



**DETERMINANTS OF PERFORMANCE OF WOMEN FUNDED MICROENTERPRISES: A CASE STUDY OF GROUPS  
IN KAJIADO NORTH CONSTITUENCY**

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**ABSTRACT**

*The main objective of this study was to establish the determinants of performance of women funded microenterprises a case study of groups in Kajiado North constituency. The study sought to answer the following research questions: what is the effect of level of financing on the success of women funded microenterprises; what is the effect of education level of women on the success of women funded microenterprises; and, how effective are business support and training activities on the success of women funded microenterprises. The study utilized a cross-sectional research design and a questionnaire was used as data collection tool. The study targeted the women groups with loans from WEF in Kajiado North Constituency totalling to 163 groups with sample size of 90 women. To satisfy the research objective, data was collected using a questionnaire that was administered through telephone survey, face to face interviews or through email. Descriptive analysis such as frequency, percentage, mean and standard deviation were used to analyze the data which was summarized using figures and tables. Correlation analysis was used to examine the strength of the effect of this determinants that is level of financing, education level of women, business support and training activities on the success of women funded microenterprises and regression analysis was used to examine the nature of the determinants that is level of financing, education level of women, business support and training activities on the success of women funded microenterprises. On overall 77.9% of the variation in success of women funded microenterprises can be explained by level of financing, education level of women, business support and training activities while the remaining percentage can be explained by other factors excluded in the model. The findings of the study demonstrated that determinants that is level of financing, education level of women, business support and training activities on the success of women funded microenterprises. Hence the study recommended that trainings focus on all members of the group, not just group officials as is the case currently, and should be conducted to reasonably-sized trainee numbers so as to improving their impact on knowledge transmission. Trainings should also focus to group activity and were general targeting all groups by allocating more field resources to Loan Officers and also Loan amounts approved should be enhanced to adequately finance identified projects as groups were in cases forced to share out the loan and into uneconomical amounts for use on individual projects.*

**Keyword:** Level of Financing, Women Funded Microenterprises, Performance

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## INTRODUCTION

Entrepreneurship is an innovative and dynamic process, whereby, a new enterprise endeavour is created. The entrepreneur is a catalytic agent of change, who generates employment opportunities for others. Emerging entrepreneurs in a society guild depends to a great extent on the economic, social, religious, sociable, religious, cultural and psychological cause prevailing in the society. When an enterprise is established and controlled by a woman, it not only boosts economic growth, but also has many desirable outcomes (Sharma, Sapna Dua and Hatwal, 2012).

Historically, women have been marginalized from economic participation, leaving out the greatest share of human working capital from personal advancement and real development. According to the Women Enterprise Fund website, this has been due to the fact that a woman did not own capital, consequently, being prevented from accessing loans from financial institutions, women could not access formal education, hence could not involve themselves in any professional career and the relegated status condition of a woman's seat was in the kitchen - to give birth and rear children (Abala, 2012).

In the ongoing years in any case, it has been acknowledged that no important financial and social advancement can be accomplished without incorporation of ladies as players in the monetary space. This is on the grounds that ladies represent over half of the Kenyan populace and no advancement that forgets this noteworthy segment of the populace will be fruitful (Women Enterprise Fund, 2012). It has likewise been noticed the noteworthy quantities of undertakings were claimed by men (ILO, 2006). As per the Ministry of Gender, Children and Social Development (Moser, 2012), the need to monetarily and socially enable the Kenyan woman is principal if financial advancement is to be figured it out.

Kenya Vision 2030, the long-term development blueprint for the country has one of its pillars as Enhanced Equity and Wealth Creation

Opportunities for the Poor including women, youth and vulnerable groups (Vision 2030). The new Kenyan constitution addresses gender, women empowerment and the government has also committed to the millennium development goals (MDGs), the third which deals with gender equality and women empowerment (WEF 2012).

As indicated by (WEF, 2012), to understand the advancement goals under the vision 2030, the Women Enterprise Fund (WEF) was established in August 2007 as a dream 2030 leader venture. This was intended to address the different difficulties that have perpetually underestimated ladies financially for the most part the absence of access to capital. The WEF was built up as a Semi-Autonomous Government Agency in the Ministry of Gender, Children and Social Development to support Poverty Reduction, Gender Equality and Women Empowerment through big business advancement. Hence, the Fund gives healthy budgetary answers for the difficulties that ladies have faced throughout the years and in developing their business, specifically, access to credit, mind-boggling expense of assets, absence of insurance and low money related education (Moser, 2012).

