DETERMINANTS OF ACCESS TO CREDIT BY WOMEN OWNED SMES IN
MIGORI TOWN, KENYA.

BY
JOYCE N.M. KWEYU

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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BY

JOYCE N.M. KWEYU

(638599)

A Project Report Submitted to the Chandaria School of Business in Partial Fulfilment
of the Requirement for the Degree of Masters in Business Administration (MBA)

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STUDENT’S DECLARATION
I, the undersigned, declare this my original work and has not been submitted to any other college, institution or university other than United States International University-Africa for academic credit.

Signed __________________________ Date: __________________________

Joyce N.M. Kweyu (ID No: 638599)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed __________________________ Date: __________________________

Dr. Amos Njuguna

Signed: __________________________ Date: __________________________

Dean Chandaria School of Business
ABSTRACT

Small and medium-sized Enterprises (SMEs) have a crucial role in an economy and are key source of economic growth. This is because of their dynamism and flexibility and can adapt quickly to changing market demand and supply situations. SMEs also generate employment, help diversifying economic activity and make significant contribution to export trade. SMEs in market economies are the engine of growth and development. SMEs contribute to sustainable growth and employment generation in a significant manner due to their private ownership, entrepreneurial spirit, flexibility and adaptability as their potential to react to challenges and changing environments in a competitive market frame-work. Women occupy pivotal positions in SMEs. Financial Institutions, to establish a foothold in the SME space, need to increasing access to finance for women-owned or women operated businesses as this is a sound strategy for them. Therefore, supporting women entrepreneurship by means of training and granting financial support is a key step to take towards guaranteeing the contribution of women to national economic development.

Though women constitute 52% of the total Kenyan population, majority of them in the SME sector have been excluded from the formal financial services – for example, few have bank accounts, can access loans and money transfer service. The rural women are more disadvantaged than their urban counterparts as such they are constrained to venture in income generating activities by social cultural factors, credit product features as well as SME firm’s characteristics.

The general objective of this study was to establish the determinants of access to credit by women owned SMES in Migori town. The specific objectives in this study were; i) To find out the influence of product features on credit access by women owned SMEs in Migori town; ii) To establish the influence of socio cultural factors on credit access by women owned SMEs in Migori town and finally iii) To determine the influence of firm characteristics on credit access by women owned SMEs in Migori town. The study employed a descriptive research design to establish the factors influencing credit access by women owned enterprises in Migori town. This study used a questionnaire as the research instrument to collect primary data from the target population comprising of 1281 registered businesses owned by women. A pilot test was conducted to confirm the
research instrument appropriateness for the study. Reliability tests were also conducted using ten questionnaires to determine the ability of the questionnaire to measure repeatability, stability or internal consistency. For content and construct validity to establish the factors influencing credit access by women owned enterprises in Migori town, expert judgment was sought from the supervising lecturer to ensure the questionnaire is appropriate for the study. The primary data collected will be analyzed using SPSS version 21 and results will further be presented using pie charts and tables.

The study results have provided useful information and insight to financial institutions, policy makers (including national and county governments) and SME community on how to improving financial support for women can increase the number of new businesses, which in turn, would boost economic activity, enable the expansion of old businesses, leading to increased productivity and growth. Women constitute a formidable demographic force and their ability to play this role effectively and contribute to the economic growth of their communities depends on how far the society supports their development. Empowering women is the current crucial challenge, which calls for constant review of policies, re-assessment of priorities, commitment of adequate financial resources, and effective implementation of programmes.
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DEDICATION

To my Dearest and Supportive Husband: Fredrick O. Adoyo; Daughter: Malesa Natieno; Dad: Late Mr. Tom B. Mwayi; Mum: Mrs. Maurice N. Mwayi, Siblings: Jude, Jeniffer, Bonny and the Late Sergio and my dearest Friends: Mercy Kivanda and Muna Massaquoi.
TABLE OF CONTENT

STUDENT’S DECLARATION........................................................................................................... ii
ABSTRACT...................................................................................................................................... iv
ACKNOWLEDGEMENT................................................................................................................... vi
DEDICATION................................................................................................................................... vii
TABLE OF CONTENT.................................................................................................................. viii

CHAPTER ONE .............................................................................................................................. 1
1.0 INTRODUCTION....................................................................................................................... 1
1.1 Background of the Study ........................................................................................................ 1
1.2 Statement of the Problem ..................................................................................................... 4
1.3 General Objective .................................................................................................................. 6
1.4 Specific Objectives ................................................................................................................ 6
1.5 Significance of the Study ..................................................................................................... 6
1.6 Scope of the Study .................................................................................................................. 7
1.7 Definition of Terms .............................................................................................................. 7
1.8 Chapter Summary .................................................................................................................. 9

CHAPTER TWO ............................................................................................................................ 10
2.0 LITERATURE REVIEW .......................................................................................................... 10
2.1 Introduction............................................................................................................................ 10
2.2 Product Features and Credit Access by Women Owned SMEs ............................................. 10
2.3 Social Cultural Factors and Credit Access by Women Owned SMEs.................................... 15
2.4 Firms Characteristics and Credit Access by Women Owned SMEs....................................... 18
2.5 Chapter Summary .................................................................................................................. 22

CHAPTER THREE ....................................................................................................................... 23
3.0 RESEARCH METHODOLOGY ............................................................................................... 23
3.1 Introduction............................................................................................................................ 23
3.2 Research Design..................................................................................................................... 23
3.3 Population and Sampling Design......................................................................................... 23
3.4 Data Collection Methods ...................................................................................................... 25
3.5 Research Procedures ............................................................................................................ 27
3.6 Data Analysis Method .......................................................................................................... 28
3.7 Chapter Summary .................................................................................................................. 28

CHAPTER FOUR .......................................................................................................................... 29
4.0 RESULTS AND FINDINGS ..................................................................................................... 29
4.1 Introduction............................................................................................................................ 29
4.2 Demographic Characteristics .............................................................................................. 29
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.3</td>
<td>Influence of Product Features on credit access by women owned SMEs in Migori town</td>
<td>36</td>
</tr>
<tr>
<td>4.4</td>
<td>Influence of Socio Cultural Factors on credit access by women owned SMEs in Migori town</td>
<td>40</td>
</tr>
<tr>
<td>4.5</td>
<td>Influence of Firm Characteristics on credit access by women owned SMEs in Migori town</td>
<td>45</td>
</tr>
<tr>
<td>4.6</td>
<td>Chapter Summary</td>
<td>50</td>
</tr>
<tr>
<td><strong>CHAPTER FIVE</strong></td>
<td><strong>DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS</strong></td>
<td><strong>51</strong></td>
</tr>
<tr>
<td>5.1</td>
<td>Introduction</td>
<td>51</td>
</tr>
<tr>
<td>5.2</td>
<td>Summary of the Study</td>
<td>51</td>
</tr>
<tr>
<td>5.3</td>
<td>Discussions</td>
<td>53</td>
</tr>
<tr>
<td>5.4</td>
<td>Conclusions</td>
<td>58</td>
</tr>
<tr>
<td>5.5</td>
<td>Recommendations</td>
<td>61</td>
</tr>
<tr>
<td><strong>REFERENCES</strong></td>
<td></td>
<td><strong>64</strong></td>
</tr>
<tr>
<td><strong>APPENDICES</strong></td>
<td></td>
<td><strong>75</strong></td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 3.1: Target Population.................................................................24
Table 3.2: Distribution of Sample Size.......................................................25
Table 4.1: Do you Keep Business Records..................................................32
Table 4.2: How are Business Records Kept...............................................33
Table 4.3: Business Location.................................................................33
Table 4.4: Land/Property Ownership.......................................................35
Table 4.5: Is Your Name Included in Ownership Documents......................35
LIST OF FIGURES

Figure 4.1: Response Rate .................................................................30
Figure 4.2: Age Bracket .................................................................30
Figure 4.3: Marital Status .............................................................31
Figure 4.4: Education Level ..........................................................32
Figure 4.5: Years of Experience in SME Sector .........................34
Figure 4.6: Biggest Expense Outside of Business .........................34
Figure 4.7: Banks conduct research on women related loan products 36
Figure 4.8: Banks loans have a grace period spelt out in the letter of offer 37
Figure 4.9: Interest on loans is competitive for all the women loans 37
Figure 4.10: Banks are flexible on the loan period .........................38
Figure 4.11: Women Loans have hidden charges during the loan period 38
Figure 4.12: Banks do not require collateral for loans sought by women 39
Figure 4.13: Banks restrict amount of loans granted to women based on the business 40
turnovers..................................................................................40
Figure 4.14: Literacy Levels contribute greatly to access of credit 41
Figure 4.15: Amount and size of family responsibilities deny women access to credit 41
Figure 4.16: Property ownership affects credit access among women 42
Figure 4.17: Work home conflicts negatively affects credit access among women 43
Figure 4.18: Hours committed to family issues by women influence credit access 43
Figure 4.19: Low confidence and lack of self-belief decreases chances of credit access 44
Figure 4.20: Entrepreneurial culture affects access to credit among women 45
Figure 4.21: Business location is a key consideration by banks before loan appraisal 45
Figure 4.22: Banks consider the size of business as key to a loan access 46
Figure 4.23: Business management skills is key in credit access 47
Figure 4.24: Capital structure of the business is a consideration for credit access in 47
banks..................................................................................47
Figure 4.25: Business continuity arrangements strongly supports credit access........48

Figure 4.26: Availability of business collateral contributes in credit access by
women.................................................................48

Figure 4.27: Credit access is dependent on record management and filing by the
customer.............................................................49
LIST OF ABBREVIATIONS AND ACRONYMS

GDP      Gross Domestic Product
ILO:     International Labour Organization
IMF      International Monetary Fund
KES      Kenya Shillings
MDGs:    Millennium Development Goals
MFI      Micro Finance Institution
NGOs:    Non -Governmental Organizations
SACCOs:  Savings and Credit Co-operatives
SME:     Small and Medium Enterprises
SSA      Sub Saharan Africa
UNECE    United States Economic Commission for Europe
CHAPTER ONE

1.0 INTRODUCTION

This chapter covered the background of the study, statement of the problem, purpose of the study, specific objectives of the study, research questions, and significance of the study, scope of the study, operational definition of terms and summary of the study.

1.1 Background of the Study

Entrepreneurship growth was identified as a key driver of economic growth, productivity, employment and innovation (Wube, 2010). Entrepreneurial and innovative people are identified to be pragmatic due to their ability to take risk and exploit opportunities (Histrich, 2005) Empirical evidence has however demonstrated that significant numbers of these enterprises are owned by men while women owned businesses are not common to spot worldwide (ILO, 2006).

In an International Labour Organization (ILO, 2006) research, Women entrepreneurship was found to play a significant role towards increased economic productivity, innovation, employment and ultimately economic growth. While the role of women in economic development through entrepreneurship has been found significant, credit access to advance, small-scale businesses owned by women have been a major challenge (Namusonge, 2006). Lack of credit facilities to women owned enterprises results in their increased poverty, low income as well closure of such businesses.

Walsh and Likinski (2009) in their findings noted that more women need to participate in business education addressing business growth, technology, revenue models, and securing correct types of finance. They further postulated that women business owners in the UK also sought less bank loans and overdraft facilities while globally women-led businesses received less than five percent of venture capital. This has impeded women dreams towards financial and psychological independence. Jalbert (2000) and Saffu and Manu (2004) intimated that female entrepreneurs encountered more problems looking for capital than their male counterparts owing to the fact that men face less challenges than women especially in the areas of finance, education and management skills.
Dovi (2006) concluded that firms owned and managed by men had more sophisticated planning owing to high literacy levels, more access to credit facilities as well as societal norms, which are more in tune with men compared to their female counterparts. This enhanced likelihood of men owned business to survive and grow from medium to large scale enterprises as compared to women led Small and Medium Enterprises (SMEs), which in the end collapsed.

In Kenya, access to credit by women owned SMEs is limited by such factors including low levels of education, unfavorable credit product features, meagre income generated from these businesses as well as socio-cultural factors that emphasizes patriarchal social authority structures, leading to limited, restricted or withdrawn support to women run businesses from their families for fear of husbands losing dominance (Njeru and Njoka, 1998). Mutuku Olubandwa and Odero (2006) pointed out that women have limited access to credit given socio-economic discrimination; they lack entrepreneurial culture, low confidence and self-belief; missing relevant networks as well as inappropriate training and preparation for entry into SMEs.

Aderemi, Ilori, Siyanbola and Adegbite. (2008) noted that most women owned enterprises in Africa are confronted with a number of constraints, which inhibit their scale up to large enterprises with majority remaining as micro enterprises. In Nigeria for instance, women owned enterprises are confronted with difficulty in getting finance, legal requirements, technology, poor access to market information, education and skills acquisition. In their Ethiopian research regarding women enterprises, Bekele and Worku (2008) found that businesses operated by women are 2.52 times more likely to fail in comparison with businesses operated by men due to inability to get financiers, inability to plough back profit, low level of education, socio-cultural environment, poor managerial skills as well as skills shortage.

