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ABSTRACT

The purpose of this study was to examine the determinants of growth of women owned enterprise in Kakamega County. Specifically, the studies examined the effect of micro-credit terms, micro-credit cost, collateral requirement and financial management skills on growth of women owned enterprises in Kakamega County. Descriptive survey was used. The theories of interest were social capital and resource-based theory. The population of interest comprised 116 of women owned enterprises in Kakamega County. Stratified random sampling was used to select 90 small and medium enterprises. The data collection instrument which used was questionnaires which were administered to owners. Analysis of data was done using descriptive and inferential statistics. The results of this study revealed that micro credit terms, micro credit cost, collateral requirement and financial management skills, affect the financial performance of Women groups enterprise in Kakamega County. Micro credit terms affect the financial performance of Women groups enterprise in Kakamega County positively ($\beta 1= 0.410$, $p< 0.05$). Micro credit costs have a negative and significant effect on financial performance of Women groups enterprise in Kakamega County ($\beta 2= -0.224$, $p< 0.05$). Collateral requirements have a significant and negative effect on financial performance of Women groups enterprise in Kakamega County ($\beta 3 = -0.184$, $p< 0.05$). Financial management skills training has a positive and significant effect on financial performance of Women groups enterprise in Kakamega County ($\beta 4= 0.196$, $p<0.05$). The study concluded that micro credit terms, micro credit cost, collateral requirement and financial management skills are some of the variables significant in financial performance of Women groups enterprise in Kakamega County. Based on the conclusions reached, the study recommended that the Women groups enterprise in Kakamega County should take into account the micro credit terms, micro credit cost, collateral requirement and financial management skills since the study revealed a positive significant effect on financial performance by this attribute. The findings of this study are significant as they will enable decision makers to adjust their policies to eliminate obstacles hindering micro credit access as well as improve financial performance.

***Key Word**: Microcredit Terms, Microcredit Cost, Collateral, Financial Management Skills*

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INTRODUCTION

Entrepreneurship has been regarded as a major contributing factor to the economic growth and poverty alleviation both in urban and rural areas. Isakova (2006) defines entrepreneurship as the recognition of business opportunities and taking actions to exploit those opportunities profitably. Organizations for Economic Co-operation and Development (OECD) reports indicate growing phenomena of women entrepreneurship both in developed and developing countries.

In some countries, women-owned businesses are increasing at a very rapid pace in terms of both numbers and turnover. McPherson (2003) contends that development programs targeting women aimed at promoting entrepreneurship have been a popular poverty alleviation strategy in developing nations as well for many years. Women entrepreneurs have increasingly become a key target group for financial institutions and microfinance programs. Providing access to financial institutions is not only considered a precondition for poverty alleviation, but also for women's empowerment. Evidence from the millions of microfinance clients around the world demonstrates that access to financial services enables poor people to increase their household incomes, build assets, and reduce their vulnerability to the crises that are so much a part of their daily lives. Access to flexible, convenient, and affordable financial services empowers and equips the poor to make their own choices and build their way out of poverty in a sustained and self-determined way (Mayoux, 2003). In Kenya, while there are several organizations offering credit programs to women entrepreneurs, studies by Central Bureau of Statistics (2009) indicate that only 4 per cent of their credit is accessed from them. Other studies by Shehabuddin, (2010) estimating that only 2 per cent of account holders in formal financial intermediaries are able to access business development support services from these organizations with the proportion of women entrepreneurs accessing both financial and business development services from FIs being below 1% , implying a gap in their effectiveness. Further statistics indicate that in 2007, 47.4% women are in SMEs (CBS, 2007). These constraints are aggravated by the need to compete in an aggressive business environment with rapid technological changes, globalization of production, trade and financial flows and intense competition both locally and internationally. Strategies are therefore needed to support women run and manage viable business enterprises. A base line survey (CBS,2007) in the rural Kenya , indicated that women entrepreneurs received their considerable support from both formal and informal sources, the bulk of which came from informal savings and credit associations, otherwise known as Merry-Go-Round and other informal credit associations.

The idea and practice of women entrepreneurship is a recent phenomenon in Kenya. Until the 1980‘s little was known about women entrepreneurship both in practice and research, which made its focus entirely on men. Scientific discourse about women‘s entrepreneurship and women owned and run organizations is just the development of 1980s (ILO, 2006) and late 1990s and early 2000s in Eastern Africa especially Kenya (Mwobobia, 2012).

Women entrepreneurs have increasingly become a key target group for financial institutions and microfinance programmes. Providing access to financial institutions is not only considered a precondition for poverty alleviation, but also for women's empowerment. Evidence from the millions of microfinance clients around the world demonstrates that access to financial services enables poor people to increase their household incomes, build assets, and reduce their vulnerability to the crises that are so much a part of their daily lives.

