standard estimation methods are ineffective when errors are heteroscedastic (Đalić & Terzić, 2021). Heteroscedasticity must be addressed, as it compromises regression predictions. If well-fitted, there should be no trend when plotting the residuals against the fitted values. Heteroscedasticity occurs when the constant-variance assumption is violated. In particular, the condition in which the variance remains constant across a range of observations is known as homoscedasticity. To determine whether the model exhibited heteroscedasticity, the study employed the Breusch–Pagan test.

## 3.10 Ethical Considerations

Ethical consideration refers to the moral principles that should be upheld and practiced during the study. The study considered various ethical considerations, including informed consent, confidentiality, and anonymity. Informed consent is where an individual voluntarily, knowingly, and intelligently agrees to participate in the research. The respondents participated in this study of their own free will and had the right to withdraw at any time without consequence. Adequate information was provided on the purpose, benefits, procedures, and risks of this study to the participants (Gathii et al., 2019).

Potential risks and protective procedures for this study included respondents feeling pressured to participate if they believed their microfinance providers expected them to do so. Still, the researcher did not allow microfinance providers access to the collected data. The participants may also have been uncomfortable sharing financial information, risking a breach of confidentiality if data handling is not secure. The researcher anonymized the collected data by using codes instead of names to prevent responses from being linked to specific respondents.

The data collected was also stored in a locked area to prevent theft and misuse of the information. The principal investigator and the supervisors accessed the data. The devices used are tagged according to cybersecurity cleanliness, with passwords and antivirus software. The data will be stored for one year until the research is completed, after which it will be disposed of. The paper records will be shredded, and the digital files will be wiped using Eraser, a secure deletion software tool. The research protocol was submitted to NACOSTI, and all ethical guidelines were strictly adhered to (Fouka & Mantzorou, 2011).

# CHAPTER FOUR

# DATA ANALYSIS, PRESENTATION AND DISCUSSION

## 4.1 Introduction

This chapter presents the analysis, presentation, interpretation, and discussion of the findings in light of the study objectives. The study examined the influence of Microfinance institution (MFI) services on the financial performance of WOEs in Nakuru's CBD.

## 4.2 Response Rate

**Table 4**

*Response Rate of the Study*

| Category | Frequency | Percentage (%) |
|---|---|---|
| Questionnaires Returned | 165 | 82.5 |
| Questionnaires Not Returned | 35 | 17.5 |
| Total Questionnaires Issued | 200 | 100.0 |

The researcher issued 200 questionnaires to women entrepreneurs in Nakuru CBD, and 165 were completed correctly. This represents a response rate of 82.5%, which is an excellent indicator that the outcomes are externally valid and can therefore be generalized (Mugenda & Mugenda, 2013). Primarily, every researcher aims for a 100% response rate, but this is not possible due to sampling errors and limitations.

## 4.3 Demographic Information

The study sought to gather general demographic and business information from respondents, including their level of education, age, number of employees, type of business activity, and years in business.

### 4.3.1 Level of Education

The respondents were asked to indicate their highest level of education, and the results are presented in Table 5.

**Table 5**

*Level of Education*

| Education Level | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| None | 4 | 2.4 | 2.4 |
| Primary | 59 | 35.8 | 38.2 |
| Secondary | 87 | 52.7 | 90.9 |
| Tertiary | 15 | 9.1 | 100.0 |
| Total | 165 | 100.0 | |

The results in Table 5 show that most respondents had attained secondary education, accounting for 52.7% of the sampled women entrepreneurs. This indicates that more than half of business owners have at least a basic level of formal education, which is crucial for managing enterprise activities such as record-keeping, financial planning, and decision-making. Respondents with primary education accounted for 35.8%, suggesting that a significant portion of entrepreneurs have relatively low levels of formal schooling, which could limit their access to financial services and their ability to understand advisory or training information provided by microfinance institutions.

Only 9.1% of the respondents had a tertiary education, reflecting a smaller group with advanced skills relevant to business management and financial literacy. Respondents with no formal education were the smallest group at 2.4%, indicating that very few entrepreneurs operate without any basic schooling. Overall, the distribution suggests that while most women entrepreneurs in Nakuru CBD have foundational education, the

relatively low levels of tertiary education may affect how well they adopt, use, and benefit from microfinance services.

### 4.3.2 Age of Respondents

Participants were asked to indicate their age bracket. The finding is shown in Table 6.

**Table 6**

*Age of Respondents*

| Age bracket | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| 18-27 | 10 | 6.1 | 6.1 |
| 28-37 | 50 | 30.3 | 36.4 |
| 38-47 | 62 | 37.6 | 73.9 |
| 48 and above | 43 | 26.1 | 100.0 |
| Total | 165 | 100.0 | |

The results show that respondents aged 38 to 47 years make up the largest share of participants at 37.6%. Those aged 28 to 37 years account for 30.3%, while respondents aged 48 years and older represent 26.1% of the sample. The youngest group, aged 18 to 27 years, comprises 6.1% of the respondents. These findings indicate that most women entrepreneurs are middle-aged, with fewer in the youngest and oldest groups. The prevalence of these age brackets suggests that most SME owners are relatively young and economically active, which could help them stay in business longer and plan strategically for their enterprises' long-term growth and sustainability.

### 4.3.3 Employees in the Firm

The participants were asked to specify the number of employees in their enterprises. The results are shown in Table 7.

**Table 7**

*Number of Employees in the Firm*

| Number of Employees | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| 1-5 | 80 | 48.5 | 48.5 |
| 11-20 | 25 | 15.2 | 63.6 |
| 6-10 | 50 | 30.3 | 93.9 |
| More than 20 | 10 | 6.1 | 100.0 |
| Total | 165 | 100.0 | |

The results indicate that most of the surveyed enterprises were small-scale, with 48.5% employing 1-5 workers. Firms with 6 to 10 employees accounted for 30.3%, while those with 11 to 20 employees accounted for 15.2% of the sample. Only 6.1% reported having more than 20 employees, showing that very few had expanded into larger operations. Overall, the data suggest that most women-owned enterprises are in the micro and small enterprise categories, with only a small number progressing to medium-sized businesses. This distribution might reflect gradual business growth, possibly supported by microfinance services, as greater access to funding and advisory support can improve operational capacity, helping enterprises hire more employees and enhance performance.

### 4.3.4 Business Activity

Respondents were asked to indicate the type of business activity in which they are involved. The findings are noted in Table 8.

**Table 8**

*Business Activity*

| | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| Agro Vet | 8 | 4.8 | 4.8 |
| Baby Shops | 20 | 12.1 | 17.0 |
| Boutiques | 20 | 12.1 | 29.1 |
| Cereal Shops | 15 | 9.1 | 38.2 |
| Cybercafé | 11 | 6.7 | 44.8 |
| Dairy Shops | 11 | 6.7 | 51.5 |
| Daycare | 8 | 4.8 | 56.4 |
| Electronic Shops | 10 | 6.1 | 62.4 |
| Kitchen Ware Shops | 10 | 6.1 | 68.5 |
| Mali Mali Shops | 6 | 3.6 | 72.1 |
| Mpesa | 19 | 11.5 | 83.6 |
| Salon | 12 | 7.3 | 90.9 |
| Tailoring Shops | 11 | 6.7 | 97.6 |
| Wines and Spirits | 4 | 2.4 | 100.0 |
| Total | 165 | 100.0 | |

The survey results show that respondents engaged in various small business activities. Baby shops, boutiques, and M-Pesa outlets accounted for 23.6% of all businesses, underscoring their strong presence in the local market. The other business types accounted for 76.4%, indicating a wide range of entrepreneurial ventures. Specifically, cereal shops accounted for 9.1%, salons for 7.3%, and cybercafés for 6.7%. Electronic shops and kitchenware shops each made up 6.1%, while agro-vets and daycare centers each accounted for 4.8%. Additionally, mali mali shops formed 3.6%, and wine and spirits businesses accounted for 2.4%. Overall, the findings suggest that retail and service-based enterprises dominate the business landscape among women entrepreneurs

in Nakuru CBD, underscoring the importance of the informal sector in meeting daily consumer needs and supporting the local economy.

### 4.3.4 Number of Years in Operation

The respondents were requested to indicate the duration they have been in business. The findings are shown in Table 9.

**Table 9**

*Number of Years in Operation*

| Years in Business | Frequency | Percent (%) | Cumulative Percent (%) |
|---|---|---|---|
| Less than one year | 60 | 36.4 | 36.4 |
| 4 years | 27 | 16.4 | 52.8 |
| 5 years | 30 | 18.2 | 71 |
| 6 years | 18 | 10.8 | 81.8 |
| 7 years and above | 30 | 18.2 | 100.0 |
| Total | 165 | 100.0 | |

The results indicate a notable increase in newly established enterprises, with 36.4% of the businesses having operated for less than one year. Firms that had existed for four years accounted for 16.4%, while those operating for five years represented 18.2% of the sample. Additionally, 6-year-old enterprises accounted for 10.8% of the respondents. This distribution reflects a business environment that is both dynamic and diverse, characterized by a mix of newly formed ventures and more established enterprises. The presence of a significant proportion of experienced SMEs suggests that many entrepreneurs have gained substantial knowledge of the market environment, enabling them to navigate challenges and sustain their operations over time.