Socio-cultural factors were found to affect entrepreneurship, among women in Nigeria; Jonson (2013) found that values, social factors, beliefs, norms and perceptions among some societies that placed higher premiums on men which in turn affected entrepreneurship culture among women negatively as it did promote entrepreneurial capabilities. These findings conformed to those of Mashenene, Macha and Donge (2014)
who concluded that socio-cultural factors were key determinants of entrepreneurial capabilities among the Chagga and Sukuma SMEs in Tanzania.

While investigating the influence of entrepreneurship skills on the performance of women owned enterprises in Africa, Msoka (2013) used quantitative and qualitative research on 73 women; He found a positive correlation between entrepreneurship knowledge and the performance of small-scale businesses. Further, Maziku, Majenga and Mashenene (2014) using quantitative and qualitative research among women entrepreneurs in Tanzania showed that attitude of husbands; ethnicity and immobility of women owners of SMEs negatively affect performance of women SMEs. Family roles and education were found, however, to have a weak positive effect on the performance of women SMEs.

Growth of SMEs owned by women is one of the prerequisite of fulfilling the Mellinuim Development Goals(MGDs) and achieving vision 2030. The importance of women SMEs in social and economic development has long been recognized by the ILO and hence the need to support their viability, expansion and growth. According to Heyzer (2010), entrepreneurship lies at the heart of job creation, black economic empowerment and bringing the “second” economy into the mainstream economy. Strategies that promote entrepreneurship among and in favor of women should be done within the context of fostering a stronger entrepreneurial culture in the country as a whole. With an enterprise culture that is still weak and especially for women owned enterprises, the above point is very important for Kenya. There has been a significant growth in female self-employment, with women now starting new ventures, at three times the rate of men. By forming over seventy percent of all new businesses, women now own over 8.5 million small business employing over 17 million people, an increase of over 45 percent since 1990 (Robert & Michael, 2002).

According to Hellen (2002), in Kenya among the factors that affect entrepreneurship, development in the country is inaccessibility to credit. The results from Kuzilwa (2005) were that women entrepreneurs were forced to search for financial assistance due to the lack of adequate capital such as credit and savings from the business. Macharia (1998), in a study of NGOs and Women small scale entrepreneurs in the garment manufacturing sector in Nyeri and Nairobi found that factors that inhibit credit to women include: lack of start-up capital; lack of awareness of existing credit schemes; high interest rates; lengthy
and vigorous procedures for loan applications; and lack of collateral security for finance. Sessional paper No. 2 of 2005 of the Kenya Government also cited lack of access to credit as a major constraint inhibiting growth of SME sector and more so for women entrepreneurs. The Kenya Government Sessional paper No.2 of 2005, additionally segments problems limiting SME acquisition of financial services as lack of tangible security in addition to an inappropriate legal and regulatory framework that does not recognize innovative ways for lending to SMEs and the limited access to formal finance due to poor and insufficient capacity to deliver financial services to SMEs.

Evidence, as adduced from from various literature documents, has shown that adequate credit aids entrepreneurship performance (Peter, 2001; Kuzilwa, 2005; Carter and Shaw, 2006). The results of such credit assistance to entrepreneurs especially women is often seen in improved income, output, employment and welfare of entrepreneurs (Kuzilwa, 2005). Credit has been found to have positive impact on business performance in Kenya (Peter, 2001; Tanzania Kuzilwa, 2005; Uganda Samiha, 2002).

1.2 Statement of the Problem
The role of SMEs in economic development currently ranges from employment creation, trade development leading to economic growth (Ayyagari, Demirgüç-Kunt, and Maksimovic, 2012). Even when their contribution to the economy have been well articulated, SMEs sectors growth continues to stagnate with very few transiting to large scale enterprises owing to reported poor performance due to inadequate finance inhibiting their operations and expansion (Rweyemamu, Kimaro and Urassa 2003). Beck and Demirguc-Kunt(2006) in their study found out that financing constraints reduce firm growth by 10% for small firms but only 6% for large firms, confirming that small firms are more adversely affected by a lack of financial access.

Many SMEs can’t access bank loans (Jamal and Nasser, 2003) limiting their financial muscle. Successful SMEs with access to finance from banks have reported inadequate/reduced funding due to banks loans rationing. This practice makes some firms to get loans and others fail to get loans at all. Rweyemamu and Venter, (2004) and Jamal and Nasser (2003) argued that limited access to finance inhibited SME performance and growth. For instance, Kessy and Temu (2010) argue that, “SMEs have very limited access to financial services from formal financial institutions in particular credit to meet their
working and investment capital needs”. However, scholars have not mentioned any reasons / factors that explain limited access of credit to SMEs. Furthermore, Jamal and Naser (2003) argued that, lack of capital and limited access to finance is a factor inhibiting entrepreneurship and influencing growth negatively, as it impedes the progress that comes from timely application of resources. SMEs in developing countries face an estimated financing gap of $2.1 to $2.6 trillion, which is equivalent to 30 to 36 percent of current outstanding SME credit with 200 to 245 million formal and informal enterprises starving from credit facilities

While Women entrepreneurs make significant contributions to their economies, the case for access to finance by women owned SMEs have remained even worse. Women entrepreneurs contribute greatly to the formal economy; women (IFC, 2011) own an estimated thirty-one to thirty-eight percent of formal SMEs in developing economies fully or partially. Women-owned SMEs face the same challenges as every other SME. However, these challenges are usually amplified, and/or harder to overcome and these seem to reflect the size of women-owned enterprises: which are typically very small firms. In terms of access to finance, there is evidence that women entrepreneurs have a disadvantage compared to their male counterparts. IFC (2011) reports that across the developing world Kenya included, more women-owned SMEs cited access to finance as a major constraint than SMEs with no women ownership. Around sixty-three to sixty-nine percent of women owned SMEs facing challenges of finance access with a credit gap totaling to $260 to $320 billion.

“Access to credit and credit financing remains a big challenge in the entire county due to lack of collaterals as most people do not possess title deeds This has been worsened by stringent conditions attached to credit by commercial banks and other lending institutions which majority of the people in the county cannot achieve due to the high poverty levels. Most of the population is employed in the informal sector and this makes it worse for individuals to access credit. The setting up of the Women and Youth Enterprise Funds as well as the support from the county government is anticipated to improve the situation during this planning period” (Migori- First County Integrated Development Plan 2013-2017). This study therefore sought to fill the literature gap which established the determinants of women owned SMEs access to credit in Migori town.
1.3 **General Objective**  
The general objective of this study is to establish the determinants of credit access by women owned SMEs in Migori town, Kenya.

1.4 **Specific Objectives**  
The specific objectives of this study include;

1.4.1 To find out the influence of product features on credit access by women owned SMEs in Migori town.

1.4.2 To establish the influence of socio cultural factors on credit access by women owned SMEs in Migori town.

1.4.3 To determine the influence of firm characteristics on credit access by women owned SMEs in Migori town.

1.5 **Significance of the Study**

1.5.1 **Financial Lending Institutions**  
From the study, Financial Lending Institutions operating in Migori now understand factors determining credit access and size of credit among the women entrepreneurs enabling them customize product features to suit the women entrepreneurs.

1.5.2 **Policy Makers**  
Policy makers are now able to narrow down and establish policy issues affecting women SME access to credit and thus advise the government and microfinance regulators on the most suitable policy framework to drive uptake of credit among women in SMEs.

1.5.3 **SME Community**  
The research recommendations have benefited the SMEs community as they are now educated on socio cultural factors, firm characteristics and loan product features impeding access to credit which when implemented improve their livelihoods through increased business performance.

1.5.4 **Scholars**  
The scholars can access the research at the University repository to assess gaps or areas recommended for further studies. Various research papers reviewed in this study show
that access to credit has a positive impact on growth at both a household level and at a national level. Among the papers reviewed, it was clear that SMEs in general face credit access constraints given that there are varying factors that affect firm’s access to credit.

Studies on credit access concentrated on the general SME sector leaving a knowledge gap as far as the women owned SMEs sector is concerned. There is a dearth of literature on the factors affecting credit access by Women owned SMEs in Kenya even when women constitute 52% of the Kenyan population. This study has bridged the knowledge gap by assessing the factors affecting credit access for women owned SMEs in Kenya and Migori Town in particular.

1.6 Scope of the Study
This study was confined to the SMEs licensed by Migori County Government and operating in Migori town. The research was conducted in years 2016/2017 while the respondents in this study were the women running registered SME businesses in Migori Town.

1.7 Definition of Terms

1.7.1 Credit Access
Refers to the possibility that individuals or enterprises can access/secure credit/loan funding from financial institutions like commercial banks, and non-bank financial institutions like SACCOs (Sarikiael, 2013).

1.7.2 Entrepreneur
The owner or the Manager of the enterprise, its executive director or a member of its managing board (UNECE, 2011).

1.7.3 Entrepreneurship
The creation of value through creation of organization process of stating and/or growing a new profit making business, the process of providing a new products or service (Bird and Brush, 1990).
1.7.4 Firm Characteristics

“According to Golan et al., (2003) firm’s resources and objectives summarized as firm characteristics, influence performance of organizations. These include structure, market and capital-related variables. Structure-related variables include firm size, ownership and firm age. Market-related variables include industry type, environmental certainty and market environment. Capital-related variables entail liquidity and capital intensity”, (Kisengo and Kombo, 2014).

1.7.5 Product Features

A function of an item which is capable of gratifying a particular consumer need and is hence seen as a benefit of owning the item. In business, a product feature is one of the distinguishing characteristics of a product or service that helps boost its appeal to potential buyers, and might be used to formulate a product marketing strategy that highlights the usefulness of the product to targeted potential consumers, (Businessdictionary.com, 2017).

1.7.6 Small and Medium Enterprises (SME)

The regulatory and institutional framework for the Kenya’s SMEs has been based on the number of employees and the company’s annual turnover. For instance, the micro enterprises have been defined as those employing less than 10 workers with annual turnovers of less than KES 500,000 and capital formation of less than KES 5 million for services or less than KES 10 million for enterprises doing manufacturing. Small enterprises are defined as those that employ between 10 and 50 workers with annual turnovers between KES 500,000 and KES 5 million and capital formation between KES 5 million and KES 20 million for services or between KES 5 million and KES 50 million for enterprises doing manufacturing, (Micro Small and Medium Enterprises Act[MSMEs], 2012).

1.7.7 Social Cultural Factors

These are customs, lifestyles and values that characterize a society. More specifically, cultural aspects include aesthetics, education, language, law and politics, religion, social organizations, technology and material culture, values and attitudes. Social factors
include reference groups, family, role and status in the society, (Yourbusiness.azcentral.com,2017).

1.8 Chapter Summary
This chapter introduced us to the what the proposed study will delve into, provided reference to other studies which indicate that the area is a gap not researched on and narrowed down the scope to Kenya and in particular Migori Town as the focal point for the study.

Following this, is chapter two, in which the review literature, guided by the specific research objectives, was undertaken. Chapter three covered research methodology where research design, population and sampling design, data collection methods, research procedures and data analysis methods were clearly described. Chapter four covered findings and results of the study; based on general information and information specific to the three research objectives. Chapter five delved into discussions on findings, conclusions and recommendations; where the major findings on the three research questions were a guide in discussions and providing conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter covers the empirical literature on studies done by other researchers in the same area of determinants of credit access by women owned SMEs in Migori town. The chapter is structured into various sections which provide an in-depth analysis, with a look into sub-factors within the main factors, of: the influence of product features, the influence of socio cultural factors and the influence of firm characteristics on credit access by women owned SMEs in Migori town and finally closed by a chapter summary.

This study was also anchored on the following theories: i) Access to Capital Theory, ii) The Credit Rationing Theory, iii) Financial Intermediation Theory and iv) Adverse Selection Theory to explain the influence of access to credit by women owned SMEs in Migori town.

2.2 Product Features and Credit Access by Women Owned SMEs
The credit product features were found, in various research papers, to influence access to credit. Credit product features included; grace period, loan size, interest rates, loan application fee, repayment schedule, loan term, associated costs, collateral requirements or guarantees as well as penalties on default.

2.2.1 Loan Products Specific to Women SME Needs
Weber and Musshoff (2012) concluded in their Micro Finance Institutions (MFIs) analysis in Tanzania that standard loans might be the reason why agricultural firms have lower credit access probabilities than nonagricultural firms due to poorly structured product features. The absence of adequate loan products for agricultural firms is, hence, considered to be one reason why the penetration of agricultural clients by MFIs is still low (Christen and Pearce, 2005; Llanto, 2007).

Kenya’s financial sector is diversified as compared to the other east African countries. It consists of the central bank, an additional number of commercial and non-financial institutions including a post office savings bank. Kenya has a vibrant stock exchange with over fifty listed companies, seven of which are commercial banks. The financial sector
contributes to 3.8 per cent of total employment in the country and is subject to central bank of Kenya regulation (Stevenson & St-Onge, 2005).