Statement of the Problem

Past studies indicate that women owned SMEs in Kenya have not performed well and therefore not played expected vital and vibrant role in economic development. The Kenyan government recognizes that gender inequalities usually hinder women access to opportunities and assets acquisition and have developed strategies in an effort to improve the performance of women owned Micro Enterprises (Athanne, 2011).

Despite the immense efforts done by the Government of Kenya and international organizations of devising programs to improve women entrepreneurs‟ financial situation, and yet neither their livelihoods nor their economic fortunes have improved from their substantially small businesses and merry go rounds. Over six million Kenyan women are entrepreneurs but they do not have a reasonable income, albeit they have to break a heavy sweat and with a bit of luck, they make about 7.5 dollars a day, enough to live on (Alila 2001). Women entrepreneurs alike would not have to fear the global credit crunch, since the Kenyan economy apparently, recognizes the contribution of women on what they do in the economy sector (Alila 2001). A study by Rahma (2002) indicated that there are a variety of constraints on women entrepreneurs in accessing financial institutions services. These constraints faced by women entrepreneurs are aggravated by the need to compete in an aggressive business environment with rapid technological changes, globalization of production, trade and financial flows and intense competition both locally and internationally. Strategies are therefore needed to support women run and manage viable business enterprises. The limited access to informal and formal credit by women entrepreneurs has been identified by numerous studies as the major constraint. These studies confirm that this problem is more severe than any informal or formal sectors. The banks and insurance industries, which have in erstwhile joined the scrimmage are now busy developing new products streamlined towards the women sector. This is because the informal sector comprises of a large number of micro, small and medium enterprises with an equally large percentage of families depending on such businesses for their daily income (Fernando, 2006). This access is further complicated for women-owned enterprises in developing and least developed countries. While there are studies in women micro-credit terms done by several researchers, in East and Central Africa, little evidence exist for studies on factors affecting women entrepreneurs in accessing credit in Kenya and more so in the rural areas. Kenyan women entrepreneurs face several challenges in accessing credit finance from mainstream commercial banks (Ojo, 2009).

Objectives of the Study

The general objective of this study was to examine the influence micro-credit access on financial performance of women groups in Kakamega County. This study was guided by the following specific objectives:

- To evaluate the influence of micro-credit terms on the financial performance of women groups enterprise in Kakamega County.
- To determine the influence of micro-credit cost on the financial performance of women groups in Kakamega County.
- To determine the influence of collateral requirement on the financial performance of women groups in Kakamega County.
- To evaluate the influence of financial management skills on the financial performance of women groups in Kakamega County.

LITERATURE REVIEW

The Credit Rationing Theory

Jaffee and Modgliani (1969) developed a theory of credit rationing and how it can be used to derive an operational credit rationing proxy. They developed some propositions such as the bank's optimal loan offer curve, the banker as a discriminating monopolist, the banker charging all customers at a uniform rate of interest and the generalization to separate customer classes. According to Kung'u (2011) credit rationing is a measure employed by micro lenders to limit the availability of micro credit based on their evaluation on credit worthiness of borrowers. Raising lending rates above current market rates without conforming to market forces is considered as a form of credit rationing. Credit rationing theory which involves micro credit institutions discriminating on some Women groups enterprises on amount of micro credit they can be advanced is due to various factors such as the firm size and credit risk hence when credit is rationed accessibility of micro credit and financial performance of the Women groups enterprises will be affected.

Microfinance credit Theory

The theory was suggested by Dondo (1999), in 1950s established to provide credit to indigeneous Kenyan with small scale enterprises. According to these theories, credits should have less interests as far as accuracy is upheld. With the knowledge of the creditors information on risk profile of its borrowers, the creditor has the authority to impose any interest rates despite of the borrower's risk. The creditor assumes that the borrower utilizes the loan in accordance to what was intended for despite the risk the borrower might undergo through.

The concept of micro finance credit theory is applicable in microfinance in providing solutions to the limitations of poor credit markets, mostly addressing the challenge of communication channels. Lack of proper communication and flow of information on riskiness of the borrower may lead to different situations of poor selection and behavioral hazards. From the application of the theory, the more risk the borrower is the more interest it is imposed by the creditor to compensate on the increased risk of defaulting. Those subjected to less risk of defaulting as accurately identified should be charged less interest. However, since the creditor has less or incomplete information about its borrowers, higher average interest rates should be passed on to all borrowers regardless of their risk profile.