### 4.5 Savings Services

The researcher requested that participants share their opinions regarding the influence of savings services on the financial performance of WOEs in Nakuru CBD. The mean and standard deviation were used to analyze the findings.

#### 4.5.1 Savings Account with Microfinance Institution

Participants were asked whether they had a savings account with an MFI.

**Table 10**

*Savings Account Ownership with Microfinance Institution*

| Response | Frequency (%) | Cumulative Frequency (%) |
|---|---|---|
| Yes | 88% | 88% |
| No | 12% | 100% |
| Total | 100% | — |

The results in Table 10 indicate that 88% of respondents reported having a savings account with a microfinance institution. Only 12% reported not maintaining such an account. The cumulative frequency further confirms that all respondents fall within these two categories, reaching 100%. These findings suggest that most women entrepreneurs in Nakuru CBD actively participate in microfinance savings programs. High uptake of savings accounts implies strong engagement with MFIs, which may enhance financial discipline, improve liquidity management, and strengthen the overall economic performance of their enterprises. The minority without savings accounts may reflect barriers such as a lack of awareness, perceived complexity, or mistrust of financial institutions. Overall, the high savings participation rate highlights the critical role MFIs play in supporting women-owned businesses through accessible savings services.

### 4.5.2 Frequency of Saving with MFIs

The participants were asked about the frequency with which they saved with MFIs.

**Table 11**

*Frequency of Saving with MFIs*

| Frequency of Saving | Percentage (%) | Cumulative Frequency (%) |
|---|---|---|
| Daily | 4.2 | 4.2 |
| Weekly | 26.7 | 30.9 |
| Monthly | 3.6 | 34.5 |
| Occasionally | 65.5 | 100.0 |

The results in Table 11 show that 65.5% of respondents occasionally save with microfinance institutions. An additional 26.7% said they save weekly, while 4.2% and 3.6% reported saving daily and monthly, respectively. These results indicate that although most women entrepreneurs do not follow a strict savings schedule, they still make deliberate efforts to save when possible, which is likely to meet the minimum credit qualification requirements. This suggests that savings are crucial in improving women's eligibility for microfinance loans that can help grow and improve their businesses. Therefore, the findings emphasize the importance of regular saving habits for gaining better access to MFIs' credit services.

### 4.5.3 Descriptive Statistics for Savings Services

Participants were asked about their views on the impact of savings services on the financial performance of women-owned enterprises in Nakuru's CBD.

**Table 12**

*Descriptive Statistics for Savings*

| | SD (%) | D (%) | N (%) | A (%) | SA (%) | Mean | SD |
|---|---|---|---|---|---|---|---|
| Savings and withdrawal procedures are simple | 3.6 | 3.0 | 0.6 | 34.5 | 58.2 | 4.41 | 0.936 |
| There is a required limit on savings | 42.4 | 33.9 | 10.9 | 9.7 | 3.0 | 1.97 | 1.096 |
| The savings interest rate is high | 2.4 | 5.5 | 16.4 | 32.1 | 43.6 | 4.09 | 1.017 |
| Saving with Microfinance institutions has helped in the financial stability of businesses | 1.2 | 5.5 | 10.9 | 34.5 | 47.9 | 4.22 | 0.933 |
| Saving with Microfinance institutions has influenced the growth of businesses | 2.4 | 1.2 | 1.2 | 35.8 | 59.4 | 4.48 | 0.801 |
| Composite mean/Std. dev | | | | | | 3.84 | 0.957 |

The results in Table 12 show that respondents had different opinions about the savings services provided by microfinance institutions. Many participants agreed that the savings and withdrawal processes were easy, with 58.2% strongly agreeing and 34.5% agreeing. This optimistic view is reflected in a mean score of 4.41 and a standard deviation of 0.936, indicating high satisfaction with the simplicity and accessibility of the savings procedures. In contrast, respondents largely disagreed with the idea that microfinance institutions put a cap on savings, with 42.4% strongly disagreeing and 33.9% disagreeing. A mean score of 1.97 and a standard deviation of 1.0996 indicate that most clients see savings services as flexible rather than limited, supporting this. These results align with Mukawera and Nahayo (2022), who stated that transparent and flexible savings procedures help promote women's entrepreneurial growth.

The study also found strong opinions regarding interest earned on savings. Approximately 43.6% of respondents strongly agreed, and 32.1% agreed that the interest

rates offered were high enough to be meaningful. A mean score of 4.09 supports this, and a standard deviation of 1.017 illustrates a general belief that interest earned adds value to savings products. However, the findings imply that while clients appreciate the existing interest, there may be room for MFIs to enhance further savings incentives by raising interest rates.

Additionally, the results show strong agreement on the role of microfinance savings in business stability and growth. A total of 47.9% strongly agreed, and 34.5% agreed that saving with MFIs had improved the financial stability of their businesses, with a mean of 4.22 and a standard deviation of 0.933. Similarly, 59.4% strongly agreed, and 35.8% agreed that savings services had helped grow their businesses, as evidenced by a high mean score of 4.48. These findings match Kathano (2019), who found that a savings culture positively affects the financial performance of women-owned businesses. The combined mean of 3.84 indicates strong overall agreement among respondents about the benefits of savings services. Overall, the results confirm that savings services provided by microfinance institutions significantly boost the financial performance of women-owned businesses in Nakuru CBD by improving stability, growth, and economic resilience.

### 4.6 Funding Services

The researcher requested that participants provide their opinions on the influence of funding services on the financial performance of WOEs in Nakuru CBD. The mean and standard deviation were used to analyze the findings. The computed mean ranged from 1 to 5, with 1 representing a low level of support and 5 a high level of support. Standard deviation is a measure of the dispersion of a set of data from its mean.

### 4.6.1 Loan Utilization from MFIs

Participants were asked whether they had used loans from MFIs.

**Table 13**

*Loan Utilization from MFIs*

| Response | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| Yes | 90.3% | 90.3% |
| No | 9.7% | 100.0% |
| Total | 100.0% | |

According to Table 13, 90.3% of respondents agreed they had indeed taken a loan from MFIs. Only 9.7% reported never receiving a loan from MFIs. This could mean that most women resorted to taking out loans to boost their businesses' performance. It is therefore recommended that SMEs persistently apply for credit using well-planned strategies to improve business performance.

### 4.6.2 Loans taken in the last 3 years

Participants were asked how many loans they had taken from MFIs in the past 3 years.

**Table 14**

*Number of Loans Taken in the Last Three Years*

| Number of Loans Taken | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| One | 36.4% | 36.4% |
| Two–Three | 58.2% | 94.6% |
| Four or More | 5.5% | 100.0% |
| Total | 100.0% | — |

The results in Table 14 indicate that 58.2% of the women had accessed loans two to three times in the past three years, making this the most common borrowing pattern among respondents. Additionally, 36.4% reported taking out one loan during the same period, while only 5.5% had taken out four or more loans. These findings suggest that a majority

of women entrepreneurs are moderately engaged in loan utilization, which can positively influence the performance and growth of their businesses. The relatively low proportion of frequent borrowers implies that some entrepreneurs may not be fully leveraging available credit opportunities. Consequently, there is a need to encourage increased and responsible loan uptake among women-owned enterprises to further enhance their operational capacity and overall financial performance.

### 4.6.3 Descriptive Statistics for Funding Services

Participants were asked about their views on the influence of funding services on the financial performance of women-owned enterprises in Nakuru's CBD.

**Table 15**

*Descriptive Statistics for Funding Services*

| | SD (%) | D (%) | N (%) | A (%) | SA (%) | Mean | SD |
|---|---|---|---|---|---|---|---|
| Microfinance institutions charge low interest rates | 1.2 | 1.8 | 0.6 | 32.1 | 64.2 | 4.56 | 0.718 |
| Banks require collateral to loan | 1.8 | 3.0 | 1.2 | 44.2 | 49.7 | 4.37 | 0.813 |
| The size of the funds issued is enough for the purpose | 3.0 | 1.8 | 1.2 | 42.4 | 51.5 | 4.38 | 0.858 |
| Funding services have helped in the revenue growth of your business | 2.4 | 2.4 | 1.2 | 53.3 | 40.6 | 4.27 | 0.814 |
| Funding services have helped in expanding your business operations | 3.0 | 2.4 | 1.8 | 49.1 | 43.6 | 4.28 | 0.867 |
| Composite mean/Std. dev | | | | | | 4.37 | 0.814 |

As shown in Table 15, a breakdown of respondents' perceptions of the funding services provided by microfinance institutions indicates a generally positive attitude. Respondents

who were asked about the interest rates charged by microfinance bodies agreed that these rates were considered low. Specifically, whereas 64.2% strongly agreed, a significant 32.1% agreed, so the opinion was not split on this point. A mean score of 4.56 and a low standard deviation of 0.718 indicate consensus among clients regarding interest rates. It implies that only a few may regard interest rates as unfavorable, especially given the terms of their loans or their ability to pay. Thaher (2021) revealed that the most critical needs of women in business include adequate financing and access to required financial services, such as reduced interest rates.