Stevenson & St-Onge (2005), contend that there are several sources of credit in Kenya ranging from commercial banks to micro-finance organizations to formal and informal savings groups. Information on the extent to which women SMEs are accessing finance from these various sources is not available, however, it is clear that the more formal the financial mechanism, the fewer women clients one will find.

The type of products offered to SMEs are generally standardized products, with fifty percent of the banks confirming that they offer their SME clients largely standardized products and thirty-eight percent of the responding banks stating that they offer an equal proportion of standardized and tailored products. Only two banks or thirteen percent of the total sample offer products, which are specifically targeted and tailored at SMEs. Kenyan banks largely offer a mixture of standardized and tailored products (50 percent), with one bank offering mostly tailored products. Many of the Kenyan banks indicated that their most popular SME products were non-traditional banking products/services like specific order and invoice financing. Only one Kenyan bank offered standardized products to its SMEs. The majority of Tanzanian banks (75 percent) offer an equal amount of standardized and tailored products, with one bank offering standardized products (Calice, Chando, & Sekioua., 2012).

In Uganda and Zambia, the majority of the banks (75 percent) offer standardized products with one bank in Uganda offering an equal amount of standardized and tailored products and one bank in Zambia specifically offering its SMEs tailored products. Overall, it seems to emerge a tendency to innovate in the SME lending market of the region. Consistently with the general view that the SME segment is strategically important for East African banks and that the market is increasingly competitive yet not saturated, banks are prepared to invest in product development as they seek to pursue a strategy based on differentiation (Calice, Chando, & Sekioua., 2012).

2.2.2 Loan Product Access Requirements

Loan processing, costs, loan fees, and documentation requirements have a high contribution as to whether a loan product is granted. Beck, Demirguc-Kunt & Peria
(2006) reported on an important survey of the largest commercial banks in a large sample of countries, documenting price and non-price barriers associated with deposit, credit and payment services. The survey showed critical variations across countries in the degree of physical access to formal financial institutions, documents required to maintain accounts, and costs (e.g., minimum balance requirements and fees). In one dramatic example, they found that opening a checking account in a commercial bank in Cameroon required a minimum deposit of over $700 (a figure greater than Cameroon’s GDP per capita). In Sierra Leone, maintaining a checking account required annual fees exceeding 25 percent of Sierra Leone’s GDP per capita. Getting a small business loan processed in Bangladesh, Pakistan, or the Philippines could take over a month. In addition, transferring $250 dollars abroad cost $50 in the Dominican Republic. These extreme examples were made more striking by the fact that other banks had managed to drop minimum balance requirements, cut annual account fees, speed up loan processing, and slash costs for sending remittances.

Mwobobia (2012) postulates that most commercial banks have special products for SMEs, in most cases offered along with other normal banking facilities however concerns have been raised as to the conditions of access to them and the cost of money borrowed, for example, Cooperative Bank of Kenya its financial support ranges between KES 15,000 (US 4205) to KES 300,000 (US$ 4,110) repayable in six months. Other formal banks’ lending to SMEs are Standard Chartered, CFC Stanbic and Commercial Bank of Africa or offering wholesale credit to the MFIs.

The greatest barrier facing women entrepreneurs in Kenya when it comes to access to finance is the issue of collateral requirements. This is because, in Kenya, only one percent of women own property and that makes it very difficult for women to provide collateral for banks. Most women who venture into businesses in the rural areas and need financing lack the needed collateral to enable them secure bank loans (Mwobobia, 2012). The financial aspects of setting up a business are without doubt the biggest obstacles to women (Zororo 2011, Brush 1992).

Women entrepreneurs lack information about how to get a loan, lack the necessary collateral to obtain one and/or face discriminatory laws or practices related to finance and credit (Common wealth secretariat, 2002). Kinyanjui (2006) found out that, some
entrepreneurs felt that it was difficult to obtain loans as they had to show credit records and they did not fully understand the requirements getting and paying loans.

Loans from Kenyan microfinance institutions tend to be limited in amount, have no grace period, are short term in design and carry very high interest rates. Therefore, in order to cater for both social and business needs, many women entrepreneurs are likely to taken a number of short-term loans. Studies have shown that loans to SME entrepreneurs only satisfy a fraction of their financial needs (Mwobobia, 2012). From the research by Stevenson and St-Onge (2005), it was concluded that formal financial support is seen to be too expensive for many women entrepreneurs and hence they treat this as a last resort.

2.2.3 Loan Product Repayment Management

In his study on uptake of agricultural loans in Bangladesh, Meyer (2002) argued that firms with loan repayment schedules matching expected cash flows to the time of harvest demonstrated high credit uptake owing to the fact that the loan repayments were tagged against the time of cash flow generation. Further Dalla Pellegrina (2011) states that compared to (flexible) loans of informal money lenders and conventional banks, standard loans of MFIs are less suitable to finance businesses with sporadic cash flows given that in some months the business have low sales.

By analyzing the effect of a two-month grace period on loan delinquencies of non-agricultural borrowers, Field, Jayachandran and Pande (2010) found that for loan products with grace product among some customers there was a higher loan uptake given that the grace period was able to compensate cash-flow induced liquidity shortfalls. Higher credit uptake was enhanced by the fact that the borrower would be cushioned against loan delinquency in case cash flow shortfall. Similar findings were arrived at by Czura, Karlan, and Mullainathan (2011) who established that borrowers whose loans had pre-defined grace periods during cash flow with possibility of postponing up to two repayment installments at any time three months after loan disbursement could borrow more than in loan products with no grace period.

2.2.4 The credit-rationing model

The credit-rationing model emanated from the revolutionary work of Stiglitz and Weiss (1981). According to Stiglitz and Weiss (1981) lenders seek to impose quantitative
restrictions on the amount of debt the borrower can obtain, so-called "equilibrium quantity rationing of credit", because higher interest rates may give additional impetus to adverse selection and risk taking. The model is based on imperfect credit markets characterized by information asymmetry, which makes it too costly for banks to obtain accurate information on the borrowers and to monitor the actions of the borrowers.

The Credit-Rationing model hypothesized that, many banks sought to maximize their profits through their choice of collateral and interest (thereby reducing the probability of default on their loans). Whereas, many potential borrowers sought to maximize their profits through the choice of projects (Okurut, Olalekan and Mangadi, 2012). Financial institutions structured their financial products based on the risk profile of the target group as well as competition. The product features used as a variable in this study are anchored on this theory.

2.2.5 Financial Inclusion Theory
According to Chakrabarty (2011) who indicated that financial inclusion refers to the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups like the weaker sections and in particular the low income groups, at a cost they can meet, in a transparent and fair manner, by mainstream financial institutional players. An inclusive financial sector is able to provide access to savings, credit, payments and insurance services for everyone (United Nations 2006). An inclusive financial sector provides choices of financial services to the eligible population for use if desired. There exist four main barriers to financial inclusion among them; physical barriers, social cultural factor barriers, affordability barriers and lack of appropriate products and services World Bank (2008).

Kempson, Atkinson and Pilley (2004) report that financial exclusion is further enhanced by poorly designed financial products whose features are not customized with key target groups in mind. Most prevalent amongst those on low incomes groups cannot access these products given their characteristics. Kempson et al (2004), supported by evidence from the Family Resources Survey 2002-2005, report that uptake of financial products and services is lowest amongst African-Caribbean, Black, Pakistani and Bangladeshi households in the UK is attributed to the given product features.
2.3 Social Cultural Factors and Credit Access by Women Owned SMEs

Wube (2010) pointed out that, in Africa most female owned SMEs are confronted with the challenges of nurturing their businesses and promoting the tradition of innovation and entrepreneurship due to complex socio-cultural factors creating intricate. This has led women to make tradeoff between tradition and the kind of business activities to undertake with most of women tending to undertake business activities that are in harmony with their traditional roles, which happen to be least profitable (UDEC, 2002).

2.3.1 Literacy Level Contribution on Access to Credit

Empirical evidence shows that women owned SMEs are embedded in a socio-cultural and individual aspect of culture a state that undermines the growth of women owned SMEs. Lack of sufficient education and training for women is another impediment to micro-enterprise success. Women are usually less educated than men, making them less well equipped to manage a business (Common Wealth Secretariat, 2002).

2.3.2 Amount and Size of Family Responsibilities

Family responsibilities have an impact on access to credit. According to Alila (2002), women have a heavier—household financial and time burden as compared to men. Competing financial needs between family and business becomes one of the major constraints to enterprise growth as women’s earned income from their enterprises is consumed at the household level with minimum savings critical in creating credit history. With many women being poor, the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it was set aside. McCormick and Pedersen (1996) argue that most women entrepreneurs in Kenya in the SME sector are married with more than six dependents, often with little or no assistance from their spouses. Therefore, women entrepreneurs have a heavier household financial burden than men do.

2.3.3 Property Ownership Effect on Access to Credit

According to Mutuku (2006), property or other assets that a borrower offers, a lender to secure a loan determines access to credit. If the borrower stops making the loan payments as agreed upon, the lender can take possession the collateral provided for the loan so as to
recoup its losses. This is because collateral offers some security to the lender in case the borrower fails to pay back the loan; loans that are secured by collateral typically have lower interest rates than unsecured loans. Collateral further play a disciplinary role in the behavior of the borrower solving the moral hazard problem. Traditional institutions such as the chieftaincy and the belief that men are superior and hence only they can claim land and not women have limited women’s access to land, which they can use as collateral for expensive loans. Culture is used to justify the subordinate position of women in the household, a factor that excludes women from property ownership.

According to World Bank report (2012) on Women Business and Law, women in Middle East and North African countries have fewer inheritance rights than men. Women are much less likely to have land titled under their name, even when their families own land, and are less likely than men to have control over land, even when they do formally own it. Biased inheritance rights often grant land to male relatives, leaving both widows and daughters at a disadvantage (Agarwal, 2003).

2.3.4 Work-Home Conflicts

Work-home conflict also impacts even childless women. Like the women in the study by Stoner, Hartman, and Arora (1990), Winn (2004) found that the demands of their business affected their ability to relax at home, causing marital unhappiness and work-home conflict. Even women who had the full support from their husbands reported that the time and stress of the businesses strained their marriages. Goffee and Scase (1985) pointed out that while —the wives of SME male owners often were subordinated to the needs of their husbands, the reverse was seldom true. Even entrepreneurial couples, husband-wife teams who worked closely together, —were often trapped by a gender-based division of responsibilities and authority typically resulting in —the wife acquiescing to [the husband's] benevolent authority.

2.3.5 Hours Committed by Women to Family Issues

Culture has also been used to justify the existing unequal division of labour where some of the cultural norms concerning age of marriage and marriage rights have also limited women's participation in formal schooling (Coles & Mitchell, 2011). Yet, African countries claim that African culture is dynamic and change-oriented. When it comes to issues of gender inequity, African culture seems to be protecting the culture of oppression
While many mothers become successful business-owners, the difficulties of balancing their families with their business obligations cannot be overemphasized. While self-employed women may put in fewer hours per week at their jobs than the average full-time worker (OECD, 1991) women too often underestimate the extent to which their own business will interfere with their family (Longstreth, Stafford, & Mauldin, 1987), or to the extent that their family will encumber the business (Winn, 2004). Women have been criticized for limiting the growth of their businesses (Carter, 2003; Brush, 2004) but the combination of undercapitalization and family obligations conspire to keep their businesses small, which limit their access to credit.

2.3.6 Low Confidence and Lack of Self-Belief
According to Felicia, George and Owoyemi (2013), social and cultural values and beliefs regarding entrepreneurship have an important influence on motivational antecedents of entrepreneurial intention and business performance significantly affecting women’s level of self-confidence; achievement-motivation and even their willingness to take risk, qualities that are closely linked to success in business.

2.3.7 Entrepreneurial Culture
While investigating gender and small businesses involving 310 owner-managers in Tanzania Tundui (2012) found that, women are unlikely to aim high as compared to men due to different socialization experiences. Culture was observed to have an effect in women participation in entrepreneurship and access to business credit. Ukpore (2009) postulates that culture can limit the opportunities women take in pursuing business credit. Women face additional barriers related to customs, have less time available due to the prevailing gender division of labor, or have lower intra-household bargaining position and consequently less control over their earnings.

2.3.8 Access to Capital Theory
The access to capital theory was founded on the 1972 Bolton reports outlined issues underlying the concept of finance gap on small firms. The theory rested on two components- i) knowledge gap-debt is restricted due to lack of awareness of appropriate sources, advantages and disadvantages of finance; and ii) supply-gap-unavailability of funds or cost of debt for larger enterprises exceeds the cost of debt to small enterprises i.e.
there are a set of difficulties which face a small company. Small companies are hit harder to taxation, face higher investigation costs for loans, and are generally less informed of sources of finance and less able to satisfy loan requirements. Small firms suffer from chronic undercapitalization due to limited access to capital and money markets. As the result, they are likely to have excessive recourse to expensive funds, which acts as a brake on their economic development.