Social Capital Theory

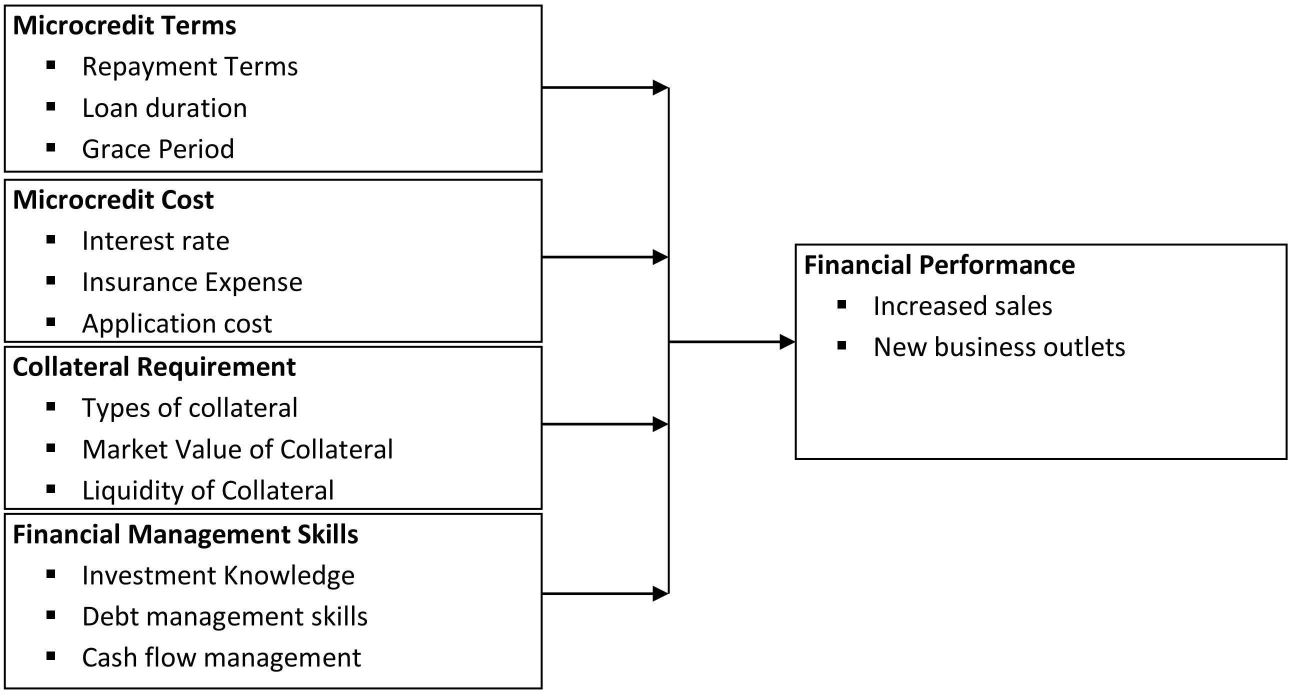
This study is inspired by the approach developed by social scientist Norman T. Uphoff (1941). Social capital is most often understood as the source through which individuals can take advantage of social relations, networks or other structures to obtain certain benefits (Portes, 1998). The conceptualization of social capital dates back to Marx and Durkheim, but in the 1970's Pierre Bourdieu provided one of the most theoretical and instrumental contemporary interpretations of the concept. Economist Glenn Loury's work on the effect of social connections on access to employment inspired sociologist James S. Coleman to investigate the role of social capital on human capital. In the 1990's Robert Putman advocated for social capital as a means for collective action for mutual benefit, through trust and norms of reciprocity. Putman is also known for his distinction between bonding' and bridging' social capital, which refers, firstly, to the social connections between a homogeneous group of people and, secondly to the relations beyond and between differing groups. (Karlan, 2006) Social capital has also gained steady ground within development literature. Michael Woolcock was the first to provide a unified conceptual framework for the concept of social capital in an economic development perspective (Piazza-Georgi, 2002; Woolcock, 1998). It has however, received much criticism mainly due to the variety of interpretations and thus confusion regarding its applicability (Lakwo, 2006). In a development context it is attacked for being used as a means to avoid inequality issues as power relations are accounted for without looking at the negative consequences of social life. Others disagree with the assumption that actors are social entrepreneurs and actively invest in relationships of trust. Yet others view social capital as embedded social resources, dynamic and negotiated but not easily stored and thus both constrain and enable individual action, as well as reproduce structural inequalities (Clever, 2005).

Resource Based Theory

The theory encapsulates resources into property that are tradable and non-specific and Knowledge as ways of transforming tangible input resources (Wiklund and Shepherd, 2003). Thetheory views internal dynamism of the enterprise as an important consideration in obtaining credit from financing institutions. The argument lies in planning and controlling of resources that no doubt attracts lenders and enhances implementation of strategies that ultimately results in efficiency and effectiveness of the firm. Arising from the theory, Lore, (2007) identifies sources of knowledge-based resources as age, education, family business history, entrepreneurial experience, industry specific know how, training and social capital. Sourcing funds from traditional financial institutions has been a major test for micro enterprises.