Moreover, respondents strongly supported the idea that banks require collateral. In fact, 49.7% of respondents strongly agreed that banks impose a collateral requirement, while 44.2% agreed. A mean score of 4.37 and a low standard deviation (0.813) indicate that respondents provide almost identical responses. This underscores the fact that strict bank demands for collateral around these loan repayments go a long way toward making microfinance institutions attractive to small-scale entrepreneurs and lower-income customers. Msamba (2013) found that high interest rates and collateral requirements are challenges for women entrepreneurs seeking funding from MFIs.

Further, there was minimal disparity in perceptions of the adequacy of funding size among microfinance institutions. In particular, 51.5% of participants strongly supported the funds, while 42.4% felt the funds met their needs, though they disagreed with that assessment. The respondents' opinions range from satisfaction to insufficiency (a smaller percentage), with a mean of 4.38 and a standard deviation of 0.858. Such views show that funding is adequate, contrary to the traditional view that MFIs' funds are usually inadequate.

In terms of effectiveness for business outcomes, most respondents find service funding favorable. Across the two questions, an overwhelming 53.3% (agreement) and 40.6% (strongly agreeing) of respondents confirmed that funding services had helped them grow revenue, as supported by a mean of 4.27 and a low standard deviation. Dev (0.814). Finally, funding services have helped expand business operations and grow their businesses. This is supported by 49.1% of respondents who agreed and 43.6% who strongly agreed, with a mean of 4.28 and a standard deviation of 0.867. The two items scored a high mean and a low standard deviation. Dev indicates a high level of agreement and low variability of respondents' perception. Based on the composite mean (4.37) and Std. Dev (0.814): Microfinance is broadly favored as an effective tool for business development. In yet another study, Ouma (2020) showed that MFIs significantly contribute to Nakuru's WOEs' financial sustainability.

### 4.7 Analysis of Advisory Services

#### 4.7.1 Utilization of MFIs' Advisory Services

Participants were asked whether they had used MFIs' advisory services.

**Table 16**

*Utilization of MFIs' Advisory Services*

| Response | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| Yes | 95.2% | 95.2% |
| No | 4.8% | 100.0% |
| Total | 100.0% | — |

As shown in Table 16, 95.2% of the women reported using business advisory services from MFIs, whereas only 4.8% reported using other sources. This indicates that most women sought business advisory services to manage their finances vis-à-vis overall business performance efficiently. To improve SME performance, women should

consistently seek business advisory services from financing institutions to enhance their knowledge of their businesses' daily operations.

### 4.7.2 Frequency of attending advisory sessions by MFIs

Participants were asked about the frequency with which they had participated in MFIs' advisory sessions.

**Table 17**

*Frequency of Attending Advisory Sessions Offered by MFIs*

| Frequency of Attendance | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| Monthly | 10.3% | 10.3% |
| Quarterly | 50.9% | 61.2% |
| Occasionally | 28.5% | 89.7% |
| Rarely | 10.3% | 100.0% |
| Total | 100.0% | — |

In Table 17, it was found that women frequently attended advisory sessions, with 50.9% (quarterly), 28.5% (occasionally), and 10.3% (monthly) reporting attendance. However, only 10.3% reported seldom attending advisory. These results imply that women valued advisory sessions. The study thus recommends that all women consider seeking timely business advisory services for financial and general operations to promote performance.

### 4.7.3 Descriptive Statistics for Advisory Services

The researcher requested that participants share their opinions on the influence of advisory services on the financial performance of WOEs in Nakuru CBD. The mean and standard deviation were used to analyze the findings.

**Table 18**

*Descriptive Statistics for Advisory Services*

| | SD (%) | D (%) | N (%) | A (%) | SA (%) | Mean | SD |
|---|---|---|---|---|---|---|---|
| The advisory services offered meet our needs. | 1.8 | 0.0 | 1.8 | 48.5 | 47.9 | 4.41 | 0.706 |
| Advisories are readily available | 1.8 | 2.4 | 1.2 | 27.3 | 67.3 | 4.56 | 0.799 |
| The charges for these services are too high | 1.8 | 0.0 | 0.6 | 29.1 | 68.5 | 4.64 | 0.594 |
| Advisory services have helped improve your business skills | 1.2 | 1.2 | 1.8 | 47.9 | 47.9 | 4.40 | 0.705 |
| Advisory services have been very effective in guiding business decisions | 3.6 | 2.4 | 2.4 | 50.3 | 41.2 | 4.23 | 0.901 |
| Composite mean/Std. dev | | | | | | 4.45 | 0.741 |

As presented in Table 18, the majority of respondents found the advisory services helpful, as the reports indicated that the services were available and effective in meeting their needs. Most respondents responded positively by agreeing (48.5%) that advisory services were adequate for their needs, but 47.9% strongly approved of the same, indicating that there is a smaller constellation of clients who have unmet needs which may have arisen because of the detail or individualized nature of support required (mean, 4.41 and Std. Dev, 0.706). Sulemana et al. (2019) showed that business advisory and the duration of microfinance services accounted for approximately 12 percent of the difference in income among beneficiaries, thereby helping with business growth and reducing.

Additionally, the results indicate clear availability of advisory services to a large number of respondents. The robust response, with 67.3% of strong agreements and 27.3% agreeing responses, produced a mean score of 4.56 and a standard deviation of 0.799, indicating a high level of broad agreement. This result demonstrates that microfinance institutions tend to offer these services on terms that meet clients' needs, which is especially significant for inexperienced entrepreneurs.

Moreover, respondents had almost uniform views on the perceived cost of advisory services. It was specifically found that the charges for these services are too high, as strongly agreed by 68.5%, while 29.1% agreed with the statement, yielding a mean score of 4.64 and a low standard deviation (dev = 0.594). The uniformity of responses can be explained by MFIs' transparency regarding the fees charged for services. Mwangi and Kiambi (2021) also found that the cost of consultation services is always high, thus affecting business performance.

It is clear from respondents' participation that advisory services are a crucial contribution to business growth. Most participants noted that advisory services have helped enhance business skills, with 47.9% agreeing, and a similar percentage strongly agreeing, with a mean of 4.40 and a standard deviation of 0.705. Additionally, advisory services have been highly effective in guiding business decisions, with 50.3% and 41.2% of respondents strongly agreeing and agreeing, respectively. The high means and minor standard deviations indicate strong support and consensus regarding the value of these services. With an average mean of 4.45 and a standard deviation of 0.741, advisory services are regarded as a respected and influential part of microfinance institutions' offerings. The findings of Osamah and Alrefaei (2022), which established that microfinance institutions' advisory services are vital in improving the performance of micro and small enterprises (MSEs), strongly support the present study's results. Their

research showed that advisory services, such as business training, financial guidance, and record-keeping support, equip entrepreneurs with the managerial and financial skills needed to boost profitability, efficiency, and business sustainability.

## 4.8 Insurance Coverage Services

### 4.8.1 Utilization of MFIs Insurance Coverage Services

Participants were asked whether they had used MFIs' insurance services.

**Table 19**

*Utilization of MFIs' Insurance Coverage Services*

| Response | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| Yes | 67.3% | 67.3% |
| No | 32.7% | 100.0% |
| Total | 100.0% | — |

According to Table 19, 67.3% reported being insured with MFIs. However, 32.7% reported having no insurance coverage. The lack of insurance among some businesses is a concern that needs to be addressed to safeguard their businesses against unforeseen events. Based on these findings, all women should consider obtaining insurance, as it helps protect their businesses from unforeseen events.

### 4.8.2 Type of insurance cover

Participants were asked about the type of insurance coverage they use.

**Table 20**

*Types of Insurance Cover Accessed by Respondents*

| Type of Insurance Cover | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| Property Cover | 7.9% | 7.9% |
| Crop Cover | 10.3% | 18.2% |
| Education Cover | 15.8% | 34.0% |
| Life Cover | 24.8% | 58.8% |
| Medical Bills Cover | 41.2% | 100.0% |
| Total | 100.0% | — |

In Table 20, medical bills cover was the most preferred insurance cover (41.2%), followed by life cover (24.8%), education cover (15.8%), crop cover (10.3%), and finally, property cover (7.9%). Based on these results, most women knew the value of insurance, which is why they sought such services. The study thus recommends that women obtain business-specific insurance to protect their businesses against unforeseen events, including theft, damage, and fire.