The relevance of this theory to this study is that social cultural factors among them; ownership of property among women, women role in the family, ethnic density, traditions and risk-taking propensity creates access to credit gap to SMEs hence suffering from chronic undercapitalization

2.4   Firms Characteristics and Credit Access by Women Owned SMES
Majed, Alsharayri & Dandan (2010) and Sorooshian, Norzima, Yusuf & Rosnah (2010) point out that the factors that can impact on the capital structure and performance of SMEs include firm characteristics and entrepreneurial characteristics. Firm characteristics are traits or features specific to the firm, which can affect positively or negatively the performance of the firm. Firm characteristics include factors such as the age of the firm, the size of the firm and the availability of collateral and business information.

2.4.1   Business Location
The geographic closeness between lenders and customers has an association with a firm to access to credit. The lenders who have geographically proximity to their customers are capable of utilizing soft available qualitative information to establish the credibility of their customers for credit quality, Berger and Udell (2002). Physical closeness between lenders and borrowers produced an improved form of environmental scrutiny that aided SMEs to access credit from lenders. They found that firms situated in urban locations had a higher possibility of success than firms located in rural locations with access

Mpuga (2004) in a study analyzing the demand for credit in rural Uganda found out that rural households were at a disadvantage in terms of demand for credit i.e. whereas being in the rural area had no significant impact on the probability of applying for credit and the success of the loan application for individuals from the rural areas were about forty-four percent lower in magnitude than that of those in the urban areas.
Generally, banks are established in high-class urban areas, which makes it difficult to assess businesses located in poor urban or rural areas. Gilbert (2008) in a study found out that urban firms have better chance in accessing credits from banks than those who are in rural areas or poor urban areas. Additionally, a study conducted in South Africa also revealed that businesses in poor urban and rural areas are exposed to a high crime rate, which increases the risks, uncertainties in repayment of debt or bankruptcy (Fatoki and Asah, 2011). Subsequently banks are unenthusiastic to provide finance to business in those locations.

Though branches have been the traditional bank outlets, their limited distribution increases physical barrier owing to geographic distance to the nearest branch relative to the population (Beck, Demirguc-Kunt and Martinez Peria., 2007). Socio-cultural barriers prohibit women access to finance given structures in the society. Similarly, the location of the enterprises also plays an important role in their creditworthiness level. Berger and Udell (2006) in their study concluded that the geographical proximity of SMEs to their respective banks affect positively the banks’ decision-making. It enables the loan officers to obtain better environmental information about the borrowing enterprises.

2.4.2 Business Size

As already alluded to by Robb and Wolken (2002), the size, type and age of a firm are important financing determinants. From their findings, the larger the firm, the easier it is to access credit. Lenders are more comfortable with loaning funds to firms with high value assets as in the event of default, these assets can be liquidated to offset the outstanding debt.

Cassar (2004) stipulated that the size of the SME determine the chances of credit access. Small firms find it more expensive in solving problems associated information asymmetry with lenders. Most of firms in Tanzania operate in SME sector featured with difficulties in start-up and growth barriers associated with a shortage of finance. Fatoki and Asah (2011) found out that firm size impacts SMEs access to debt finance from commercial banks whereby small enterprises are less favored to large firms and therefore a hypothetical existence of a positive association between the firm size and SMEs access to debt financing.
2.4.3 Business Management Skills Including Records Management
In Zimbabwe, the findings of Robb and Wolken (2002) confirmed that older firms owned by foreigners were able to access bank credit with ease, as they possessed the capacity, collateral and performance trade record to support their applications. Long-term relationships with bankers were found to be a key determinant for accessing finance.

Stakeholders in making different economic and social decisions use an SME’s business information. Kitindi, Magembe and Sethibe (2007) point out that lenders use firm’s business information to assess current and future performance of the firm. Lenders are interested to know the status of their loan interest and principal by evaluating the firm’s capital structure. Furthermore, lenders use the business information to decide borrower’s credibility whether to issue or extend a loan or not. Absence of sufficient information leads to information asymmetry and may jeopardize access to credit finance (Sarapaivanich & Kotey, 2006).

2.4.4 Business Capital Structure
Bougheas, Mizen, and Yalcin (2005) pointed out that the requirement of collateral is a crucial aspect for SMEs to succeed in accessing external financing from lenders. SME sector faces difficulties to access external finances for their investment projects because of lack of assets to be pledged as collateral. In that perspective, SMEs fail to grow due to lack of collateral to pledge to facilitate access to external sources of finance.

Abor (2008) stated that the form of business organization has an effect on equity – debt decisions on SMEs operations. The owners of limited firm have limitations to answer against losses generated by the corporation whereby the owners of unlimited forms of organization (sole proprietorship and partnership) are liable up to their personal assets to cover for business losses. Dietmar, Konrad and Woywode (1998) point out that there exists a relationship between incorporation and access of debt financing i.e. incorporation increases the level of openness for users to know the firm’s status including their debt ratio and firm’s assets through statutory filings and audit. Lenders observe incorporation as a good indicator for firm’s trustworthiness and commitment to operational laws Cassar (2004).
2.4.5 Business Longevity and Continuity

As to the age of the firm, Robb and Wolken (2002), found that the more mature the firm is, the longer the performance history critical in providing information for credit assessments. Startup firms in many instances do not qualify for bank lines of credit because of their limited performance history.

The longevity of the firm in business operation has a direct co-relation to its survival chances and persistence to unpleasant economic circumstances (Chandler, 2009). A study by Makoni and Ngcobo (2014) found that it was easier for firms, with long relationship history with banks to access as banks base their decisions on how long and how well the firm has conducted its transaction bank account.

The study conducted by Brown, Chavis and Klapper (2010) discovered that, the firms with less than 5 years (younger firms) in operation were less likely to rely on debt financing from lenders. Ngoc, Le and Nguyen (2009) supported the argument that younger firms face hardship and more costs in accessing external financing from lenders because information asymmetry.

2.4.6 Availability of Business Collateral

Barbosa and Moraes (2004) and Fatoki and Asah (2011) suggested that operators of SMEs have to own more tangible assets that can create higher value on their firm to accelerate borrowing security. Collateral solves the information asymmetry problems in the evaluation of investment project, the worthiness of the project and risk that might be involved by a borrower as well as the cost related to supervision of borrower’s characters. The higher the value of assets the lower the interest rates of the debt being secured by those assets.

Coco (2000) suggested that the collateral is the lender’s protection incase default happened by a borrower, in that perspective collateral is the insurance that lender’s contract will be honored and respected.
2.4.7 Adverse Selection Theory

The adverse selection theory of credit markets emanated from the works of Stiglitz and Weiss (1981) who postulated two main assumptions: (i) lenders cannot distinguish between borrowers of different degrees of risk, and (ii) loan contracts are subject to limited liability (i.e., if project returns are less than debt obligations, the borrower bears no responsibility to pay out of pocket). The analysis only looked into involuntary default, i.e., it assumes that borrowers repay loans when they have the means to do so (Ghosh, Nag and Sirmans, 2000). Helsen and Chmelar (2014) point out that the adverse selection quality of the credit market becomes apparent when looking at the negative effects of allowing interest rates to rise under market influence. Rising interest rates will reduce the quality of the pool of borrowers by pushing out low-risk, low-yield borrowers and attracting riskier borrowers instead.

With relation to SMEs, the adverse selection problem arises due to incomplete information regarding the underlying quality of the project and the management of the small firm. Small enterprise finance market is characterized by risk and uncertainty regarding future conditions and information is distributed asymmetrically between the bank and the firm (Stiglitz and Weiss, 1981).

Further, the problem of information asymmetry and the resulting adverse selection problem is further compounded by certain trends like: competition, age of business, experience of the owner, assets ownership, record keeping, entrepreneurial training, level of education location of business, size of the business as well as business management skills (Lean and Tucker, 2001). The firm characteristics variable is therefore also anchored on this theory.

2.5 Chapter Summary

This chapter delved into expounding on the research specific objectives namely: the influence product features, socio cultural factors and firm characteristics on credit access by women owned SMEs by referencing to the various, related studies and materials that lead credence to the area of research.

Following this was chapter three, that looked into the research methodology covering; research design, population and sampling design, data collection methods, research procedures, data analysis methods and a summary of the said chapter.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter covered the methods used to capture the data for the research. It detailed the research design, population, sample and sampling techniques, data collection instruments, data collection procedures, data analysis and a chapter summary is included in this section.

3.2 Research Design
Kothari (2004) defined research design as the arrangement of conditions for collection and analysis of data in a manner that aimed to combine relevance to research purpose with economy in the perspective. In addition, Polit and Beck (2003) in their study, described research design as the overall plan for obtaining answers to the questions being studied and is also used in handling the difficulties encountered during the research process. This study used descriptive research design to explore the influence of credit access among the women owned enterprises in Migori town. The method provided information concerning the degree of relationship between the variables being studied (Mugenda & Mugenda, 2003).

3.3 Population and Sampling Design

3.3.1 Population
Barnes, Grove and Burns (2003) described population as all the elements that meet the criteria for inclusion in a study. A population refers to an entire group of individuals, events or objects having a common observable characteristic. The population of this study was all women owned enterprises in Migori town. The accessible population comprised of all the registered women with SMEs in Migori town.
Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Grocery</td>
<td>206</td>
<td>16%</td>
</tr>
<tr>
<td>Clothing and Textile</td>
<td>333</td>
<td>26%</td>
</tr>
<tr>
<td>Technology and Electronics</td>
<td>107</td>
<td>8%</td>
</tr>
<tr>
<td>Other Services</td>
<td>635</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1281</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Ministry of Finance, Migori County (Migori town registered women businesses)*.

### 3.3.1.1 Sample Frame

Mugenda and Mugenda (2003) and Kothari (2004) defined the term sampling frame as a list that contains the names of all the elements in a universe. The sampling frame for this study was the database from the ministry of trade in Migori County archiving all the licensed SME operators.

### 3.3.1.2 Sample Technique

Polit and Beck (2003) defined a sample as a proportion of a population. Sampling is the selection of a subset of individuals from within a population to yield some knowledge about the whole population, especially for the purposes of making predictions based on statistical inference. The study employed stratified sampling technique classifying the target population in four strata; those of food and grocery, clothing and textiles, technology and electronics as well as other service based SME owners. Within each of the strata, simple random sampling was used to identify individual respondents issued with a questionnaire and respond to the research statements. Using the formula below a sample size was determined.

### 3.3.1.3 Sample Size

Denscombe (1998) stated that, the sample must be carefully selected to be representative of the population and the researcher needs to ensure that the subdivisions entailed in the analysis are accurately catered for. Therefore, in determining the research sample from a large population of this nature, the research used the Mugenda and Mugenda (2003) formula given as

\[ n = \frac{Z^2 \cdot p \cdot (1-p)}{d^2} \]
Where;

\[ n = (1.96)^2 \times (0.5) \times (0.5) / 0.052 = 384 \]

For a population that is less than 10,000 like in this study; another formula was used to adjust the sample size further using; \( n_0 = n / (1 + ((n - 1) / N)) \)

\[ n_0 = 384 / (1 + ((384 - 1) / 1281)) \]

\[ n_0 = 296 \] Desired sample size.

\[ n = 384 \] Sample Size when population is more than ten thousand

\[ N = 1281 \] Total population size % Sample = 23%

<table>
<thead>
<tr>
<th>Table 3.2: Distribution of Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Food and Grocery</td>
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<tr>
<td>Clothing and Textile</td>
</tr>
<tr>
<td>Technology and Electronics</td>
</tr>
<tr>
<td>Other services</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

**3.4 Data Collection Methods**

The choice of data collection instrument is often very crucial to the success of a research and thus when determining an appropriate data collection method, one has to take into account the complexity of the topic, response rate, time and the targeted population. Wilson and McLean (1994) stated that the questionnaire is a widely used and useful instrument for collecting survey information, providing structured, often numerical data, able to be administered without the presence of the researcher and often being comparatively straightforward to analyze. In this study, a questionnaire was used to collect information from the sampled respondents.

The questionnaires contained both open ended and close-ended questions utilizing a Likert-type scale format. The Likert-type format was selected because this format yields equal-interval data, a fact that allows for the use of more powerful statistics to test research variables (Kiess and Bloomquist, 2009). Questionnaire, attached as appendix I, was preferred since according to Kothari (2006) the information obtained from
questionnaires is free from bias and researchers influence and thus accurate and valid data will be gathered.

3.4.1 Pilot Test

To check the validity and reliability of the questionnaires in gathering the data required for purposes of the study, a pilot study was undertaken to establish the accuracy and appropriateness of the research design and instrumentation (Saunders, Lewis and Thornhill, 2007). According to Kothari (2006), a pilot study sample should be 10% of the sample projected for the larger parent study. Both reliability and validity tests were used in this study.