The physical barriers constrain financial institutions to gather information on their prospective clients and once funds are advanced institutions get into difficulties to monitor its use (Ahmed, 2002). The barriers prevent interactions and consequently, micro enterprises are unattractive to lenders. The problems are even more acute for women micro enterprises because of lack of collaterals as security for the credit.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Empirical Review of Related Literature

Gichuki, Njeru and Tirimba (2014) did a study to assess the what undermines the small and medium enterprises from getting credit services in Kangemi Harambe Market in Nairobi City, Kenya. The objectives of the study included; to assess the effect of collateral requirement on accessing the credit services, to investigate how access to credit facilities by SMEs is influenced by the credit cost, to dertermine the impact brought by information availability on MSEs access to credit facilities and to come up with the effect on credit facility access by MSEs brought about by risks on Business. The study employed descriptive research design. From the study findings, only few can access the credit facilities, leaving about more than half of the respondents anable to reach to credit facilities. The current study intends to focus on how factors affecting micro credit access such as micro credit terms, collateral requirement, micro credit cost and financial management skills affect financial performance which is the gap.

Wanambisi, (2013) did a survey on micro and small enterprises to assess the influence of microfinance

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lending on performance of Business in Kitale Municipality, Kenya. The purpose of the study was to evaluate how micro finance institutions lending affects the performance of MSEs in Kitale Municipality. This study adopted a descriptive survey research design. The study found out that the amount of loan accessed significantly positively related with performance of MSEs in Kitale Municipality. This study did not focus on collateral requirement, micro credit terms, micro credit cost and financial management skills variables and its effect on financial performance and the current study intends to fill this gap.

Githinji et al., (2019) did a study on effect of collateral requirement on Agribusiness SMEs financial performance in Nyeri Central Sub County, Kenya. The objective of this study was to evaluate how Agribusiness SMEs is affected by collateral requirement in Nyeri central Sub county. Descriptive research design was used in the study. Findings showed a negative influence on afribusiness SMEs caused by collateral requirement. This study did not focus on micro credit cost, micro credit terms and financial management skills variables and its effect on financial performance and the current study intends to fill this gap.

Muthathai (2017) studied the factors influencing growth of women owned businesses in Kenya ,case of handicraft sector and concluded that the low level of education has led to wide spread lack of good business management and knowledge ,few women have access to loan facilities and most women have good leadership qualities and desire to achieve entpreneurship.

Mongare (2017) did a research on the factors influencing the growth of small and medium enterprises in Kenya, case of Nairobi county and he concluded that creative and innovative competencies had influenced the growth of market share in their business moderately, good number of SMEs are not aware about the funding programs and financial schemes provided by the government and private sectors to assist SMEs to access credit.

Nyangala (2017) studied the factors affecting the growth of small and medium enterprises owned by youth in Nairobi and he concluded that the youths were unable to have access to external finances due to lengthy and vigorous procedures for acquiring loans.

METHODOLOGY

The study employed explanatory survey research design. The target population for this study were 116 respondents comprising of boutiques, saloons and groceries in Kakamega County (Kakamega County Ministry of trade and industrialization data, 2017).

Kakamega County has about 116 registered women enterprises which formed the sampling frame of the study (Kakamega County Ministry of trade and industrialization 2024).

The sample size of the study population was determined using Taro Yamane's proportional sampling technique formula. A sample size of 90 women were selected using stratified random sampling technique.

A self-administered questionnaire was used for primary data collection. Reliability assessment of internal consistency of the items was determined using Cronbach alpha coefficient. Data collected was sorted, cleaned and coded and then statistical package for social science (SPSS version 23) used for analysis. Both descriptive and inferential statistics were conducted and presented in form of tables.

RESULTS AND DISCUSSION

Response Rate

The researcher sent 101 questionnaires in total to women owned enterprises in the sampled groups of Kakamega County. Out of the 90 instruments issued, 67 were returned duly completed representing a response rate of 74.4 percent. All the 67 duly returned questionnaires were found to have been correctly filled.

Extent to Which Micro Credit Loan Affects Financial Performance

The researcher tried to find out the extent to which micro credit loan affect the respondent's financial performance and was to rank the effect as per the following levels; very great extent, great extent, medium extent and small extent.