### 4.8.3 Descriptive Statistics for Insurance Coverage Services

The researcher requested that participants provide their opinions on the influence of insurance coverage services on the financial performance of WOEs in Nakuru CBD. The mean and standard deviation were used to analyze the findings.

**Table 21**

*Descriptive Statistics for Insurance Coverage Services*

| | SD (%) | D (%) | N (%) | A (%) | SA (%) | Mean | Std |
|---|---|---|---|---|---|---|---|
| The premium is high | 3.6 | 2.4 | 3.0 | 52.1 | 38.8 | 4.20 | 0.899 |
| The procedure of processing claims is not complicated | 0.6 | 0.0 | 1.2 | 43.0 | 55.2 | 4.52 | 0.590 |
| The coverage amount is low | 4.2 | 3.6 | 2.4 | 48.5 | 41.2 | 4.19 | 0.966 |
| Insurance coverage is essential for the business | 1.8 | 1.8 | 1.8 | 55.2 | 39.4 | 4.28 | 0.756 |
| Insurance coverage provided has reduced the business risks | 1.8 | 2.4 | 1.8 | 53.3 | 40.6 | 4.28 | 0.779 |
| Composite mean/Std. dev | | | | | | 4.30 | 0.798 |

In Table 21, respondents' opinions on the microfinance institutions' insurance services were relatively uniform, with most respondents approving. In particular, 52.1% of the respondents agreed that premium costs were high, and 38.8% were in strong agreement, with a higher mean of 4.20 and a lower Std. Dev (0.899). The results indicate that most believe the premiums are too high, but a substantial percentage (6.0%) remains in disagreement, most likely due to confusion or varying prices. In yet another study, Bashir and Ondigo (2018) showed that microinsurance products, such as cost-of-service products, impact financial performance; hence, premium costs should be attractive.

Regarding the complexity of the claim processing procedures, opinions were somewhat uniform, with explicit agreement. Specifically, 55.2% (agreed strongly), while 43.0% (agreed) believed that the process is not complicated. With a mean score of 4.52, the highest in this category, and a Std. Dev of 0.590 indicates that respondents have explicit opinions on the issue. Such results may indicate a need to maintain client communication to continue meeting accessibility standards. In support, Masini (2015) found that claim procedures were simple and easily accessible to claimants.

Respondents were, overall, more inclined to agree with the amount of coverage and the role of insurance services than with other subjects. Specifically, most participants (48.5%-agreeing; 41.2%-strongly agreeing) considered the coverage amount to be low (mean = 4.19), and they understood insurance's significance to businesses, with 55.2% agreeing and 39.4% strongly agreeing (mean = 4.28). Both cases indicate a Std. Dev of 0.966 and 0.756, indicating that responses reflect some amount of uniformity that could be influenced by either similarity in the insurance policies involved or the nature of the businesses being considered.

Overall, insurance services were positively perceived, as reflected in the composite mean score of 4.30. However, respondents indicated that improvements are needed in the clarity and adequacy of coverage as well as in claims processing. This aligns with the findings of Yeboah and Obeng (2016), who found that user-friendly, clearly communicated insurance policies enhance clients' acceptance and utilization of insurance services.

### 4.9 Analysis of Financial Performances

#### 4.9.1 Most beneficial MFI Services

Participants were asked about the types of services they found most beneficial.

**Table 22**

*Most Beneficial MFI Services According to Respondents*

| MFI Service | Percentage (%) | Cumulative Percentage (%) |
|---|---|---|
| Savings | 41.2% | 41.2% |
| Funding | 37.6% | 78.8% |
| Advisory Services | 17.0% | 95.8% |
| Insurance Coverage | 4.2% | 100.0% |
| Total | 100.0% | — |

As shown in Table 22, the most beneficial insurance service was savings (41.2%), followed by funding (37.6%), advisory services (17.0%), and insurance cover (4.2%). From the results, it is clear that SMEs seek various financial services from MFIs to increase their businesses' performance. This research thus recommends that all SME owners in Nakuru should continuously engage financiers to advise them on the beneficial financial services that can boost their business performance.

### 4.9.2 Descriptive Statistics for Financial Performance of WOEs

The researcher requested that the participants share their opinions regarding the financial performance of WOEs in Nakuru CBD, and the mean and standard deviation were used to analyze the findings.

**Table 23**

*Descriptive Statistics for Financial Performance of WOEs*

| | SD (%) | D (%) | N (%) | A (%) | SA (%) | Mean | SD |
|---|---|---|---|---|---|---|---|
| The net profit of the enterprise has increased after utilizing the Microfinance institutions' services | 2.4 | 2.4 | 2.4 | 46.1 | 46.7 | 4.32 | 0.841 |
| The sale of goods and services has increased after utilizing Microfinance institutions' services | 3.0 | 2.4 | 3.0 | 35.8 | 55.8 | 4.39 | 0.901 |
| We have employed a minimal debt level after utilizing Microfinance institutions' services | 4.2 | 8.5 | 1.8 | 29.7 | 55.8 | 4.24 | 1.116 |
| Microfinance services have contributed to the profitability of the business | 4.2 | 6.1 | 3.0 | 28.5 | 58.2 | 4.30 | 1.073 |
| Composite mean/Std. dev | | | | | | 4.31 | 0.983 |

In Table 23, the outcomes of the statistical analysis of the financial performance of women-owned enterprises after association with microfinance institutions represent a positive picture. For net profit increases, 46.7% of the respondents strongly agreed, while 46.1% agreed that it has improved after using MFI services (Mean=4.32; Std. Dev =0.841).

Furthermore, there are indications that sales outcomes have improved. Notably, 55.8% respondents strongly agreed, whereas 35.8% agreed with a mean of 4.39 (Std. Dev 0.901), and the results indicate that microfinance offers–financing and entrepreneurial support – are possibly facilitating sales expansion and superior services, even though the net profit gains, and this could be attributed to profit gains. In addition, judging by borrowing volumes, it appears that microfinance services have enabled enterprises to manage their debts at acceptable levels. Respondents chose low debt over a large proportion, as indicated by 55.8% (agreed strongly) and 29.7% (agreeing). The mean score of 4.24 nearly matches the net profit dimension, with a standard deviation of 1.116.

Finally, worldwide, MFIs were highly regarded for their support of profitability, with respondents, albeit in this study, favoring at 58.2% (strong agreement) and 28.5% (agreeing). Respondents showed a generally positive perspective: the mean score was 4.30 with a standard deviation of 1.073 (agreement with contribution, but differences in certain opinions). Given the positive responses, a composite mean of 4.31 indicates that women entrepreneurs perceive any financial advantages as terrific (groundbreaking); however, there is still room for improved service delivery and business growth.

### 4.10 Diagnostic Tests

The study employed various diagnostic tests to assess the regression model's reliability.

### 4.10.1 Normality

The results for the Normality test were as follows:

**Table 24**

*Normality Results*

| Variables | Normality Sig. |
|---|---|
| SMEs financial performance | 0.405 |
| Saving services | 0.422 |
| Funding services | 0.288 |
| Advisory services | 0.366 |
| Insurance services | 0.600 |

In Table 24, the study found that the data were normally distributed, as all variable p-values were >0.05 based on the Shapiro-Wilk test. In particular, the p-values for SMEs' financial performance, saving services, funding services, advisory services, and insurance services were 0.405, 0.422, 0.288, 0.366, and 0.600, respectively. Based on the normality test results, the study concludes that the data were normally distributed.

### 4.10.2 Multicollinearity

The second test conducted was for multicollinearity, and the results are shown in Table 25.

**Table 25**

*Multicollinearity Results*

| Variables | Multicollinearity VIF |
|---|---|
| Saving services | 1.007 |
| Funding services | 2.310 |
| Advisory services | 1.105 |
| Insurance services | 1.103 |

Dependent variable: SMEs' financial performance

Regarding multicollinearity testing, this research found that all predictors/independent variables had VIFs> 1 and < 10. In particular, saving, funding, advisory, and insurance services were found to have VIFs of 1.007, 2.310, 1.105, and 1.103, respectively. Based on these results, it is clear that multicollinearity is the summary of key findings; the results are presented within the cutoff point (VIF <10 and >1).

### 4.10.3 Heteroscedasticity

The study also used heteroscedasticity to test the regression model's reliability, and the results are shown in Table 26.