3.4.2 Instrument Reliability

Data reliability which is a measure of internal consistency and average correlation was measured using Cronbach's alpha coefficient, which ranges from 0 to 1 (Kimberlin and Winterstein, 2008). The higher the alpha coefficient value means there is consistency among the items in measuring the concept of interest. As a rule of thumb, the reliability coefficients (Cronbach's alpha) for all the multiple-item measures must be at the recommended standard of 0.7 that has been suggested by Nunnally (1978). In addition, according to Kurpius & Stafford (2006), when the Cronbach results are between 0.6 and 0.7 it's considered adequate for a newly developed tool in non-clinical studies. Reliability refers to the repeatability, stability or internal consistency of a questionnaire (Jack & Clarke, 1998).

In this study, the data collection instrument, which in our case was a questionnaire, was duly completed by 10 (ten) randomly selected respondents who were not included in the final study sample in order to control for response biasness. The questionnaire reliability was evaluated against a coefficient of 0.7, which is recommended for a newly developed questionnaire.

3.4.3 Instrument Validity

A valid instrument is one that measures what the researcher intended to measure during a study. The validity or trustworthiness of a research instrument allowed room for more
credible and defensible results that led to generalizability, which is one of the concepts suggested by Stenbacka (2001) as the building block for both documenting and doing high quality qualitative research. McMillan and Schumacher (2006) described validity as the degree of congruence between the explanations of the phenomena and the realities of the world. While absolute validity is difficult to establish, demonstrating the validity of a developing measure is very important in research.

This study used both construct validity and content validity. For construct validity, the questionnaire was divided into several sections to ensure that each section assess information for a specific objective. For content validity, two randomly selected experts who were requested to evaluate the statements in the questionnaire for relevance to the study being conducted. Based on the evaluation, the instrument was adjusted appropriately before subjecting it to the final data collection exercise. Comments from the selected experts, which included the course supervisor, were used to ensure that content validity was enhanced.

3.5 Research Procedures

From the target population, which in this research was registered women owned SMEs in Migori Town, a list of all registered women owned SMEs was received from the County Government’s Ministry of Finance- Business Registration Department sorted by business category (Ref: Table 3.1). A sample size was developed (Ref: Table 3.2) from the target population.

Before dispatching the research assistants to administer the questionnaire, contact was made, through phone conversations and/or researcher’s visit to their premises, to the 296 sampled registered women SME owners with the intention of informing them of their selection to participate in the exercise, introduce the researcher and reason why the research was being done and seek their consent to participate in the same. This exercise was meant to create a rapport with the intended respondents so as to provide them with a sense of security that whatever information they provide will be treated with the utmost confidentiality and used for the right purposes. Interestingly, once this was clarified, all respondents were happy to participate in the process.
The questionnaires were self-administered with the help of research assistants. According to Cooper and Schindler (2003), self-administered questionnaires are advantageous in that they cost less than personal interviews and enable the researcher to reach participants who may otherwise be inaccessible.

3.6 Data Analysis Method
According to Zikmund and Babin (2011), data analysis refers to the application of reasoning to understand the data gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation.

Data from the study was analysed using descriptive statistics i.e. tables, graphs and pie charts were used to organize, summarize, present the data in line with the research questionnaire and inferences drawn from the results obtained. Statistical Package for Social Sciences (SPSS) version 21 software was used to facilitate analysis for it had in-build formulae. The software is a comprehensive system for data analysis and can take data from any type of file and use it to generate reports, charts, compare means, correlation and many other techniques of data analysis (Microsoft Corporation, 2003).

3.7 Chapter Summary
In this chapter, the researcher identified the software SPSS, which is internationally recognized, that was used to analyze the completed questionnaires with the intention of extracting patterns and summarizing details in order to be able to gain conclusions. SPSS was used because it is a tool that can be programmed to define variables and assigned codes to respondents, enter data and generate outputs (tables and graphs) that suit the needs of a research.

Therefore, chapter three had delved into describing the methodology that was used to carry out the study and provide answers to the three research questions. The research design was descriptive while the population was all registered women owned SMEs in Migori Town. The sample size, sampling techniques and primary data collection tool; the questionnaire, were described. The questionnaires developed were pilot tested before a refined one was administered to respondents. The next chapter will present the findings of the research.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of this study as set out in the research objectives and research methodology. The purpose of this study was to establish the determinants of access to credit by women owned SMEs in Migori Town. The first section of this chapter covers the general information, which presents demographic profiles of the respondents. The second section provides analysis on the influence of product features on access to credit by women owned SMEs in Migori Town, the third section has analysis on the influence of social cultural factors on access to credit by women owned SMEs in Migori Town and the final section explores the influence of the influence of firm characteristics on access to credit by women owned SMEs in Migori Town support on growth of business. The data was collected through questionnaires of which 296 questionnaires were handed out; the major sections of the questionnaire collected responses using the likert scale based questions for which respondents indicating their ‘extent of agreement’ which varied from ‘strongly agree’ to ‘strongly disagree’ with a given statement.

4.2 Demographic Characteristics

The demographic characteristics of the respondents: age, marital status, education level, business record keeping, business location, years of operation. Number of dependents, competing needs on SME profits, access to collateral and ownership were sought to find out influence of accessibility to finance by Women Owner SMEs in Migori Town.

4.2.1 Response Rate

Out of the 296 questionnaires sent out to the respondents, 226 were returned fully complete representing 76% response rate. According to Mugenda and Mugenda (2005), 50% of returned questionnaires are an indication of a successful response rate. Figure 4.1 provides a summary of the response rate.
4.2.2 Age Bracket

23(10%) of the Women SME Owners are in the age bracket of (19-29) which means very few young women venture in business in Migori Town; 34(15%) of women are in the age bracket of (30-39) years; 94(42%) are in the age bracket of (40-49) years which means that majority of the women who own registered SMEs in Migori Town are in this age bracket; 57(25%) of women are in the age bracket of (50-59) years and the final grouping of 18(8%) are in the age bracket of (Over 60). Majority of the respondents were above 40 years meaning that these age brackets represent people who have experience in life. This is also in line with Kimuyu & Omiti (2000) who employed that age is associated to access to credit, older entrepreneurs are more likely to seek out credit. Therefore, this age grouping is the most relevant and valuable for this study as it provides useful and usable information that answer the questions asked in this research. Figure 4.2 provides a summary of the ages from the respondents engaged in this survey.
4.2.3 Marital Status
The study also sought to establish the marital status of the Women SME owners in Migori town and 74(33%) were single, 106(47%) were married, 28(12%) were widowed and 18(8%) were separated from their husbands. On further analysis, the highest number of women accounting for 53% are living without a spouse either as a single, divorced or widowed while 47% of the women fall in the married category. Figure 4.3 provides a summary of the respondents’ marital status.

![Figure 4.3: Marital Status](image)

4.2.4 Education Level
The study found that 127(56%) of the respondents which is the majority had a primary level or lower of education, 70(31%) had secondary level, 18(8%) had Tertiary level (college, polytechnics) and finally 11(5%) possessed University education. These findings indicate that, it is becoming harder for women SMEs owners to perform well in their business due to low education levels and are consistent with the findings in the study by Tundui (2012) Figure 4.4 provides a summary of the respondents’ education level. Figure 4.4 provides a summary of the respondents’ education level.
4.2.5 Record Keeping

On whether the women SME owners keep records for their businesses, 23% indicated they keep records with 77% indicating they don’t keep. This ties into what was postulated by Rahman & Hossain, (1999) who indicated that one of the major problems of women entrepreneurs was lack of business knowledge about accounting and keeping records which consequently affect their operations. Table 4.1 below provides the summary regarding the record keeping question

Table 4.1: Do You Keep Business Records

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>52</td>
<td>23.0</td>
<td>23.0</td>
<td>23.0</td>
</tr>
<tr>
<td>No</td>
<td>174</td>
<td>77.0</td>
<td>77.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

For the women SME owners, who kept records, when asked ‘how they kept the records’, majority standing at 71.2% cited rough pieces of papers, 9.6% cited cash book, 7.7% has someone else (an assistant) keeping their records and 11.5% cited ‘other’ with all in this group using computerized systems to manage their records. This shows that, even though there is some form of record keeping, the ‘quality’ of the records kept would come into question i.e. can these records be used to form an opinion on whether to/not to provide access credit. This therefore belies the issue between the level of education and
understanding what ‘record keeping’ means. The table 4.2 below provides a summary of the follow-on question to record keeping.

**Table 4.2: How are Business Records Kept**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On a Piece of Paper</td>
<td>37</td>
<td>16.4</td>
<td>71.2</td>
<td>71.2</td>
</tr>
<tr>
<td>In a Cash Book</td>
<td>5</td>
<td>2.2</td>
<td>9.6</td>
<td>80.8</td>
</tr>
<tr>
<td>By an Assistant</td>
<td>4</td>
<td>1.8</td>
<td>7.7</td>
<td>88.5</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>2.7</td>
<td>11.5</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52</td>
<td>23.0</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td><strong>Missing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do Not Keep Records</td>
<td>174</td>
<td>77.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>226</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**4.2.6 General Business Location**

The study established that 89% of the surveyed registered women Owned SMEs were located within Migori town center while the remaining 11%, even though were not located within Migori town center, were still within the city limits. The Table 4.3 above summarized the responses to the business location question.

**Table 4.3: Business Location**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within Town</td>
<td>201</td>
<td>88.9</td>
<td>88.9</td>
<td>88.9</td>
</tr>
<tr>
<td>Outside Town</td>
<td>25</td>
<td>11.1</td>
<td>11.1</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>226</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**4.2.7 Years in SME sector**

The study established that 75(33%) of the respondents had less than 2 years’ experience in the SME business, 133(59%) had 2 to 5 years and 18(8%) having over 5 years of experience. The study results show that majority of the women SME entrepreneurs representing 92% had less than 5 years of experience. Figure 4.5 provides a summary of the respondents’ length of business operation.
4.2.8 Number of Dependents
All of the women interviewed in this study had children of their own as well as additional dependents; the average number of was 6 and of these dependants 4 were below the age of 18 years.

4.2.9 Biggest Expense outside of the business
The study also sought to find, after determining the number of dependents in the household, out what other activities, within the woman SME owner’s life, were competing for the profits/resources that are needed to run a successful SME. Figure 4.6 provides a summary of the respondents’ answers to the question regarding their biggest expense outside of their business.
These were: Food 63(28%); school fees 47(21%); other household expenses 93(41%) and others (which include extended family expenses) 23(10%).

4.2.10 Access to collateral and Property Ownership

For access to loans at commercial banks, banks usually request for collateral. When the Women SME owners were asked about ownership of land and/or property 15% responded to owning property individually; 34.5% indicated ownership was jointly with their husbands while the remaining 50.4% don’t own any property. Table 4.4 below summarizes the responses regarding the ownership question.

Table 4.4: Land/Property Ownership

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, Solely</td>
<td>34</td>
<td>15.0</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Yes, Jointly with my Husband</td>
<td>78</td>
<td>34.5</td>
<td>34.5</td>
<td>49.6</td>
</tr>
<tr>
<td>No</td>
<td>114</td>
<td>50.4</td>
<td>50.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Of the respondents who indicated ‘yes’ to the property ownership question (49.6%); an additional question of ‘legal ownership’ was asked as property needs to be legally owned (have documentation) for it to be a viable source for collateral with any financial institution. To this question, the responses were 15.2% yes while an overwhelming majority of 84.8% said no. Table 4.5 below provides a summary of the responses to the question ‘is your name included in the land/property documents?’

Table 4.5: Is Your Name Included in Ownership Documents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>17</td>
<td>7.5</td>
<td>15.2</td>
<td>15.2</td>
</tr>
<tr>
<td>No</td>
<td>95</td>
<td>42.0</td>
<td>84.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>49.6</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>Missing</td>
<td>114</td>
<td>50.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
<td>100.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
For those who own property either singularly or jointly with their husband and for whom names are missing from the registration documents, their response to the ‘why’ question ranged from, ‘is it necessary’; ‘I didn’t know that this is what needs to be done’; ‘the transfer costs are too high’; to ‘my spouse said that property should be in a man’s name as culture dictates’. Women are less likely to have their names included on a land title deed, even when their families own land, and have reduced control over land, even when they hold official title documentation to it. Biased inheritance rights often gifted land, by default, to male relatives, leaving both widows and daughters at a disadvantage (Agarwal, 2003).

4.3 Influence of Product Features on credit access by women owned SMEs in Migori town

To determine whether product features affect access to credit for women owned SMEs in Migori town; the researcher posed several statements to which the respondents were asked to indicate their ‘level of agreement’ to statements provided using a Likert 1-5 scale with 1 being ‘not at all’, 2 being ‘very low extent, 3 being ‘low extent’, 4 being ‘high extent’ and 5 being ‘very high extent’. Results of the research on Loan Product Features and their impact on access to credit were as follows:

4.3.1 Banks conduct research on women related loan products

![Figure 4.7: Banks conduct research on women related loan products](image)

From figure 4.7 above the research results were: 64.2% had an agreement level of ‘not at all’, 8% had an agreement level of ‘very low extent’, 3.1% had an agreement level of ‘low extent’, 4.9% had an agreement level of ‘high extent’ and finally 19.9% had an agreement level of ‘very high extent’. Therefore, the research concluded, from the 64.2% of the women SME owners disagreeing with the statement, that banks did not carry out research on women related loan products before introducing the same to the market.
4.3.2 Bank loans have a grace period spelt out in the letter of offer

![Bar chart showing the percentage distribution of agreement levels for bank loans having a grace period spelled out in the letter of offer.]