Notwithstanding arrangement of reasonably priced capital, the Fund has kept on advancing neighbourhood and worldwide showcasing of merchandise and ventures created by ladies business visionaries, banded together with the Ministry of Cooperative Development and Marketing to support the arrangement of ladies claimed SACCOs and joined forces with Kenya Bureau of Standards to sensitize ladies on item confirmation. This has empowered ladies to grow their organizations. Escalated trainings are likewise given, whose objective is to enhance monetary education by women borrowers so as to build their certainty by tending to a portion of the social and religious components influencing women (Women Enterprise Fund, 2012).

### Statement of the Problem

World bank (2002) defines challenges faced by women in development projects as any form of

attitude, dogma or belief that restrict women to domestic settings, and any other religious law or custom that deny women business endeavours access to credit, employment education, information and productivity. This definition paints a picture of how women have been viewed in the society over the years despite their vital and very important role in rural development through their small unsupported projects. Studies done on community development have revealed that there is lack of interest in government initiatives to spearhead development, as well as failure on the part of government in rising above board to building public confidence on the new institutions of development spearheaded by women (World Bank, 2004).

Development of women business entrepreneurs can be a vehicle of their financial strengthening. Rana and Masood (2011) states that in the most recent two decades, women have entered the field of business enterprise in expanding numbers. With the development and development of their organizations, they have added to the economy and society; these ladies business people have entered numerous ventures and divisions. There has been substantial advancement in the preparation and improvement of ladies business people inside open approach and scholarly projects. Women successful entrepreneurs can inspire confidence and self-reliance in other women.

Therefore, given that obstacles to the success of these enterprises have been removed, yet some still remain, the study will consider factors affecting performance that present to government-funded women enterprises unlike the above studies which did not consider the uniqueness of the government-funded women enterprises. Little rigorous research has been conducted exploring the economic and social effects of business training programmes on beneficiaries, particularly on women (Stangl, Farel, Sievwright, Brady & Fritz, 2015). In summary most studies do not address these women entrepreneurs therefore this study specifically looks at the challenges faced by microenterprises funded by the

Women Enterprise Fund and the researcher has selected Kajiado North constituency as the geographical scope for the study.

### **Objective of the Study**

The main aim of this study was to review determinants for the success of women funded microenterprises: Case of Groups in Kajiado North Constituency. The study was guided by the following specific objectives;

- The effect of level of financing on the success of women funded microenterprises.
- The effect of education level of women on the success of women funded microenterprises.
- The effectiveness of business support and training on the success of women funded microenterprises.

### **LITERATURE REVIEW**

#### **Financial Inclusion Theory**

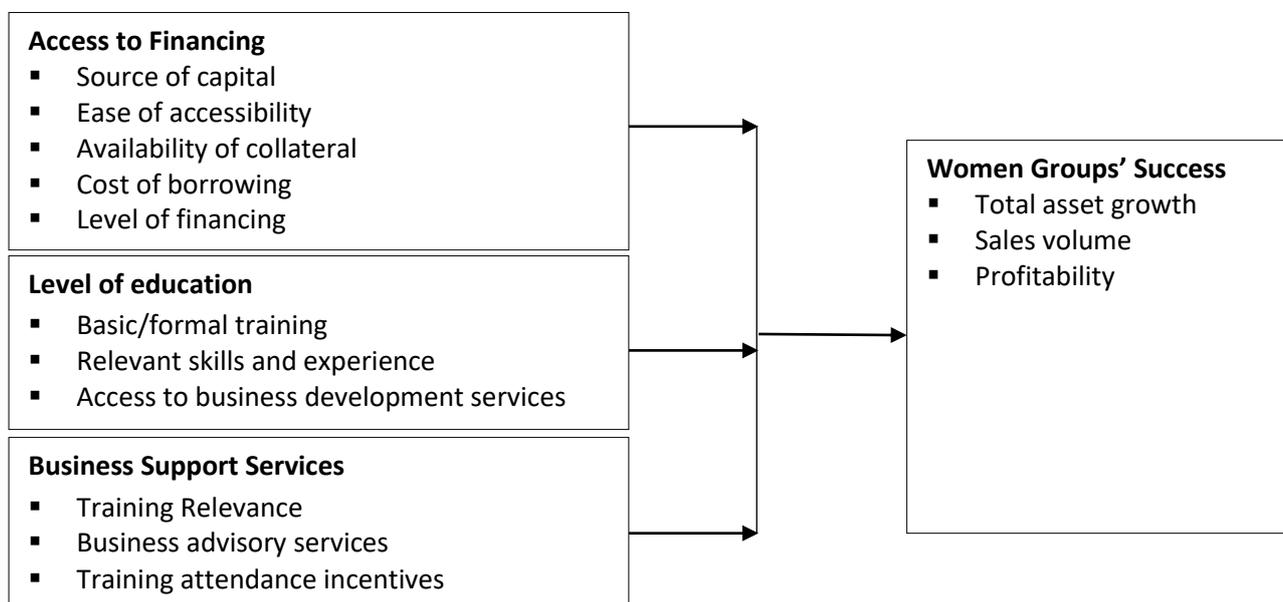
This theory observes that there is a process of ensuring access to appropriate financial services and products needed by all sections of the society including the vulnerable groups such as weaker sections and low income groups, at an affordable cost, in a fair and transparent manner, by mainstream financial services providers (Chakrabarty, 2011). A comprehensive financial sector gives access to credit to all bankable individuals and firms, protection for all insurable individuals and firms, reserve funds and instalment administrations for everybody (United Nations, 2006). Inclusive finance does not necessarily require that everyone who is eligible use each of the services uses that service, but they should be able to choose them if desired.