**Table 26**

*Heteroscedasticity Results*

| | Heteroscedasticity | |
|---|---|---|
| Variables | t | Sig |
| Saving services | 0.206 | 0.277 |
| Funding services | 0.301 | 0.321 |
| Advisory services | 0.520 | 0.217 |
| Insurance services | 0.403 | 0.702 |

Dependent variable: SMEs' Financial Performance

Regarding heteroscedasticity, the study found that saving services, funding services, advisory services, and insurance services had p-values >0.05. In particular, it was found that saving services had a p-value of 0.277, funding services of 0.321, advisory services of 0.217, and insurance services of 0.702. Given that all independent variables had p-values > 0.05 and that heteroscedasticity was absent, the constant-variance requirement was not violated.

### 4.11 Inferential Statistics

The study conducted an inferential statistics analysis. These included Pearson correlation and regression analysis. The results are shown in the following subsections.

#### 4.11.1 Correlation Analysis

The study also included a correlation analysis to establish the nature and strength of the association between the independent and dependent variables.

**Table 27**

*Correlation Analysis*

| | | Saving services | Funding services | Advisory services | Insurance services | Financial performance |
|---|---|---|---|---|---|---|
| Saving services | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 165 | | | | |
| Funding services | Pearson Correlation | .258** | 1 | | | |
| | Sig. (2-tailed) | 0.001 | | | | |
| | N | 165 | 165 | | | |
| Advisory services | Pearson Correlation | 0.138 | -0.056 | 1 | | |
| | Sig. (2-tailed) | 0.077 | 0.474 | | | |
| | N | 165 | 165 | 165 | | |
| Insurance services | Pearson Correlation | -.304** | .311** | -.474** | 1 | |
| | Sig. (2-tailed) | 0.000 | 0.000 | 0.000 | | |
| | N | 165 | 165 | 165 | 165 | |
| Financial performance | Pearson Correlation | 0.122 | .482** | .460** | .491** | 1 |
| | Sig. (2-tailed) | 0.120 | 0.000 | 0.000 | 0.000 | |
| | N | 165 | 165 | 165 | 165 | 165 |

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

The correlation analysis revealed varying strengths and directions of relationships between microfinance institution services and the financial performance of women-owned enterprises. Savings services showed a weak, positive, but statistically insignificant relationship with economic performance ($r = 0.122$, $p = 0.120$), indicating that although many women actively save with MFIs, savings alone do not directly translate into improved business outcomes. However, savings demonstrated a weak-to-moderate positive correlation with funding services ($r = 0.258$, $p < 0.01$), suggesting that clients who save more are slightly more likely to qualify for or access loan facilities. Conversely, savings had a moderate negative relationship with insurance services ($r = –0.304$, $p < 0.01$), implying that clients who rely heavily on savings may view them as substitutes for insurance products.

Funding services exhibited a moderate-to-strong, positive, and statistically significant relationship with financial performance ($r = 0.482$, $p < 0.01$), making funding one of the most influential determinants of enterprise success. This underscores the importance of credit access in enhancing profitability, operational stability, and growth among women-owned enterprises. Funding services were also positively correlated with insurance services ($r = 0.311$, $p < 0.01$), indicating that borrowers are more likely to adopt insurance either as a loan requirement or as a complementary risk management tool. However, funding services showed a very weak and statistically insignificant negative relationship with advisory services ($r = –0.056$, $p = 0.474$), suggesting that participation in advisory sessions does not influence borrowing behavior.

Advisory services showed a moderate, statistically significant positive relationship with financial performance ($r = 0.460$, $p < 0.01$), highlighting the role of business training, mentorship, and financial literacy in improving enterprise outcomes. Despite this, advisory services showed weak, non-significant associations with savings ($r = 0.138$, $p =$

0.077) and funding services ($r = –0.056$, $p = 0.474$), indicating that training attendance does not directly shape saving or borrowing tendencies. More notably, advisory services were moderately and negatively correlated with insurance services ($r = –0.474$, $p < 0.01$), suggesting that clients who benefit from training may use other risk-management strategies or that advisory programs may not sufficiently emphasize the benefits of insurance.

Insurance services showed the strongest positive, statistically significant relationship with financial performance ($r = 0.491$, $p < 0.01$), underscoring their vital role in enhancing business resilience, reducing vulnerability to shocks, and stabilizing cash flows. However, insurance services showed moderate negative correlations with both savings ($r = –0.304$, $p < 0.01$) and advisory services ($r = –0.474$, $p < 0.01$), suggesting that some clients may substitute insurance for savings or may not fully appreciate the importance of insurance despite advisory interventions.

Overall, the results indicate that funding, advisory, and insurance services significantly enhance the financial performance of women-owned enterprises. In contrast, savings services, although widely used, do not have a direct measurable impact on business success. This highlights the centrality of loan access, training support, and risk-mitigation instruments as the key drivers of strong financial performance among women entrepreneurs in Nakuru's CBD.

### 4.11.2 Regression Analysis

The research used regression analysis to establish the relationship between independent variables (savings services, funding services, advisory services, and insurance services) and the performance of women-owned enterprises in Nakuru's Central Business District, Kenya.

### 4.11.3 Model Summary

The model summary showing the joint effect of the predictors (insurance services, advisory services, funding services, and saving services) on financial performance for women-owned enterprises is shown in Table 28.

**Table 28**

*Model Summary*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .686a | 0.471 | 0.458 | 2.11626 |

a. Predictors: (Constant), Insurance services, Saving services, Advisory services, Funding services

The model reports an R-squared ($R^2$) value of 0.471. The $R^2$ implies that the four variables accounted for about 47.1% of the variations in the financial performance of women-owned enterprises. The remaining 52.9% is attributable to other variables not included in the study. The standard error of the estimate was reported as 2.11626, indicating a significant effect of saving, funding, advisory, and insurance services on the financial performance of women-owned enterprises.

### 4.11.4 Analysis of Variance (ANOVA)

The analysis of variance (ANOVA) in this study was used to determine whether the model is a good fit for the data. The findings are indicated in Table 29.

**Table 29**

*Analysis of variance*

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 637.883 | 4 | 159.471 | 35.608 | .000[b] |
| | Residual | 716.566 | 160 | 4.479 | | |
| | Total | 1354.448 | 164 | | | |

a. Dependent Variable: Financial performance

b. Predictors: (Constant), Insurance services, Saving services, Advisory services, Funding services

The results in Table 29 indicate that the ANOVA model's $F(4, 160) = 35.608$ is significant, with a p-value of $0.000 < 0.05$. Therefore, the considerable p-value implies that the model is statistically significant and hence a good fit for analysis. It is evident that the independent variables statistically and significantly predict the financial performance of women-owned enterprises.

### 4.11.5 Regression Coefficients

The regression analysis coefficient in Table 30 shows the overall significant test results for the hypothesized research model

**Table 30**

*Regression Coefficients*

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 6.217 | 3.987 | | 1.559 | 0.121 |
| | Saving services | 0.199 | 0.078 | 0.167 | 2.544 | 0.012 |
| | Funding services | 0.507 | 0.101 | 0.333 | 5.029 | 0.000 |
| | Advisory services | 0.434 | 0.086 | 0.330 | 5.019 | 0.000 |
| | Insurance services | 0.270 | 0.072 | 0.282 | 3.746 | 0.000 |

a. Dependent Variable: Financial performance

The model was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Model is fitted as $Y = 6.217 + 0.199X_1 + 0.507X_2 + 0.434X_3 + 0.270X_4 + 3.987$

In Table 30, the study found that saving services had a statistically significant, positive relationship with financial performance ($\beta = 0.199$; p-value < 0.05), with a t-statistic of 2.544. The results can be interpreted to mean that an increase in savings services by any unit will lead to a 19.9% increase in the financial performance of women-owned enterprises. In support, Kariuki and Kibet (2018) showed that MFIs' savings services have a positive impact on Nakuru County's WOEs' financial performance.

Furthermore, it was established that funding services had a positive, statistically significant relationship with financial performance ($\beta = 0.507$; p-value = 0.000 < 0.05), with a t-statistic of 5.029. The results indicate that increasing funding services by a unit could improve the financial performance of women-owned enterprises by 50.7%. In a similar study, Murad and Idewele (2017) found that microfinance loans (funding) have a positive influence on organizational performance.

Moreover, it was revealed that advisory services were positively and significantly related to financial performance ($\beta = 0.434$; p-value = 0.000 < 0.05), with a t-statistic of 5.019. From the results, it can be concluded that increased use of advisory services will improve the financial performance of women-owned businesses by 43.4%. The results resonate with Mutisya *et al. (2014), who found that fund* advisory services have positive impacts on women-owned organizations.

Lastly, the research found that insurance services had a positive, statistically significant relationship with the financial performance of businesses owned by women ($\beta = 0.270$; p-value = 0.000 < 0.05), with a t-statistic of 3.746. The results indicate that a unit increase in insurance service use will improve the financial performance of businesses owned by women by 27.0%. A study by Epetimehin and Agboola (2022) found a

significant positive effect of microinsurance on SME performance. In summary, funding services had the most significant impact on financial performance, followed by advisory, insurance, and savings services, in that order.