Table 1: Extent to Which Micro Credit Loan Affects Financial Performance

Scale	Frequency	Percent
Very great extent	16	23.9
Great extent	19	28.4
Medium extent	26	38.8
Small extent	6	9
Total	**67**	**100**

The results in Table 1 on extent to which micro credit loan affects respondent's financial performance show that 16 (23.9 percent) of the respondents were affected to a very great extent, 19 (28.4 percent) being affected to a great extent, 26 (38.8 percent) to a medium extent and 6 (9.0 percent) being affected to a small extent. Thus, the respondents had sufficient experience to provide information on the factors influencing small and medium enterprise micro credit access and financial in Kakamega County. The results are in agreement with those of Gangata et.al. (2013) whereby the researcher observed that micro enterprises do not access loans in Zimbabwe due to restrictions by the banks the main one being loan security.

Terms in Micro Credit

The researcher sought to find from the respondents on the terms at which micro credit lenders have set for borrowers to meet before they can be given a micro credit facility. The researcher sought to get information from the respondents concerning the period at which the borrowers are supposed to repay back the loan as per given parameters ranging from every week to every month.

Table 2: Normal Repayment Period

Normal Repayment Period	Frequency	Percent
Every week	1	1.5
After every two weeks	6	9
Every month	60	89.6
Total	**67**	**100**

The results in Table 2 on normal repayment period show that 1(1.5 percent) of the respondents pays the loan after every week, 6(9.0 percent) pays after every two weeks and 60(89.6 percent) of the respondents pays after every month. Thus, the respondents had sufficient interaction with micro finance loan repayment terms to provide information on the factors influencing SMEs micro credit access and financial performance in Kakamega County.

Responses On Micro Credit Terms

The researcher sought to find from the respondents' responses on the effect of micro credit terms on micro credit access in terms of business growth, profitability, business assets and working capital.

Table 3: Responses on Micro credit terms

Statement	Strongly agreed	Agreed	Neutral	Disagreed	Strongly disagreed	Mean	SD
Loan repayment period affect sales growth of my Business.	9(13.4%)	16(23.9%)	34(50.7%)	7(10.4%)	1(1.5%)	2.63	.902
Loan repayment period affect profitability of my business	14(20.9%)	26(38.8%)	19(28.4%)	7(10.4%)	1(1.5%)	2.33	.975
Loan repayment period affect growth in number of branches of mybusiness	8(11.9%)	19(28.4%)	27(40.3%)	10(14.9%)	3(4.5%)	2.72	1.012
Loan repayment period affects the working capital of my business	15(22.4%)	15(22.4%)	20(29.9%)	13(19.4%)	4(6.0%)	2.64	1.202
Loan repayment period affects theassets of my business	5(7.5%)	23(34.3%)	20(29.9%)	14(20.9%)	5(7.5%)	3.13	1.072

The results in Table 3 on micro credit terms show that loan repayment period affects sales growth of my business had 9(13.4 percent) of the respondents strongly agreeing, 16(23.9 percent) agreeing, 34(50.7 percent) being neutral, 7(10.4 percent) disagreeing, 1(1.5 percent) strongly disagreeing, (mean 2.63, SD=.902). Loan repayment period affect profitability of the business had 14(20.9 percent) strongly agreeing, 26(38.8 percent) agreeing, 19(28.4 percent) being neutral, 7(10.4 percent) disagreeing and 1(1.5 percent) of the respondents disagreeing, (mean 2.33, SD=.975). Loan repayment period affect growth in number of branches of my business had 8(11.9 percent) strongly agreeing, 19(28.4 percent) agreeing, 27(40.3 percent) being neutral, 10(14.9 percent) disagreeing and 3(4.5 percent) strongly disagreeing (mean 2.72, SD=1.012). Loan repayment period affects the assets of my business had 5(7.5 percent) of the respondents strongly agreeing, 23(34.3 percent) agreeing, 20(29.9 percent) being neutral, 14(20.9 percent) disagreeing, and 5(7.5 percent) strongly disagreeing (mean 3.13, SD = 1.072). The results agree with those of Rose (2012) who found that access of micro credit significantly led to increase in sales level. In her study, majority of the respondents said their businesses improved in terms of sales volume as a result of using micro credit.

Micro Credit Cost

This comprises the cost incurred when one acquires a micro credit facility which includes interest rates and administration costs.

Awareness of Interest Rate Amount Charged On Their Loan

The researcher sought to find from the respondent's information on their awareness on the interest rates charged on their loan.

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Table 4: Awareness of Interest Rate Amount Charged On Loan

Awareness of Interest Rate	Frequency	Percent
Yes	65	97
No	2	3
Total	**67**	**100**

The results in Table 4 on awareness of interest rate amount charged on loan shows that 65 (97 percent) of the respondents were aware of interest rate charged on their loan while 2 (3.0 percent) were not aware of interest rate charged on their loan. The results agree with those of Karumba & Wafula (2012) who found that borrowers are able to obtain information regarding the interest rate amount charged by different lenders and make the necessary comparison.