Kempson, Collard & Moore, (2014) reports that monetary prohibition is most predominant among individuals of low livelihoods. Jobless individuals living on government managed savings are increasingly helpless similar to low income households who may have generally low dimensions of communications with the financial institutions. Proof from Family Resources Survey

2002-2005 upheld Kempson et al., (2004) report that take-up of money related items and administrations are most reduced among African Caribbean, Black, Pakistani and Bangladeshi families in UK. World Bank (2008) classified financial access barriers into four main categories; lack of documentation barriers, physical barriers, lack of appropriate products and services affordability barriers. Branches have been the traditional bank outlets for geographic access. Geographic distance to the nearest branch relative to the population can therefore provide an indication of physical barriers to access (Beck, Dermirguc-Kunt & Martinez, 2007).

### Conceptual Framework

A conceptual framework is a representation of the main concepts or variables under study and their presumed relationship with each other and it is scheme of variables/concepts the researcher will operationalize in order to achieve the research objectives (Imenda, 2014). The conceptual framework used in this study is indicated in figure 2.1 below. The dependent variable is success of women-funded micro-enterprises while the independent variables are profitability, level of financing, level of education and business support service.



### Independent Variables

### Dependent Variables

**Figure 1: Conceptual Framework**

A lot of studies agree that access to financial resources and services in general is an important factor determining the productivity, growth and development of youth, women, and also organizations. This has proven over the years to be a great determinant in ensuring food security, economic advancement inform of income, creation of asset portfolios etc. In the Kenyan financial sector, public institutions were the only source of financing and other financial services to those in need of funds to engage in ventures such as agriculture which was the only popular business at

that time for the poor. The limitations associated with one source of financial services and limited business ideas has spurred the development of private financial service providers, and also the need to educate women and the youth on how to benefit from other services apart from just borrowing, such as formation of funded groups (world bank, 2015).

Past research has shown that the growth and development of any business significantly depend on the amount of capital or financing acquired when a business is starting and the liquid amount

available for operational activities as well as for supporting enterprise expansion. The amount of capital available to the business can also influence its capital structure and profitability (Coleman, 2007). Literature has clearly shown that in spite of the progression of women involvement in business, underperformance of their business has been partly and significantly attributed to the fact that women select these activities because they do not require equity financing, extensive business experience and large amounts of initial capital (Ehlers & Main, 1998).

Research also notes that there are other factors constraining survival and growth of women businesses. Women, particularly, in Africa, start out their businesses with comparatively fewer resources than men and other women in the developing world. Similarly, their business operating environments are less supportive due to socio-cultural, economic factors and the general business environment factors that work against them (Marcucci, 2001).

## METHODOLOGY

The researcher used cross-sectional research design where participants were selected based on an inclusion and exclusion criteria set for the study where those samples found not to contain information relevant for the study was excluded. The design was deemed appropriate as it involved an in-depth study of the relationship between challenges faced by women enterprises and the profitability of their SMEs in Kajiado North which helped the researcher to describe the state of current affairs and assess the characteristics of the situation. The target population was 489 women with loans from WEF in Kajiado North Constituency in 163 self-help women groups. In this study the sample frame was 489 women with loans from WEF in Kajiado North Constituency in 163 self-help women groups. The researcher targeted (3) women in each sampled women group. This made a total of 489 respondents. 10% of 401 gave a sample of 49 respondents which was sufficient for the study (Kothari, 2009). This study used questionnaires to collect primary data. Primary data was collected using questionnaires administered to respondents. This study used unstructured questionnaires with both open and closed ended questions.