### 4.12 Hypothesis Testing

The study aimed to establish how microfinance institution services of savings, funding, advisory, and insurance affect the women-owned enterprises' financial performance found in Nakuru's CBD. Multiple regression analysis was used to test these hypotheses, with the significance level (p-value) indicating whether to reject or not to reject each null hypothesis.

The first null hypothesis tested was **$H0_1$**: There is no statistically significant influence of the savings services offered by Microfinance institutions on the financial performance of women-owned enterprises in Nakuru CBD. The regression analysis showed that savings services had a statistically significant relationship with economic performance (p-value = 0.012 < 0.05). Therefore, the null hypothesis is rejected and the alternative hypothesis accepted.

The second null hypothesis tested was on **$H0_2$:** There is no statistically significant influence of funding services offered by Microfinance institutions on the financial performance of women-owned enterprises in Nakuru CBD. Through regression analysis, the study found a statistically significant positive relationship with funding services, as indicated by a p-value of 0.000 < 0.05. This means that the null hypothesis is rejected and the alternative hypothesis accepted.

Regarding the third hypothesis, the null hypothesis for HO3 is that there is no statistically significant influence of advisory services offered by Microfinance institutions on the financial performance of women-owned enterprises in Nakuru CBD.

The results revealed that advisory services were significantly related to the economic performance of women-owned enterprises, as evidenced by a p-value of 0.000 < 0.05. Therefore, the null hypothesis of no relationship is rejected.

On the fourth hypothesis, the null hypothesis was HO4: There is no statistically significant influence of insurance coverage services offered by microfinance institutions on the financial performance of women-owned enterprises in Nakuru CBD. Based on the regression results, the study revealed a significant positive relationship between the insurance services offered and economic performance, as indicated by a p-value of 0.000 < 0.05. Therefore, the null hypothesis is rejected since there is a significant relationship between the two variables.

**Table 31**

*Hypothesis Testing*

| Hypothesis | Significance (p-values) | Decision |
|---|---|---|
| Advisory Services | .012<0.05 | Reject the null hypothesis |
| Funding Services | .000<0.05 | Reject the null hypothesis |
| Savings Services | .000<0.05 | Reject the null hypothesis |
| Insurance Services | .000<0.05 | Reject the null hypothesis |

# CHAPTER FIVE

# SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

## 5.1 Introduction

This chapter provides a summary of the study's research findings based on its specific objectives; it then draws conclusions, discusses their implications, acknowledges the study's limitations, and finally offers recommendations for practice and future research.

## 5.2 Summary of the Findings

Under the summary of key findings, the results are presented according to the research objectives. The main areas are shown below.

### 5.2.1 Savings Services on the Financial Performance of Women-Owned Enterprises

The descriptive statistics showed that most respondents agreed that microfinance savings and withdrawal procedures were simple, and a majority acknowledged that saving with MFIs helped stabilize and grow their businesses. However, many also agreed that savings interest rates were high, and most disagreed that MFIs imposed mandatory savings limits, indicating flexibility in savings amounts. Despite these perceptions, the correlation analysis revealed a weak and statistically insignificant positive relationship between savings services and financial performance ($r = 0.122$; $p = 0.120$).

In contrast, the regression results indicated that savings services had a statistically significant positive effect on financial performance ($\beta = 0.199$; $p = 0.012$). These findings suggest that although savings alone may not strongly predict performance, they significantly contribute when combined with other microfinance services. This is supported by Kariuki and Kibet (2018), who found that MFI savings services positively enhance the financial performance of women-owned enterprises in Nakuru County.

### 5.2.2 Funding Services on the Financial Performance of Women-Owned Enterprises

The descriptive statistics showed that respondents generally viewed the funding services provided by microfinance institutions positively. Most respondents strongly agreed that the funding terms offered by MFIs were favorable and easy to access. Additionally, there was a slight variation in respondents' opinions on the adequacy of loan amounts, with most agreeing that the funding was sufficient to support their business activities. Respondents also consistently agreed that funding services directly contributed to the growth of their businesses and enhanced their operational capacity. The inferential results supported these descriptive findings.

Correlation analysis revealed a moderate, statistically significant positive relationship between funding services and financial performance ($r = 0.482$, $p < 0.01$), indicating that greater access to funding is associated with better profitability, growth, and stability. Regression analysis further demonstrated that funding services had a statistically significant and positive impact on financial performance ($\beta = 0.507$; $p < 0.05$), making it one of the strongest predictors of business success among the variables examined. These findings align with Murad and Idewele (2017), who similarly reported that microfinance loans positively influence organizational performance by improving firms' ability to invest, expand, and manage operational challenges.

### 5.2.3 Advisory Services on the Financial Performance of Women-Owned Enterprises

The study revealed that most respondents found advisory services relevant, accessible, and effective in supporting their business needs, especially in developing skills and guiding decisions. However, many also mentioned that the costs for these services were high. Despite this, the descriptive statistics showed significant usage and positive views of advisory support. Correlation analysis revealed a moderate, statistically significant

positive correlation between advisory services and financial performance ($r = 0.460$; $p < 0.01$). Likewise, regression analysis confirmed that advisory services had a meaningful positive effect on financial performance ($\beta = 0.434$; $p < 0.05$). These findings are consistent with Mutisya et al. (2014), who also found that advisory services improve the performance of women-owned businesses.

### 5.2.4 Insurance Cover on the Financial Performance of Women-Owned Enterprises

The descriptive statistics indicated that most respondents found insurance services expensive, with many agreeing that the premiums charged by microfinance institutions were high. Although some found the claims process complicated, most believed it was manageable and not overly complex. However, many participants felt that the insurance coverage amounts were relatively low and inadequate for their business needs. Despite these concerns, there was a strong consensus that insurance coverage is essential for reducing business risks and enhancing resilience against financial shocks.

The inferential analysis supported these perceptions. Correlation results revealed a moderate, statistically significant positive relationship between insurance services and the financial performance of women-owned enterprises ($r = 0.491$; $p < 0.01$), suggesting that greater insurance use is associated with better financial performance. Regression analysis also confirmed that insurance services had a significant positive impact on economic performance ($\beta = 0.270$; $p < 0.05$). These results align with Epetimehin and Agboola (2022), who similarly reported that microinsurance has a significant positive effect on the performance of small and medium enterprises by improving their ability to manage risks and sustain operational stability.

## 5.3 Conclusions

Regarding savings services and the financial performance of women-owned enterprises, the study finds that saving with MFIs has helped WOEs build a financial cushion against

unexpected costs, reducing financial stress and enhancing their overall economic health. Access to MFIs has also made it easier for WOEs to secure working capital, allowing them to buy stock, equipment, and raw materials needed for their businesses. This has resulted in higher production of goods and services, better product quality, and ultimately improved financial performance for the enterprise.

Regarding funding services and the financial performance of women-owned enterprises, the study concluded that MFIs' loans have helped WOEs start new businesses and expand existing ones. The funds provided have been used to produce high-quality products in large quantities, thereby increasing the enterprises' income. Additionally, access to these funds has enabled enterprises to seize new opportunities by providing the necessary capital to purchase stock, raw materials, and equipment.

In line with advisory services and the financial performance of women-owned enterprises, the research concluded that advisory services play a significant role in helping women make informed decisions when choosing a business to venture into, understand how to fully utilize available resources, meet the needs of consumers, attract customers, compete in the market, file tax returns, and grasp fundamental financial concepts, which has improved their financial literacy. These advisory services have contributed to increased enterprise income by enabling informed decision-making.

Regarding insurance coverage and the financial performance of women-owned enterprises, the study concluded that insurance helps when investing in various businesses and growing financially, as it covers most risks, such as theft, fire, injury, sickness, death, and funeral expenses. These risks can lead to significant financial losses. The insurance coverage also supports women during times of loss, as MFIs provide compensation. Overall, insurance enables women to invest in multiple businesses and achieve financial growth by covering most of their risks.

## 5.4 Recommendations

### 5.4.1 Recommendation for Policy and Practice

Based on the study's findings, several recommendations are proposed to improve the effectiveness of microfinance services and boost the financial performance of women-owned enterprises in Nakuru's CBD. First, the study suggests that microfinance institutions encourage women entrepreneurs to save regularly, helping them build financial buffers for emergencies and future business growth. Connecting savings accounts to credit facilities would further promote disciplined saving and provide a form of collateral for loans. This strategy would strengthen working capital and enhance financial resilience among women-owned businesses.