Responses on Micro Credit Cost Terms Affecting the Business

The researcher intended to find from the respondent's information of micro credit cost on micro credit access in terms of business sales growth, assets, profitability and working capital.

Table 5: Responses on Micro Credit Cost Terms Affecting the Business

Statement	Strongly Agreed	Agreed	Neutral	Disagreed	Strongly disagreed	Mean	SD
Rates of interest influence the growth in sales ofthe business	14(20.9%)	26(38.8%)	22(32.8%)	4(6.0%)	1(1.5%)	2.28	.918
Rates of interest influence profitability of the business	15(22.4%)	18(26.9%)	28(41.8%)	1(1.5%)	5(7.5%)	2.45	1.091
Rates of interest influence growth in branches of business	15(22.4%)	12(17.9%)	28(41.8%)	9(13.4%)	3(4.5%)	2.60	1.115
Rates of interest influence growth in working capital of the business	15(22.4%)	15(22.4%)	20(29.9%)	13(19.4 %)	4(6.0%)	2.64	1.202
Rates of interest influence growth in assets of business	17(25.4%)	29(43.3%)	1(1.5%)	8(11.9%)	12(17.9 %)	3.46	1.449
Overall mean						**2.69**	**1.16**

The results in Table 5 on micro credit costs affecting the business performance show that the overall mean for the responses was 2.69 (= agreed) and standard deviation 1.16. Rates of interest influence the growth in sales of the business had 14(20.9 percent) strongly agreeing, 26(38.8 percent) agreeing, 22(32.8 percent) being neutral, 4(6.0 percent) disagreeing, 1(1.5 percent) strongly disagreeing. Rates of Interest influence profitability of the business had 15(22.4 percent) strongly agreeing, 18(26.9 percent) agreeing, 28(41.8percent) being neutral, 1(1.5 percent) disagreeing, 5(7.5 percent) strongly disagreeing. Rates of interest influence growth in branches of business had 15(22.4 percent) strongly agreeing, 12(17.9 percent) agreeing, 28(41.8 percent) being neutral, 9(13.4 percent) disagreeing and 3(4.5 percent) disagreeing.

Rates of interest influence growth in working capital of business had 15(22.4 percent) strongly agreeing, 15(22.4 percent) agreeing, 20(29.9 percent) being neutral, 13(19.4 percent) disagreeing, 4(6.0

percent) strongly disagreeing. Rates of Interest influence growth in assets of business had 17(25.4 percent) of the respondents strongly agreeing, 29(43.3 percent) agreeing, 1(1.5 percent) being neutral, 8(11.9 percent) disagreeing, and 12(17.9 percent) strongly disagreeing. The results agree with those of Quaye, (2011), who found that Micro Small and Medium Enterprises normally have low opportunities to access credit facilities and other financial support services as the banks find it costly when dealing with small firms since it is cumbersome to recoup on the costs incurred on them and also there are the some risks attached to giving out loans to Women groups enterprises that discourage banks from doing business with them. The results also agree with those of Gichuki, *et. al.* (2014) who found that in Africa micro enterprises have limited access to micro credit, hence affects their development and expansion.

Collateral Requirement

This is the security required by micro credit institutions to be furnished by the borrower and it is retained by the financial institutions till the loan is fully repaid.

Whether Financial Institutions Ask For Loan Security

The researcher sought to find information from the respondents if financial institutions if they ask for loan security before advancing micro credit facility.

Table 6: Whether Financial Institutions Ask For Loan Security

Loan Security	Frequency	Percent
Yes	60	89.5
No	7	10.5
Total	**67**	**100**

The results in Table 6 on whether financial institutions ask for loan security before advancing any micro credit indicate that 60 (89.5 percent) of the respondents were aware that the financial institutions ask for loan security while 7 (10.5 percent) of the respondents were not aware. This means that the majority of the respondents were aware of the financial institutions' requirements on loan security. These are respondents who have applied for loans before while those who were not aware are likely not to have taken loans from the micro finance institutions before.

Responses On Collateral Requirement Affecting The Business

The researcher sought to find from the respondents the effect of collateral requirement on financial performance in terms of sales growth, profitability, branch growth, working capital and assets.