**Figure 4.8: Banks loans have a grace period spelt out in the letter of offer**

The research results, from figure 4.8 above, were: 59.7% had an agreement level of ‘not at all’, 12.8% had an agreement level of ‘very low extent’, 0.4% had an agreement level of ‘low extent’, 8.0% had an agreement level of ‘high extent and finally 19.0% had an agreement level of ‘very high extent’. 59.7% of the respondents disagreed with the statement, and the research concluded that banks loans have no, if any, grace period spelt out in the letter of offer.

4.3.3 Interest on loans is competitive for all the women loans

![Pie chart showing the percentage distribution of agreement levels for interest on loans being competitive for all women loans.]

**Figure 4.9: Interest on loans is competitive for all the women loans**

From the above statement and figure 4.9, the research results were: 79.6% had an agreement level of ‘not at all’, 4.9% had an agreement level of ‘very low extent’, 0.4% had an agreement level of ‘low extent’, 4.0% had an agreement level of ‘high extent and
finally 11.1% had an agreement level of ‘very high extent’. From the responses received, 79.6% of the respondents were in disagreement and therefore concluded that the interest charged on loans WAS NOT being competitive for all the women loans.

4.3.4 Banks are flexible on the loan period

![Figure 4.10: Banks are flexible on the loan period](image)

From figure 4.10 above, the research results were: 77.0% had an agreement level of ‘not at all’, 16.8% had an agreement level of ‘very low extent’, 3.1% had an agreement level of ‘low extent’, 0.9% had an agreement level of ‘high extent and finally 2.2% had an agreement level of ‘very high extent’. In conclusion, the majority of respondents which in this case was 77%, agreed that banks are ‘inflexible’ on the loan periods.

4.3.5 Women loans have hidden charges during the loan period

![Figure 4.11: Women Loans have hidden charges during the loan period](image)
With figure 4.11 above, the research results were: 18.1% had an agreement level of ‘not at all’, 11.9% had an agreement level of ‘very low extent’, 0.9% had an agreement level of ‘low extent’, 11.9% had an agreement level of ‘high extent’ and finally 57.1% had an agreement level of ‘very high extent’. The research concluded that bank loans, did indeed, have hidden charges during the loan period.

4.3.6  Banks do not require collateral for loans sought by women

![Figure 4.12](image)  
*Figure 4.12: Banks do not require collateral for loans sought by women*

Regarding ‘banks don’t require collateral for loans sought by women’ and reflected figure 4.12 above, the research results were: 69.0% had an agreement level of ‘not at all’, 9.7% had an agreement level of ‘very low extent’, 8.8% had an agreement level of ‘low extent’, 9.7% had an agreement level of ‘high extent’ and finally 2.7% had an agreement level of ‘very high extent’. In conclusion, banks do require collateral for loans sought by women.

4.3.7  Banks restrict amount of loans granted to women based on the business turnovers

On the above statement and figure 4.13 below, the research results were: 15.9% had an agreement level of ‘not at all’, 5.3% had an agreement level of ‘very low extent’, 0.4% had an agreement level of ‘low extent’, 18.1% had an agreement level of ‘high extent’ and finally 60.2% had an agreement level of ‘very high extent’ and can therefore be concluded that banks restricted the loan amounts based on business turnover.
4.4 Influence of Socio Cultural Factors on credit access by women owned SMEs in Migori town

To determine whether social cultural factors affect access to credit for women owned SMEs in Migori town, the researcher posed several statements to which the respondents were asked to indicate their ‘level of agreement’ to statements provided using a Likert 1-5 scale with 1 being ‘not at all’, 2 being ‘very low extent’, 3 being ‘low extent’, 4 being ‘high extent’ and 5 being ‘very high extent’. On Social cultural factors and their impact on access to credit, the researcher determined that:

4.4.1 Literacy level contributes greatly to access of credit

Regarding the above statement and figure 4.14 below, the research results were: 8.8% had an agreement level of ‘not at all’, 7.1% had an agreement level of ‘very low extent’, 0.9% had an agreement level of ‘low extent’, 22.1% had an agreement level of ‘high extent’ and finally 61.1% had an agreement level of ‘very high extent’. In conclusion literacy levels have a high contribution to access to finance.

Figure 4.13: Banks restrict amount of loans granted to women based on the business turnovers
4.4.2 Amount and size of family responsibilities deny women access to credit

Regarding the statement ‘amount and size of family responsibilities deny women access to credit’ and figure 4.15 above, the research results were: 19.9% had an agreement level of ‘not at all’, 11.9% had an agreement level of ‘very low extent’, 2.2% had an agreement level of ‘low extent’, 12.8% had an agreement level of ‘high extent’ and finally 53.1% had an agreement level of ‘very high extent’. Therefore, with the 53.1% of the respondents agreeing with the statement, it can be concluded that the amount and size of family responsibilities denied women access to finance.
4.4.3 Property ownership affects credit access among women

![Bar Chart](image)

**Figure 4.16: Property ownership affects credit access among women**

On the above issue as illustrated by figure 4.16 the research results were: 5.8% had an agreement level of ‘not at all’, 0.9% had an agreement level of ‘very low extent’, 0.4% had an agreement level of ‘low extent’, 30.1% had an agreement level of ‘high extent and finally 62.8% had an agreement level of ‘very high extent’. With 62.8% of the respondents agreeing with the above statement, it is concluded that this had an impact on access to finance just like it was concluded in the section 4.3.6. This shows a running theme of the impact of collateral and title to is has on access to credit.

4.4.4 Work home conflicts negatively affects women access to credit

With ‘work home conflicts negatively affect women’s access to credit’ and as reflected in figure 4.17 below, the research results were: 25.2% had an agreement level of ‘not at all’, 12.8% had an agreement level of ‘very low extent’, 3.1% had an agreement level of ‘low extent’, 8.8% had an agreement level of ‘high extent and finally 50.0% had an agreement level of ‘very high extent’. Even though 50% of the respondents agreed that work home conflicts greatly affect women’s access to finance, it’s important to point out that a growing minority of 25.2% disagree and it may mean that this factor has a decreasing
impact on access to credit even though we conclude that it does impact on access to credit.

![Figure 4.17: Work home conflicts negatively affects credit access among women](image)

**4.4.5 Hours committed to family issues by women influence credit access**

![Figure 4.18: Hours committed to family issues by women influence credit access](image)

On the above statement and as illustrated in figure 4.18, the research results were: 16.8% had an agreement level of ‘not at all’, 8.0% had an agreement level of ‘very low extent’, 2.2% had an agreement level of ‘low extent’, 19.9% had an agreement level of ‘high extent and finally 53.1% had an agreement level of ‘very high extent’ and was concluded that hours spent on family related matters, which ties into the high positive response on 4.4.4 earlier reviewed, has a negative effect on access to credit i.e. it reduces the chances
of women enterprise owners being able to access affordable credit as they have limited
time to search and review information on available credit avenues.

4.4.6 Low confidence and lack of self-belief decreases chances of credit access

On the statement ‘low confidence and lack of self-belief decreases chances of credit access’ and figure 4.19 below the research determined that, as per level of agreement: 15.9% had an agreement level of ‘not at all’, 2.2% had an agreement level of ‘very low extent’, 0.9% had an agreement level of ‘low extent’, 8.0% had an agreement level of ‘high extent and finally 73.0% had an agreement level of ‘very high extent’. In conclusion low confidence and self-belief has an impact on access to credit and this is due to the fact that the women enterprise owner are not able to assert themselves and renegotiate loan terms to suit their needs but rather assume the attitude of what has been said ‘is cast in stone’ and let go of the funding avenue.

![Figure 4.19: Low confidence and lack of self-belief decreases chances of credit access](image)

4.4.7 Entrepreneurial culture affects access to credit among women

When it comes to ‘entrepreneurial culture affects access to credit among women’ the research results, as shown on figure 4.20 below, were: 21.7% had an agreement level of ‘not at all’, 8.8% had an agreement level of ‘very low extent’, 1.3% had an agreement level of ‘low extent’, 18.1% had an agreement level of ‘high extent and finally 50.0% had an agreement level of ‘very high extent’. Even though 50% of the respondents agreed that entrepreneurial culture greatly affects women’s access to finance, a growing minority of 21.7% disagrees and it may mean that this factor has a decreasing impact on access to credit even though we conclude that entrepreneurial culture does impact the same.
4.5 Influence of Firm Characteristics on credit access by women owned SMEs in Migori town

To determine whether firm characteristics affect access to credit for women owned SMEs in Migori town, the researcher posed several statements to which the respondents were asked to indicate their ‘level of agreement’ to statements provided using a Likert 1-5 scale with 1 being ‘not at all’, 2 being ‘very low extent’, 3 being ‘low extent’, 4 being ‘high extent’ and 5 being ‘very high extent’. On Firm Characteristics and their impact on access to credit, the researcher determined that:

4.5.1 Business location is a key consideration by banks before loan appraisal

From Figure 4.21 above, the research results were: 19.0% had an agreement level of ‘not at all’, 4.9% had an agreement level of ‘very low extent’, 2.2% had an agreement level of ‘low extent’, 3.1% had an agreement level of ‘high extent and finally 70.8% had an agreement level of ‘very high extent’. In conclusion based on the 70.8% of the
respondents agreeing with the statement is that business location is a key consideration by banks before loan appraisal.

4.5.2 Banks consider the size of business as key to a loan access
Considering ‘banks consider the size of business as key to loan access’ and as illustrated in Figure 4.22 below, the research results were: 26.5% had an agreement level of ‘not at all’, 3.1% had an agreement level of ‘very low extent’, 0.4% had an agreement level of ‘low extent’, 25.2% had an agreement level of ‘high extent’ and finally 44.7% had an agreement level of ‘very high extent’. In conclusion, even though a growing minority of 26.5% doesn’t agree with the statement, banks do consider the size of business as key to loan access.

![Figure 4.22: Banks consider the size of business as key to a loan access](image)

4.5.3 Business management skills is key in credit access
With regards to the above statement and Figure 4.23 below, the research results were: 10.2% had an agreement level of ‘not at all’, 4.9% had an agreement level of ‘very low extent’, 3.1% had an agreement level of ‘low extent’, 11.9% had an agreement level of ‘high extent’ and finally 69.9% had an agreement level of ‘very high extent’. Given the result of 69.9% agreeing to the statement, the conclusion is that business management skills is key in credit access.
Figure 4.23: Business management skills is key in credit access

4.5.4 Capital structure of the business is a consideration for credit access in banks

With reference to the above statement and Figure 4.24, the research results were: 15.0% had an agreement level of ‘not at all’, 4.0% had an agreement level of ‘very low extent’, 0.9% had an agreement level of ‘low extent’, 22.1% had an agreement level of ‘high extent’ and finally 58.0% had an agreement level of ‘very high extent’. In conclusion, 58% who were the majority of the respondents, viewed capital structures of the business as considered for credit access by banks.
4.5.5 Business continuity arrangements strongly supports credit access

With figure 4.25 regarding the statement ‘business continuity arrangements strongly support credit access’ the research was able to determine that, as per level of agreement: 21.2% had an agreement level of ‘not at all’, 8.0% had an agreement level of ‘very low extent’, 2.2% had an agreement level of ‘low extent’, 8.8% had an agreement level of ‘high extent’ and finally 59.7% had an agreement level of ‘very high extent’. The conclusion was that, given the 59.7% response on ‘very high extent’, the women business owner in Migori Town viewed business continuity arrangements as having an impact on credit access.

![Figure 4.25: Business continuity arrangements strongly supports credit access](image)

4.5.6 Availability of Business Collateral contributes in credit access by women

![Figure 4.26: Availability of business collateral contributes in credit access by women](image)
On the statement ‘availability of business collateral contributes to access to credit by women’ as illustrated above in Figure 4.26 the research results were: 4.9% had an agreement level of ‘not at all’, 1.3% had an agreement level of ‘very low extent’, 0.0% had an agreement level of ‘low extent’, 8.0% had an agreement level of ‘high extent and finally 85.8% had an agreement level of ‘very high extent’. In conclusion, an overwhelming 85.8% agreed that availability of business collateral contributes in credit access by women; this has been a running theme as indicated from other results in sections 4.3.6 and 4.4.3.

4.5.7 Credit access is dependent on record management and filing by the customer

In relation to the above statement and as indicated in Figure 4.27 below the research results were: 23.0% had an agreement level of ‘not at all’, 11.9% had an agreement level of ‘very low extent’, 6.2% had an agreement level of ‘low extent’, 11.9% had an agreement level of ‘high extent and finally 46.9% had an agreement level of ‘very high extent’. In conclusion, with 46.9% of the respondents in this case, credit access is dependent on record management and filing by the customer.