Secondly, the study recommends that MFIs adopt more flexible lending requirements by accepting group guarantees or movable assets as collateral. This approach would expand access to credit for women entrepreneurs who may lack traditional collateral. At the policy level, the government should work closely with regulators to create a more supportive environment for women-owned businesses through favorable tax incentives, streamlined regulatory procedures, and policies that reduce barriers to borrowing. Over time, these measures would increase access to funding and help more women start, sustain, and grow their businesses.

Thirdly, the study recommends that MFIs, in partnership with the county government, strengthen advisory services by providing structured training in record-keeping, marketing, and financial planning. Creating mentorship programs through ongoing training would equip women entrepreneurs with vital business management skills. These capacity-building efforts would empower women to adopt proactive management practices, ultimately boosting business growth and sustainability.

Finally, the study suggests that MFIs, government agencies, and insurance providers work together to organize seminars and workshops to raise awareness of the importance of insurance and the various products available. Gaining more knowledge and understanding would encourage more women to use insurance to manage risks, thereby reducing their vulnerability to financial shocks. Better access to insurance services would not only decrease business risks but also improve the overall performance and sustainability of women-owned businesses.

### 5.4.2 Recommendation for Further Studies

The study aimed to investigate the influence of MFIs on the financial performance of women-owned enterprises in Nakuru CBD. However, the research was limited to women-led businesses within the CBD. Therefore, it is recommended that further research be conducted on the same topic, focusing on all WOEs in Nakuru County. The study also suggests researching to assess the impact of microfinance institutions on poverty alleviation among women entrepreneurs in Nakuru, as the current research focused on the financial performance of WOEs. Additionally, a study should be carried out to examine the relationship between microfinance access and the formalization of women-owned enterprises. Finally, research can examine how cultural beliefs and gender roles shape women's access to microfinance services.

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## APPENDICES

**Appendix I:** Introductory Letter

Lucy Chilande Wanajala
P.O. Box 20157-Private Bag

KABARAK

Dear Respondent.

**Re: Request To Collect Research Data**

Greetings, I am Lucy Chilande Wanjala, a student at Kabarak University pursuing a master's degree in business administration. As part of the requirements for the award of a degree, I am currently undertaking research on the Influence of Microfinance Institutions' Services on the Financial Performance of Women-owned Enterprises in Nakuru's CBD.

As a result, I am requesting your assistance in completing the attached questionnaire, which is an essential component of the research procedure. Data collected will be treated with the utmost confidentiality and used solely for academic purposes. Upon request, a copy of the completed document can be provided to your institution.

I appreciate your cooperation.

Yours faithfully,

Lucy Chilande Wanjala.

**Appendix II:** Questionnaire

**Section I: Background Information**

**This section details your personal information.**

Please tick where appropriate

1. What is your highest level of Education?

Primary ☐ Secondary ☐ Tertiary ☐ Others (please explain)

……..

2. What is your age group?

18-27 ☐ 28-37 ☐ 38-47 ☐ 48 and above ☐

**Section II: Business Details**

3. What is the business activity you are involved in……

4. How many people have you employed?

1-5 ☐ 6-10 ☐ 11-20 ☐ More than 20 ☐

5. How long have you been doing this business?

Less than 1 year ☐ 4 years ☐ 5-6 years ☐ 7 years and above ☐

**Section III: Savings Services**

6. Do you have a savings account with a microfinance institution?

Yes ☐ No ☐

7. How often do you save with your Microfinance institution?

Daily ☐ Weekly ☐ Monthly ☐ Occasionally ☐

8. On a scale of 1-5, rank the following funding services aspects: 1-strongly disagree (**SD**), 2-disagree (**D**), 3-neutral (**N**), 4-agree (**A**), and 5-strongly agree (S**A**)

| | **On a scale of 1-5, indicate how you agree or disagree with the following statements, where 1=SD, 2=D, 3=N, 4=A, 5=SA** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Savings and withdrawal procedures are simple. | | | | | |
| 2 | There is a required limit on savings. | | | | | |
| 3 | The savings interest rate is high. | | | | | |
| 4 | Saving with Microfinance institutions has helped improve your business's financial stability. | | | | | |
| 5 | Access to microfinance institutions has influenced the growth of your business. | | | | | |

**Section IV: Funding Services**

9. Have you ever taken a loan from a microfinance institution?

Yes ☐ No ☐

10. If yes, how many loans have you taken out in the last 3 years?

One ☐ Two- Three ☐ Four or more ☐

11. On a scale of 1-5, rank the following funding services aspects: 1-strongly disagree (**SD**), 2-disagree (**D**), 3-neutral (**N**), 4-agree (**A**), and 5-strongly agree (**SA**)

| | **On a scale of 1-5, indicate how you agree or disagree with the following statements, where 1=SD, 2=D, 3=N, 4=A, 5=SA** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | Microfinance institutions charge low interest rates. | | | | | |
| 2 | Banks require collateral to loan. | | | | | |
| 3 | The size of funds issued is enough for the purpose. | | | | | |
| 4 | Funding services have helped drive revenue growth for your business. | | | | | |
| 5 | Funding services have helped expand your business operations. | | | | | |

**Section V: Advisory Services**

12. Do you receive business advisory services from your Microfinance institution?

Yes ☐ No ☐

13. How often do you attend advisory sessions offered by your microfinance institution?

Monthly ☐ Quarterly ☐ Occasionally ☐ Rarely ☐

14. On a scale of 1-5, rank the following funding services aspects 1-strongly disagree (**SD**), 2-disagree (**D**), 3-neutral (**N**), 4-agree (**A**), and 5-strongly agree (S**A**)

| | **On a scale of 1-5, indicate how you agree or disagree with the following services, where 1=SD, 2=D, 3=N, 4=A, 5=SA** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | The advisory services offered meet our needs. | | | | | |
| 2 | Advisories are readily available. | | | | | |
| 3 | The charges for these services are too high. | | | | | |
| 4 | Advisory services have helped improve your business skills. | | | | | |
| 5 | Advisory services have been very effective in guiding business decisions. | | | | | |

**Section VI: Insurance Services**

15. Does your business have insurance coverage through Microfinance?

Yes ☐ No ☐

16. If yes, what type of insurance cover?

Medical Bills Cover ☐ Life Cover ☐

Education Cover ☐ Crop Cover ☐

Property Cover ☐

17. On a scale of 1-5, rank the following funding services aspects 1-strongly disagree (**SD**), 2-disagree (**D**), 3-neutral (**N**), 4-agree (**A**), and 5-strongly agree (S**A**)

| | **On a scale of 1-5, indicate how you agree or disagree with the following insurance covers where 1=SD, 2=D, 3=N, 4=A, 5=SA** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | The premium is high. | | | | | |
| 2 | The procedure of processing claims is not complicated. | | | | | |
| 3 | The coverage amount is low. | | | | | |
| 4 | Insurance coverage is essential for the business. | | | | | |
| 5 | The insurance coverage provided has reduced business risks. | | | | | |

**Section VII: Financial Performance of Women-Owned Enterprise**

18. In your opinion, which microfinance service has been the most beneficial to your business performance?

Savings ☐ Funding ☐ Advisory services ☐ Insurance coverage ☐

19. On a scale of 1-5, rank the following funding services aspects: 1-strongly disagree (**SD**), 2-disagree (**D**), 3-neutral (**N**), 4-agree (**A**), and 5-strongly agree (S**A**)

| | **On a scale of 1-5, indicate how you agree or disagree with the following statements, where 1=SD, 2=D, 3=N, 4=A, 5=SA** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|---|
| 1 | The enterprise's net profit has increased after using Microfinance institutions' services. | | | | | |
| 2 | The sale of goods and services has increased after utilizing Microfinance institutions' services. | | | | | |
| 3 | We have maintained a minimal debt level after utilizing Microfinance institutions' services. | | | | | |
| 4 | Microfinance services have contributed to the business's profitability. | | | | | |

**Appendix III:** KUREC Clearance Letter

KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE

Private Bag - 20157
KABARAK, KENYA
Email: kurec@kabarak.ac.ke

Tel: 254-51-343234/5
Fax: 254-051-343529
www.kabarak.ac.ke

OUR REF: KABU01/KUREC/001/01/02/25

Date: 5th Feb, 2025

Lucy Chilande
Reg No: GMB/N/1642/09/21
Kabarak University,

Dear Lucy,

**RE: INFLUENCE OF MICROFINANCE INSTITUTIONS SERVICES ON THE FINANCIAL PERFORMANCE OF WOMEN-OWNED ENTERPRISES IN NAKURU CENTRAL BUSINESS DISTRICT**

This is to inform you that ***KUREC*** has reviewed and approved your above research proposal. Your application approval number is ***KUREC-010225***. The approval period is ***5/02/2025 – 5/02/ 2026.***