Table 7: Responses on Collateral Requirement Affecting the Business

Statement	Strongly agreed	Agreed	Neutral	Disagreed	Strongly disagreed	Mean	SD
Loan security required by micro credit institutions affects the growth in sales of my business	12(17.9%)	18(26.9%)	20(29.9%)	14(20.9%)	3(4.5%)	2.67	1.133
Loan security required by micro credit institutions affects profitability of my business	13(19.4%)	20(29.9%)	22(32.8%)	10(14.9%)	2(3.0%)	2.52	1.064
Loan security required by micro credit institutions affects the growth in branches of my business	9(13.4%)	17(25.4%)	22(32.8%)	14(20.9%)	5(7.5%)	2.84	1.136
Loan security required by micro credit institutions affects the working capital of my business	13(19.4%)	19(28.4%)	19(28.4%)	13(19.4%)	3(4.5%)	3.01	1.321
Loan security required by micro credit institutions affects the assets of my business	11(16.4%)	23(34.3%)	19(28.4%)	8(11.9%)	6(9.0%)	3.37	1.166
Overall mean						**2.88**	**1.16**

The results in Table 7 on collateral requirement affecting business performance show that the results had a mean of 2.88 (= agreed) and standard deviation 1.16. Loan security required by micro credit institutions affects the growth in sales of my business had 12(17.9%) of the respondents strongly agreeing, 18(26.9 percent) agreeing, 20(29.9 percent) being neutral, 14(20.9 percent) disagreeing, 3(4.5 percent) strongly disagreeing.

Other results this study in Table 7 were loan security required by micro credit institutions affects profitability of my business had 13(19.4 percent) strongly agreeing, 20(29.9 percent) agreeing, 22(32.8 percent) being neutral, 10(14.9 percent) disagreeing and 2(3.0 percent) strongly disagreeing. Loan security required by micro credit institutions affects the growth in branches of my business had 9(13.4 percent) strongly agreeing, 17(25.4 percent) agreeing, 22(32.8 percent) being neutral, 14(20.9 percent) disagreeing, 5(7.5 percent) strongly disagreeing.

Loan security required by micro credit institutions affects the working capital of my business had 13(19.4 percent) of the respondents strongly agreeing, 19(28.4 percent) agreeing, 19(28.4 percent) being neutral, 13(19.4 percent) disagreeing, and 3(4.5 percent) strongly disagreeing. Loan security required by micro credit institutions affects the assets of my business had 11(16.4 percent) of the respondents strongly agreeing, 23(34.3 percent) agreeing, 19(28.4 percent) being neutral, 8(11.9 percent) disagreeing, and 6(9.0 percent) strongly disagreeing. The results are in agreement with those of Fatoki et. al. (2010)

who found that loan security was one of the factors limiting access to credit in South Africa. They also agree with those of Quaye, (2011), who found that Micro Small and Medium Enterprises normally have low opportunities to access credit facilities and other financial support services provided by micro lenders as the Women groups enterprises cannot provide the mandatory loan security required by financial institutions.

Training on Financial Management Skills

This involves giving the business people knowledge and skills on financial management which contributes to proper handling finances by those running business. Whether Respondent Has Ever Been Trained on Finance Matters

The researcher sought to find out from the respondents if they have been trained on financial management skills.

Table 8: Whether Respondent Has Ever Been Trained On Finance Matters

Training	Frequency	Percent
Yes	38	56.7
No	29	43.3
Total	**67**	**100**

The results in Table 8 on whether the respondents have been trained on process of handling finances in business, indicates that 38 (56.7 percent) of the respondents been trained on process of handling finances on business while 29 (43.3 percent) have never been trained on the same. Thus, majority had enough knowledge on financial management skills. The results agree with those of Ledgerwood (1998) who found that many entrepreneurs need skills training to make their business succeed. The results also agree with those of Komen (2014) found out that 49 percent of SMES had not received any formal training in business. His findings indicated that the main challenges affecting SMES were access to micro finance business training and skills.

Whether Professionals Have Been Hired to Handle Financial Matters

The researcher sought to find from the respondents whether they have hired professionals on financial matters to assist them on financial management

Table 9: Whether Professionals Have Been Hired To Handle Financial Matters

Hiring professionals	Frequency	Percent
Yes	2	6.9
No	27	93.1
Total	**29**	**100**

The results in Table 9 indicate that 2(6.9 percent) of those who answered in the negative have hired a professional to handle financial matters while 27(93.1 percent) had not hired professionals to handle their financial matters. This means that those particular respondents were at risk of not being able to record their financial transactions effectively. The results are in agreement with those of Thalassinos, *et. al.* (2010) who found that many SMEs do not keep accounting records on their operations, and thus, in the absence of proper accounting records and information. Due to this problem, most SMEs tend to collapse a few years after they have been established.

Responses on Training in Financial Management Skills

The researcher enquired from the respondents how they rate training on financial management skills affect financial performance in terms of business profitability, business sales growth, business financial performance and growth of business branches.