Figure 4.27: Credit access is dependent on record management and filing by the customer
4.6 Chapter Summary

In this chapter, the researcher has presented the findings with respect to the information provided by respondents as indicated in the completed and submitted questionnaires and analyzed as provided in chapter three of the study. The following chapter provides detailed discussions of the research findings, conclusions and recommendations based on the research specific objectives.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of findings, draws conclusions based on the findings for which the literature reviewed in chapter two has been used to collaborate, makes recommendations for improvement based on the study problem and the finally the chapter will end by providing suggested areas that need further research.

5.2 Summary of the Study
The study sought to establish the determinants of access to credit by women owned SMEs in Migori Town. The research was guided by three objectives which were: To find out the influence of product features, to establish the influence of socio cultural factors and to determine the influence of firm characteristics on credit access by women owned SMEs in Migori town.

To meet the general objective of this research, descriptive research design was used. This design was used in order to provide a full picture of the social cultural, product features and firm characteristics as they influence access to finance by registered women owned SMEs in Migori Town. Stratified random sampling was used to select the sample of 296 registered women led businesses out of a population of 1281 registered women owned SMEs. The sample was selected using simple random sampling from strata which comprised of those in food and grocery, clothing and textiles, technology and electronics and a final grouping of other service based SME owners.

From the demographic data, the research was able to come-up with the characteristic of a typical woman SME owner and these are: she will aged 40-49(42%); married (47%) or single (33%), Widowed (12%), divorced (8%)); have a primary level education (56%); don’t keep business records (77%); have been in the SME sector 2 to 5 Years (59%); their biggest expense outside the business is other household expenses (41%) and most importantly doesn’t have access to collateral or own property (50.4%).
Regarding the influence of product features on credit access among women SMEs, this study found a significant relationship. 75% of the respondents disagreed that banks conduct research on women related loan products with only 25% agreeing. 73% disagreed that bank loans have a grace period well spelt in the letter of offer while 27% disagreed. 85% disagreed that interest on loans is competitive for all the women loans while 15% disagreed. On whether banks are flexible on the loan period, 97% disagreed with 3% agreeing. Regarding whether women loans have hidden charges during the loan period, 69% agreed and 31% disagreed. On the statement that banks don’t require collaterals for loans sought by women, 88% disagreed, 12% agreed. On the whether banks restrict amount of loans granted to women based on the business turnovers, 78% agreed with 22% disagreeing.

The findings on the social cultural factors showed that: 83% of the respondents agreed that competing financial needs between family and business remains one of the major constraints to enterprise growth as women’s earned income from their enterprises is consumed at the household level with only 17% disagreeing. 93% of the respondents agreed that ownership of property has remained a bottleneck among women and are unable to secure loans from institutions requiring a collateral as a fallback in case of default with only 7% disagreeing. This study found that the amount and size of family responsibilities deny women access to credit with 66% agreeing and 34% disagreeing, 59% agreed that work home conflicts negatively affects women access to credit and 41% disagreed, 73% agreed that hours committed to family issues by women influences credit access while 27% disagreed. On the whether low confidence and lack of self-belief decreases chances of credit access, 81% agreed with only 19% disagreeing.

On the firm characteristics, the study found that it has a significant influence on the access to credit by women owned enterprises. This is evidenced by the fact that, 74% of the respondents agreed that business location is a key consideration by banks before loan appraisal with 26% disagreeing. 70% agreed that banks consider the size of business as key to a loan access with 30% disagreeing. On the business management skills is key in credit access, 82% agreed and 18% disagreed. On the whether capital structure of the business is a consideration for credit access in banks, 80% agreed with 20% disagreeing. 69% agreed that business continuity arrangements strongly support credit access, 31%
disagreed. On the whether availability of business collateral contributes in credit access by women, 94% agreed with 6 % disagreeing. 59% agreed that credit access is dependent on record management and filing by the customer with 41% disagreeing.

5.3 Discussions
The intention of this section is to discuss the results and findings of the study as provided in chapter four within the context of the literature reviewed in chapter two.

5.3.1 The influence of loan product features on credit access by women owned SMEs in Migori town.

With a large percent of the respondents disagreeing with the statement ‘loan products specific to women SME needs’ these findings are supported with the researches done by Weber and Mushhoff (2012) on loans to agricultural firms, Stevenson, L., & St-Onge, A.(2005) on how Kenyan banks, fifty percent, largely offer of standardized and tailored products, Calice,Chando & Sekioua(2012) who indicated that banks are prepared to invest in product development as they seek to pursue a strategy based on differentiation and the Financial Inclusion Theory where a report by Kempson et al(2004) talked to financial exclusion.

When more than half of the of the respondents agreed with the statement on ‘loan product access requirements’, this is supported by the findings by Mwobobia (2012) who indicated that there were concerns around the conditions of access and cost of money borrowed and financial inclusion theory where the world bank (2008) indicated four barriers to financial inclusion one of which is the loan affordability barrier and Chakrabarty (2011) who postulated that financial inclusion is a process of ensuring access to appropriate financial products and services in a fair and transparent manner.

From the study results where a large percentage of the respondents indicated that the loans had no clearly defined ‘grace periods’ and therefore this limited their access to the same. The results verifiable from the findings by Field et al (2010) and Cruza et al (2011) showed that when loans had a defined grace period or grace periods that worked to coincide repayments with cash inflows, there was a high uptake of these loans and less default.
Regarding ‘banks are flexible on the loan period’ statement, a large percentage of the respondents were in agreement with the findings by Cruza et al (2011) which postulated that with grace periods and ability to postpone repayments enables one to borrow more than in loan products with no flexibility.

The cumulated responses to the statement ‘banks don’t require collateral for loans sought by women’ were in line with findings by Mwobobia (2012) who indicated that women in rural areas who venture into business and need financing and lack the collateral to secure bank loans.

‘Banks restrict amount of loans granted to women based on the business turnovers’ statement responses, once cumulated, were supported with the study by Kinyanjui (2006) as most of the business owners have low education, where from this study fifty-six percent of respondents had primary level education, and seventy-seven percent of the respondents indicated that they did not keep records, business records.

A large disagreement with the statement, it can be adduced that’ loan interest rates are not competitive for all the women loans’ is in favour of the factor postulated by the credit-rationing model which indicated that many banks seek to maximize their profits through their choice of interest rate.

5.3.2 The influence of social cultural factors on credit access by women owned SMEs in Migori town.

The findings, on the impact of ‘literacy levels on access to credit’, is further backed up by the demographic results whereby more than half of the women sampled had ‘primary and below’ levels of education and also the study done by the Common Wealth Secretariat (2002) which adduced that women are less educated than men, making them less equipped to manage a business.

The high percentage of respondents in agreement with ‘amount and size of family responsibilities’ coupled with the forty-one percent expenditures on ‘other household expenses’ shows that most SME financial resources are not usually isolated from personal finances and family demands tend to drain the savings and income made by the business, since such finances would otherwise have been used in the enterprise for expansion and
growth. Ahmad et al (2011) adds that women are overloaded with business and family responsibilities and may not have the time to join these beneficial associations and this automatically limits the women entrepreneurs’ wings of exploration.

With a large majority of the respondents agreeing that ‘property ownership had an impact on access to credit’; this has also been bolstered by the results from section 4.3.6 and according to a UN report nearly 75 percent of the world's women cannot get formal bank loans because they lack permanent employment and title deeds to land or housing that they can offer as security, or because the laws of their countries classify them as minors i.e. not eligible to make legal transactions. With the above findings, it is apparent that while most women are allowed to own assets, operate businesses and even access for expanding and starting off their businesses, it is still difficult to access credit due to the limitations of ‘legal ownership’ of the collateral being presented to the bank.

Half of the respondents agreed with the statement ‘work-home conflicts’ while another, growing minority of, twenty-five percent disagreed with the same which can be attributed to the demographic, almost even split, between married and unmarried respondents and could be a further research question as to what impact business management and operation exerts on marriages. Apart from what has been indicated as disagreeing, these finding also agrees to the findings by Winn (2004) who postulated that demands of the business affected women’s ability to relax at home, causing marital unhappiness and work-home conflicts.

The ‘hours committed by women to family issues’ statement’s results are in agreement and additionally has been bolstered with the demographic information from which the researcher found out that, on average, the number of dependents each woman SME owner had and the results were 6 dependents of whom 4 were below 18 years which meant that the women SME owners had to close early their businesses and go home to attend to family matters, then they fail to concentrate in serving customers and other business related activities which in the long run has an impact on how they manage their business and its growth. These results are supported by researches done by (Carter,2003; Brush, 2004) who criticized women for limiting the growth of their businesses due to the time management aspect.
These findings on the ‘low confidence and lack of self-belief’ statement which are further explained by the demographic information, years worked in the SME sector, whereby most of the women SME owners had businesses which were between 3-5 years support the Access to Capital Theory where social cultural factors create an access to credit gap which leads SMEs to suffer from chronic undercapitalization.

The findings, where half of the respondents agreed with the statement ‘entrepreneurial culture’, support what was done by Tundui (2012) who was investigating gender and small businesses who found that women are unlikely to aim high as compared to men due to different socialization experiences. Additionally, we need to note that this study, on access to credit, had findings of a growing minority, of about twenty-one percent, with a contrary view that entrepreneurial culture does not necessarily affect access to credit. This could mean that there is a ‘wind of change’ blowing within the SME sector on other credit access products which aren’t always pegged on ones ‘entrepreneurial’ capacity.

The findings on the social cultural factors is in line with Wube (2010) who pointed that, in Africa most female owned SMEs are confronted with the challenges of nurturing their businesses and promoting the tradition of innovation and entrepreneurship due to complex socio-cultural factors.

5.3.3 The influence of firm characteristics on credit access by women owned SMEs in Migori town.

The findings regarding ‘business location’ where a high number of respondents agreed with the statement which was also bolstered with the demographic ‘general business location’ responses, support the statement by Gilbert (2008) who points out that the geographical area where the firm is launched has implications for its access to markets and resources. Firms located in metropolitan areas may therefore have higher chance of success than those located in rural areas. Also Berger and Udell (2002) found that the effects that the geographic proximity to banks and customers has a relationship on a firm’s use of leverage. Banks that are geographically closer to their customer firms are better able to use soft qualitative information about their customers’ credit quality. Geographical proximity to either critical buyers or suppliers produces a form of enhanced environmental scanning that enables SMEs to more easily identify and exploit growth opportunities in the market.
The findings on the ‘business size’ statement, even though these below the fifty percent mark were still significant enough to be in support of a report by Robb and Wolken (2002) which indicated that the size, type and age of a firm are important financial determinants. This study’s results also showed that there was a growing minority, of around twenty-six percent, who believed that banks did not consider ‘business size’ as a prerequisite for credit access. This is a paradigm shift and could mean that bank and/or other credit access providers or even the SME owners themselves are pushing/using other mechanisms to ‘weigh’ access to credit.

The results, when reviewed with the demographic responses from ‘education level’ and ‘record keeping’, from the ‘business management skills including records management’ statement showed a large number of the respondents agreed with the statement, which in turn is supported by the Adverse Selection Theory in which the study by Lean and Tucker (2001) where they intimated that the adverse selection problem is further compounded by certain trends like competition…, size of business as well as business management skills.

With many of the respondents in agreement with ‘capital structure of the business is a consideration for credit access in banks’ statement, the results are in line with Cassar (2004) who indicated that lenders observe incorporation as a good indicator for firm’s trustworthiness and commitment to operational laws. This means that, especially for SMEs, legal registration (through the required mechanisms) and ‘owners’ equity’ go a long way in showing lenders of the longer term commitment to the business ideal.

Given the high percentage of respondents who agreed with the statement on ‘business longevity and continuity’ and the contrary demographic results on ‘years of experience in SME sector’ where almost all the respondents had ‘below 5 years’ experience; knowing how banks operates i.e. their attraction to providing credit and attractive credit terms to businesses that have been in operation for longer as this is considered to the businesses less of a default risk. This means that, with the response results we have, the women led SMEs have a harder time accessing credit and maybe required to provide collateral that is of greater value than the loan. Further, the results are also in line with a study by Ngoe et al (2009) who argued that young firms face hardship and more costs in accessing external financing.
The study results regarding ‘availability of business collateral’ were in line with the research done by Bougheas et al (2005) which pointed out that the requirement of collateral is a crucial aspect for SMEs to succeed in accessing external financing from lenders. The findings indicate that a majority of the respondents from the Registered Women SMEs have basic education but the low academic achievement affects their level of understanding when it comes to business record keeping, understanding lender requirements and undermine their ability to negotiate with lenders for reasonable loan rates. The records keeping by SMEs have influence on credit access given that financial institutions are able to track performance and business history. This implies that women SMEs need to archive business records for purposes of tracking performance history. The firm characteristics findings are in line with the adverse selection theory by Stiglitz and Weiss (1981) who concluded that small business finance market is characterized by risk and uncertainty regarding future conditions and information is distributed asymmetrically between the bank and the firm.