## RESULTS AND DISCUSSIONS

### Access to Financing

How does the following aspects of accessing to financing affect the development of the group	1	2	3	4	5	Mean	Standard Deviation
Availability of alternative sources of capital	0.0	25%	10%	55%	10%	3.6500	1.08231
Availability of loan collateral	10%	25%	10%	80%	15%	2.7500	1.27601
Heavy paperwork and bureaucracy/ lengthy and vigorous		42.5%	10%	30%	17.5%	3.2250	1.18727
Procedures for loan applications		12%	25%	37.5%	25%	3.1250	1.06669
Prevailing costs of borrowing		25%	10%	45%	20%	3.6000	1.08131
Loan sizes on offer		57.5%	14%	16%	12.5%	2.5250	1.28078
Risk of losing property placed as collateral in case of loan defaults		20%	10%	50%	20%	3.6000	1.08131

The respondents were asked to state to what extent does level of financing affect the

development of the group. 15%(n=12) and 80%(32) strongly agreed and disagreed respectively while

10%(n=8), 25%(20) and 10%(n=8) didn't have a response, agreed and strongly agreed respectively. This indicates that most of the respondents agreed that level of financing affects the development of each group to a certain extent and the reasons may vary from loan security, bureaucracy at WEF, loan application procedures among many others.

### **Summary of the Findings**

The current study stemmed from the realization of the research problem in literature determinants for the performance of women funded microenterprises a case study of groups in Kajiado North constituency. Empirically most of the studies on the determinants for the performance of women funded microenterprises have been skewed towards use of primary data and only specific determinants for the performance of women funded microenterprises had been evaluated. Among the several studies which had been done in the Kenyan perspective majority have not examined the causal joint determinants for the performance of women funded microenterprises. The main objectives of the study was to establish the determinants for the performance of women funded microenterprises a case study of groups in Kajiado North constituency. The study sought to answer the following research questions: what is the effect of level of financing on the success of women funded microenterprises; what is the effect of education level of women on the success of women funded microenterprises; and, how effective are business support and training activities on the success of women funded microenterprises. The study utilized a cross-sectional research design and a questionnaire was used as data collection tool. The study targeted the women groups with loans from WEF in Kajiado North Constituency totalling to 163 groups with sample size of 80 women.

The study observed that the three factors were very important in determining how women groups progressed and developed. Across all age groups and locations, women who participated in the training programme expressed great appreciation

for the skills they learn and the style in which they are taught. In the Kenyan financial sector, public institutions are the only source of financing and other financial services to those in need of funds to engage in ventures such as agriculture which was the only popular business at that time for the poor. Women groups play a pivotal role in boosting our local economy. The study observed that educating young women and providing them with necessary and relevant information would be beneficial to their businesses.

From the analysis of the study it was established that most of the respondents agreed that most of women and the groups at large, level of financing was a key factor that affected the development of each group. The study further established that there are a number of reasons why such groups don't have access to enough funds. One of the reasons was the lack of security by the groups which limited their chances a getting enough funding. Security or leverage may range from a number of assets that have intrinsic value that can be liquidated at any time. These assets provide some form of security against funds borrowed. The second reason was bureaucracy at WEF on decision making about approval of loan applications. Approval is done by WEF internal approvers and the local Chiefs as part of the loan application procedures.

### **CONCLUSION AND RECOMMENDATIONS**

From the regression analysis it can be observed that level of financing has an average effect on the success of women microenterprise. It is quite certain that the respondents were aware of the importance of proper funding on the development of their groups. Despite the results the study concludes that the level of financing is the most key factor generally accepted as a determinant of women groups' success. Hence its influence is expected to be above average and agencies should provide other channels that would allow ease of access to these funds by women.

Several challenges were identified that the study thought if addressed, would be greatly improve how women funded enterprises are run and develop. The study recommends that trainings focus on all members of the group, not just group officials as is the case currently, and should be conducted to reasonably-sized trainee numbers so as to improving their impact on knowledge transmission. Trainings should also focus on a group's activity instead of the current practice where general trainings offered did not target a group's activity. This can be achieved by allocating more field resources to Loan Officers.

Challenges with agreeing on common projects should be addressed through collective business support services which may in turn provide some form of guidance on how to eliminate poor loan allocations and do away with unfunded pursuit of individual group member's projects. The loan amounts shared are too small to make an impact to the individual members' microenterprises and these further creates opportunity for diversion of the loans to projects other than those relating to the enterprise.

Loan amounts approved should be enhanced to adequately finance identified projects as groups were in cases forced to share out the loan into uneconomical amounts for use on individual projects. Some groups, due to inadequate loan amounts, pursued table banking as a result of this challenge, charging members an interest rate higher than that by WEF, thereby negating the goals of WEF.

Another challenge noted was that group project implementation was hampered by lack of group premises, trust issues and organized sharing of roles among members. Loan approval procedures should incorporate project feasibility to address such limitations.

Delays in loan processing, cost and in certain cases unpredictable applications outcomes were noted. Earmarked projects were either delayed or abandoned due to this. Cost of borrowing was in some cases up to 8% where the net loan after this cost was disbursed. These challenges should be addressed.

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