This approval is subject to compliance with the following requirements:

i. All researchers shall obtain an introduction letter to NACOSTI from the relevant head of institutions (Institute of postgraduate, School dean or Directorate of research)
ii. The researcher shall further obtain a RESEARCH PERMIT from NACOSTI before commencement of data collection & submit a copy of the permit to **KUREC.**
iii. Only approved documents including (informed consents, study instruments, MTA Material Transfer Agreement) will be used
iv. All changes including (amendments, deviations, and violations) are submitted for review and approval by ***KUREC***.
v. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to ***KUREC*** within 72 hours of notification;
vi. Any changes, anticipated or otherwise that may increase the risk(s) or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to ***KUREC*** within 72 hours;
vii. Clearance for export of biological specimens must be obtained from relevant institutions and submit a copy of the permit to KUREC;
viii. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal and;
ix. Submission of an executive summary report within 90 days upon completion of the study to ***KUREC***

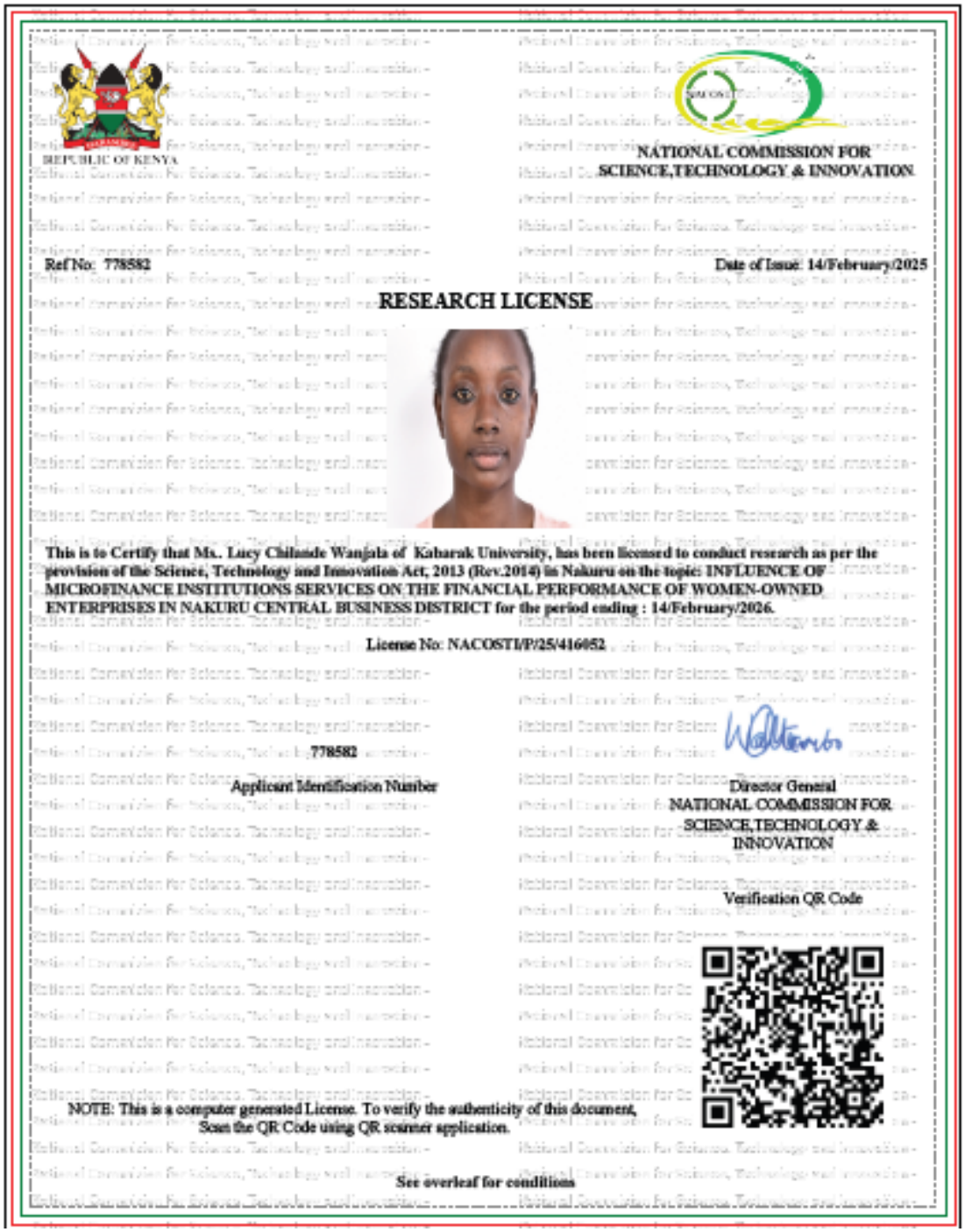
Sincerely,

**Prof. Jackson Kiptui PhD.**
KUREC-Chairman

KABARAK UNIVERSITY
INSTITUTIONAL RESEARCH ETHICS COMMITTEE
5 FEB 2025
APPROVED
P. O. PRIVATE BAG - 20157, KABARAK

Cc Vice Chancellor
DVC-Academic & Research
Registrar-Academic & Research
Director-Research Innovation & Outreach
Institute of Post Graduate Studies

**Appendix IV:** NACOSTI Research Permit



REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 778582

Date of Issue: 14/February/2025

**RESEARCH LICENSE**



This is to Certify that Ms. Lucy Chilande Wanjala of Kabarak University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nakuru on the topic: INFLUENCE OF MICROFINANCE INSTITUTIONS SERVICES ON THE FINANCIAL PERFORMANCE OF WOMEN-OWNED ENTERPRISES IN NAKURU CENTRAL BUSINESS DISTRICT for the period ending : 14/February/2026.

License No: NACOSTI/P/25/416052

778582

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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See overleaf for conditions

**Appendix V:** Evidence of Conference Participation

# KABARAK UNIVERSITY

## Certificate of Participation

**Awarded to**

*LUCY CHILANDE WANJALA*

For successfully participating in the 15th Annual Kabarak University International Research Conference held on 1st-2nd July 2025 and presented a paper entitled ***"Influence of Microfinance Institutions Services on the Financial Performance of Women Owned Enterprises in Nakuru Central Business District."***

**Conference Theme**

*Sustainable Business Models In The Era Of Artificial Intelligence For Youth Empowerment*

**Prof. Patrick Kibati**
**Dean, School of Business & Economics**

**Dr. Phillip Nyawere**
**Director - Research, Innovation and Outreach**

Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.

(1 Peter 3:15)

Kabarak University is ISO 9001:2015 Certified

**Appendix VI:** List of Publication

*Kabarak Journal of Research & Innovation*

*https://journals.kabarak.ac.ke/index.php/kjri/*

**RESEARCH ARTICLE**

# INFLUENCE OF MICROFINANCE INSTITUTION'S FUNDING SERVICES ON THE FINANCIAL PERFORMANCE OF WOMEN-OWNED ENTERPRISES IN NAKURU CENTRAL BUSINESS DISTRICT

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## ABSTRACT

Access to funding services remains a critical enabler of financial growth and sustainability for women-owned enterprises (WOEs), particularly in urban economic hubs such as Nakuru Central Business District (CBD). This study examined the influence of funding services offered by microfinance institutions on the financial performance of WOEs operating within Nakuru CBD. Guided by the Microfinance Credit Theory, the study employed a descriptive research design and targeted a sample of 200 respondents drawn from registered WOEs, out of which 165 valid responses were received yielding a response rate of 82.5%. Primary data were collected using structured questionnaires and analyzed through descriptive statistics, correlation, and regression analysis using SPSS. The descriptive findings indicated that most women entrepreneurs agreed or strongly agreed that microfinance institutions provided affordable interest rates, sufficient loan sizes, and funding that led to increased business revenue and expansion. The correlation analysis revealed a statistically significant positive relationship between funding services and financial performance ($r = .258$, $p = .001$). Further, regression results demonstrated that funding services had a significant predictive effect on financial performance, with a beta coefficient of $\beta = 0.507$, $p < .05$. ANOVA results confirmed the model's overall significance ($F = 11.677$, $p < .05$), and hypothesis testing led to the rejection of the null hypothesis. The study concluded that funding services offered by microfinance institutions significantly enhanced the financial performance of WOEs in Nakuru CBD. It recommended that microfinance institutions tailor their credit products to better meet the needs of women entrepreneurs, including lowering collateral requirements and increasing funding thresholds. Policy-makers were also urged to support frameworks that promote gender-inclusive financing mechanisms.

**Keywords**: Microfinance Institutions, Funding Services, Women-Owned Enterprises, Financial Performance, Nakuru CBD

## INTRODUCTION

Microfinance institutions (MFIs) have emerged as critical vehicles for advancing financial inclusion, particularly among women entrepreneurs who are often excluded from conventional financial systems. Women-owned enterprises contribute significantly to economic development,