5.4 Conclusions
Given the significant role played by SME sector on employment creation leading to economic growth and the rallying call to empower women, there is a need for a concerted effort to focus on streamlining the access to credit particularly among the women enterprises that have lagged behind with numerous growth challenges. With this in mind, the purpose of the study was to examine the determinants of access to credit by women owned SMEs in Migori Town. Based on the findings the following conclusions are deduced.

5.4.1 To find out the influence of product features on credit access by women owned SMEs in Migori town.
Based on the research results, the study concludes that: banks don’t conduct research on women related loan products before introducing the same into the market but rather provide a ‘one size fits all’ product range that doesn’t meet the needs of its customers/intended customers; the loan terms don’t have a grace period, if any, well indicated in the loan agreement; interest rates on the loans aren’t competitive i.e. fixed interest rates which don’t take into consideration other ‘qualifying factors’ that are dependent on type of business and market condition.
This research has concluded that the loan repayment period isn’t flexible or tied to a business cash flows but rather repayments are pegged on a certain ‘fixed’ date in the month which affects cash flow management; women have found that their loans have hidden charges, not indicated in the contractual agreement, being deducted/added during the loan period for which, upon asking, would be told were based on ‘some terms and conditions’; banks will always ask for some form of collateral for any loan being sought by SMEs as this is what the bank will use to mitigate the default risk. Problem is that the ‘adequacy and quality’ of the collateral is at the bank’s discretion and finally, banks always limit/restrict the loan amount granted to women SME owners based on their business turnover.

Further, from this study, we can conclude that loan product features are not in tune with the needs of the women SME owners as most lending institutions are mostly focused on their bottom line, default risk management, market control and not the needs of the market they serve.

5.4.2 To establish the influence of socio cultural factors on credit access by women owned SMEs in Migori town.

From research findings we can conclude that: Literacy levels, which are low in this case, have an impact on access to credit since most of the credit access transactional instruments are written in English and interpretation will not clearly and concisely translate all terms and conditions to a language understood by the business owner i.e. some issues maybe glossed over or lost in translation; the amount and size of family responsibilities is an important consideration as it is one of the reasons that people start businesses i.e. to supplement income but being able to balance the needs of the family and business is still a work in progress and especially so for women business owners who have additional competing home/business needs,

Additionally this study concluded that: hours committed to the family and work home conflicts eat into the time and resources that would have been engaged in a business and thus impacting access to credit as the woman business owner doesn’t have enough time to search for products, compare product offerings, negotiate with lenders and finally access credit; that property ownership, which in most cases is used as collateral in seeking credit, has an impact on access as most women business owners don’t have ‘title’ to property
which is a requirement for charging the property for loan facilities and finally the entrepreneurial traits of self-confidence, self-belief and its culture all have an impact of access to credit by women owned SMEs as these qualities/attributes go a long way in determining how much risk one will take, how long one stays in a loss making/competitive market and how one is able to negotiate/navigate the business environment with its many legal requirements to make a success of the business and access good quality credit.

Finally, this study found out that in as much as social cultural factors affect women’s access to credit, there is a ‘wind of change’ whereby cultural norms are adapting to the changing dynamics of families e.g. now we have more women led households and therefore their hold on ‘how things are done’ is being interrogated and adapted to the changing times.

5.4.3 To determine the influence of firm characteristics on credit access by women owned SMEs in Migori town.

From the above factor, the researcher concluded that: Business location is a key consideration when accessing credit from banks as they are more comfortable lending to businesses that the ‘can see’ or are located in areas of opportunity and growth. Business location is also an important factor to consider for women SME owners, given that most are in the retail and service industries, because being ‘close’ to your customers(current and potential) and reducing the customers’ travel costs ensures that your business sales are high; business size has an implication on the type and amount of credit an SME can access since lending institutions will compare the amount requested to the business’ turnover/size to determine whether to lend/not and how much and for how long; business owner’s management skills impact access to credit because all lenders will want to see how the business is run to gauge what types of systems and processes are in place to manage and safeguard business resources to ensure proper utilization.

This study also concluded that: business characteristics like business capital structure which also shows the type of business registration and owners stake in the same provides lenders with a level of certainty on how to interact with the business owner and therefore comfortability on how much, the lender, can risk to provide credit access, availability of business collateral and collateral in general has been a running theme within this study.
which shows the importance of having legally registered collateral that can be used to access credit and business records management though, from this study, had a lower than average response rate, still provides lenders with a glimpse of what the business does, how much it makes and what are its future projections. This information is then used to determine whether to provide credit, how much credit to provide and work out a repayment schedule that best meets the needs of the business owner and reduces risk for the lender and finally, business longevity and/or continuity arrangements provide lenders, just like in lending to individuals, a level of comfortability that the credit provided will be repaid and therefore the longer a business has been in operation then the easier it will get to gain access to credit and maybe at even favorable terms.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 The influence of loan product features on credit access by women owned SMEs in Migori town.

Women’s access to financial resources is limited by biased lending practices that emerge when financial institutions consider them inexperienced and therefore less attractive clients, or when institutions lack the knowledge to offer products tailored to women’s preferences and constraints. Therefore, financial institutions need to be conducting periodic research on product requirements to offer the target clients customized products rather than a one size fit all products. Such research will enable financial institutions deliver products suiting women with such characteristics like grace period, competitive interest rates, flexible loan period, indicate all charges to be included on the loan and avoid unnecessary hidden charges, social guarantees rather than tangible collaterals as well as ability to graduate women loans based on good credit/banking history.

Collateral, which has been left (in terms of adequacy and quality) to the lending institutions, is a running theme within this research. Policy makers (both in the national and county levels) need to develop a framework that talks to ‘type, valuation and adequate collateral’ to be used for credit access so as to standardize this requirement.

The Women SME community needs to speak (form its own association or work within the already established associations) with one voice and advocate for innovative programs
and financing arrangements that go beyond the conventional approaches; which require collateral and capital among other conditional ties.

5.5.1.2 The influence of social cultural factors on credit access by women owned SMEs in Migori town.
An important priority for governments (both national and county) should be increasing the enrolment of girls across all levels of education complemented by efforts to improve the quality of education that they receive. To enhance access of credit among women, there need to be a coordinated effort to promote education among women given the low literacy level among women because skilled women are likely to access finance more easily.

Policy makers and financial institutions work together to: i) provide trainings as a necessary step in enhancing finance for the women should be to ensure an upscale of their leadership, technical, entrepreneurial and managerial skills. It is also imperative that women are provided with the opportunity to be financially literate, so that they can speak the language of finance and ii) build the capacity of financial institutions to better serve women entrepreneurs.

Although legal changes have been effected in Kenya on women and property ownership, women still lag behind on the property ownership compared to men. This limits their credit access given that commercial banks require collateral against the loans advanced. Therefore, there is a need to ensure that women are sensitized on their rights and responsibilities as regards property ownership through barazas, during women chama meetings and also during arbitration on property ownership matters.

5.5.1.3 The influence of firm characteristics on credit access by women owned SMEs in Migori town.
Policy makers, when preparing policy documents and planning of towns and cities need to keep in mind and reduce the bureaucracy on business registration processes or provide for easier less formal procedures, which are still legally recognized, that meet the needs of small business owners. Provide for business locations, in city and town plans, that ease access for both the owners but most especially customers and thus reduce the risk of demolition.
Women involved in SME further need to obtain business management skills coupled with record management. This helps building of entrepreneurial confidence as well as credit history.

Women owned SMEs should possess (hired and/or internally sourced) technical, interpersonal, and conceptual skills to effectively plan, lead, organize and control the enterprise effectively leading to increased performance and consequently sustainability. This buoyed by good record management will promote business continuity arrangements assuring financial institutions that the business risks are well muted which will boost credit access.

5.5.2 Recommendations for Further Studies

This study established that 92% of the surveyed women owned SMEs in Migori Town were below 5 years of age and therefore further research should be conducted on why many small scale women entrepreneur’s businesses have high mortality rate i.e. they don’t celebrate fifth birth day.

This study touched on the access to bank financing which is one of the many sources of finances for SMEs. Further research should be conducted on the contribution of government funded women centric loan institutions like women fund on the performance of women SME businesses in Migori town.
REFERENCES


Fatoki, O., & Asah, F. (2011). The impact of firm and entrepreneurial characteristics on access to debt finance by SMEs in King Williams' town, South Africa. International Journal of Business and Management, 6(8), 170.


APPENDICES

Appendix I: Introduction Letter

Date……………………

Chief Executive Officer

………………

P.O Box ……………

Migori.

Dear Sir/Madam,

RE: ACADEMIC RESEARCH PROJECT

I’ am a Masters student at USIU-Africa. I wish to conduct a research entitled “Determinants of access to credit by women owned SMEs in Migori Town”. A questionnaire has been designed and will be used to gather relevant information to address the research objectives of the study. The purpose of writing to you is to kindly request you to grant me permission to correct information on this important subject from randomly selected members of staff.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Strict ethical principles will be observed to ensure confidentiality and the study outcomes and reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours Sincerely

Joyce Kweyu
Appendix II: Questionnaire

This questionnaire has statements regarding determinants of access to credit by women owned SMEs in Migori town. Kindly take few minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study

SECTION A: GENERAL /DEMOGRAPHIC DATA

Please answer the following questions by putting a tick [ ] where appropriate

1. What is your Age?
   - 19-29 Years [   ]
   - 30-39 Years [   ]
   - 40-49 Years [   ]
   - 50-59 Years [   ]
   - Over 60 Years [   ]

2. What is your Marital Status
   - Single [   ]
   - Married [   ]
   - Divorced [   ]
   - Widowed [   ]

3. What is your current Education Level attained
   - Primary level and Below [   ]
   - Secondary level [   ]
   - Tertiary level [   ]
   - University level [   ]

4. Do you keep records for your business?
7. How do you keep them?

- On a piece of paper
- In a cash book
- By an assistant
- Other

5. What is the general location of your business?

6. How many years have you worked in the SME Sector?

- Less than 2 years
- 3 to 5 years
- Over 5 years

7. How many dependents do you have in the following age ranges?

- Below 18 Years
- Above 18 Years

8. Outside of the business, what is your biggest expense?

- Food
- School Fees
- Other Household Expenses
- Other (Specify)

9. Do you own any land or property?

- Yes, Solely
- Yes, jointly with my husband
- No
10. If you indicated yes above, is your name included in the land/property Ownership Documents?
   - Yes [   ]
   - No [   ]

11. If your name is not on the ownership documents, why not…………………………………………………………………………………………

       ……….

Section B: Loan Product Features

To what extent do the following Loan Product Features influence access to credit by women owned SMEs in Migori Town, Please indicate your agreement or otherwise with the following statements using the following likert scale.

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<tr>
<th>Please indicate the extent of agreement with 5= Very High Extent; 4= High Extent; 3= Low Extent; 2= Very Low Extent; 1= Not at All</th>
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<tr>
<td>Banks conduct research on women related loan products</td>
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<td>Bank loans have a grace period well spelt out in the letter of offer</td>
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<td>Interest on loans is competitive for all the women loans</td>
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<td>Banks are flexible on the loan period</td>
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<td>Women loans have hidden charges during the loan</td>
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</table>
Banks don’t require collaterals for loans sought by women

Banks restrict amount of loans granted to women based on the business turnover

Please state any other Loan Product Features, in your opinion, that would influence access to finance by women owned SMEs

Section C: Social Cultural Factors

To what extent do the following social cultural factors influence access to credit among the women owned SMEs in Migori Town, Please indicate your agreement or otherwise with the following statements using the following likert scale

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<tr>
<td>Literacy level contributes greatly to access of credit</td>
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<tr>
<td>Amount and size of family responsibilities deny women access to credit</td>
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<td>Property ownership affects credit access among women</td>
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<td>Work home conflicts negatively affects women’s access to credit</td>
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Hours committed to family issues by women influences credit access

Low confidence and lack of self-belief decreases chances of credit access

Entrepreneurial culture affects access to credit among women

Please state any other social cultural factors, in your opinion, that would influence access to finance by women owned SMEs………………………………………………………………………………………
……………………………………………………………………………………

Section D: Firm Characteristics

To what extent do Firm Characteristics influence access to credit among the women owned SMEs in Migori Town, Please indicate your agreement or otherwise with the following statements using the following likert scale

Please indicate the extent of agreement with 5= Very High Extent; 4= High Extent; 3= Low Extent; 2= Very Low Extent; 1= Not at All

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<tbody>
<tr>
<td>Business location is a key consideration by banks before loan appraisal</td>
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<td>Banks consider the size of business as key to loan access</td>
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<td>Business management skills are key in credit</td>
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<td>Capital structure of the business is a consideration for credit access by banks</td>
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<td>Business continuity arrangements strongly support credit access</td>
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<td>Availability of Business Collateral contributes to credit access by women</td>
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<td>Credit access is dependent on records management and filing by the business owner</td>
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Please state any other Firm Characteristics, in your opinion, that would influence access to finance by women owned SMEs………...