Table 10: Responses on Training in Financial Management Skills

Statement	Strongly agreed	Agreed	Neutral	Disagreed	Strongly disagreed	Mean	SD
Training on financial management affect profitability of my business	18(26.9%)	15(22.4%)	15(22.4%)	14(20.9%)	5(7.5%)	2.60	1.292
Training on financial management skills affect growth of sales of my business	17(25.4%)	11(16.4%)	21(31.3%)	17(25.4%)	1(1.5%)	2.61	1.167
Your training contributed to your business financial performance	27(40.3%)	15(22.4%)	13(19.4%)	9(13.4%)	3(4.5%)	2.19	1.223
Training on financial management skills affect growth of branches of my business	14(20.9%)	10(14.9%)	19(29.9 %)	14(20.9%)	10(13.4%)	2.91	1.323
Training on financial management skills affect growth of assets of my business	17(25.4%)	24(35.8%)	15(22.4%)	0(0.0%)	11(16.4%)	3.54	1.329
Overall mean						**2.77**	**1.27**

The results in Table 10 show the overall mean for responses on training in financial management skills was 2.77 disagreed with standard deviation 1.27. Training on financial management affects profitability of my business had 18 (26.9 percent) of the respondents strongly agreeing, 15 (22.4 percent) agreeing, 15 (22.4 percent) being neutral, 14 (20.9 percent) disagreeing, 5 (7.5 percent) strongly disagreeing. Training on financial management skills affect growth of sales of my business had 17 (25.4 percent) strongly agreeing, 11 (16.4 percent) agreeing, 21 (31.3 percent) being neutral, 17 (25.4 percent) disagreeing and 1 (1.5 percent) strongly disagreeing. Your training contributed to your business financial performance had 27 (40.3 percent) strongly agreeing, 15 (22.4 percent) agreeing, 13 (19.4 percent) being neutral, 9 (13.4 percent) disagreeing, 3 (4.5 percent) strongly disagreeing. Training on financial management skills affect growth of branches of my business had 14 (20.9 percent) strongly agreeing, 10 (14.9 percent) agreeing, 19 (29.9 percent) being neutral, 14 (20.9 percent) disagreeing, 10 (13.4 percent) strongly disagreeing. Training on financial management skills affect growth of assets of my business had 5 (7.5 percent) of the respondents strongly agreeing, 23 (34.3 percent) disagreeing, 20 (29.9 percent) being neutral, 14 (20.9 percent) disagreeing, and 5 (7.5 percent) strongly disagreeing. The results are in agreement with those of Omri *et. al*. (2012), who found that financial management skills are important in ensuring balance and the optimization of resources for the growth of a micro and small enterprise. They also agree with those of Nguyen (2001) who found that the practices which are increasingly identified with the profitability and performance of SMEs in Vietnam are the practices identified with the 'bookkeeping data frameworks, financial planning, working capital administration, fixed-resource management and financial revealing and analysis.

These practices require preparing on money related administration skills.

Responses on Business Performance

The researcher inquired about how they rate business performance in terms of how access to micro credit has on increase in business monthly profit, business assets, monthly sales and the number of employees in the business.

Table 11: Responses on Business Performance

Statement	Strongly agreed	Agreed	Neutral	Disagreed	Strongly disagreed	Mean	SD
Access to microcredit has increased the monthly profit of my business	6(9.0%)	21(23.9%)	25(37.3%)	12(17.9%)	3(4.5%)	3.22	.997
Access to microcredit has increased the assets of my business	5(7.5%)	13(19.4%)	17(25.4%)	27(40.3%)	5(7.5%)	2.79	1.080
Access to microcredit has increased the monthly sales of my business	9(13.4%)	2(3.0%)	8(11.9%)	24(35.8%)	24(35.8%)	2.22	1.335
Access to microcredit has increased the number of employees in my business	7(10.4%)	20(29.9%)	24(35.8%)	6(9.0%)	10(14.9%)	3.12	1.187
Overall mean						**2.84**	**1.15**

The results in Table 11 shows that the responses on business performance had a mean of 2.84 (= disagreed) and standard deviation of 1.15. Access to microcredit has increased the monthly profit of my business had 6(9.0 percent) of the respondents strongly agreeing with the statement, 21(23.9 percent) agreeing, with 25(37.3 percent) being neutral, 12(17.9 percent) disagreeing, and 3(4.5 percent) strongly disagreeing. Access to microcredit has increased the assets of my business had 5(7.5 percent) of the respondents strongly agreeing with the statement, 13(19.4 percent) agreeing, 17(25.4 percent) disagreeing, and 27(40.3 percent), and 5(7.5 percent) strongly disagreeing. Other results were access to microcredit has increased the monthly sales of my business had 9(13.4 percent) of the respondents strongly agreeing with the statement, 2(3.0 percent) agreeing, 8(11.9 percent) being neutral, 24(35.8 percent) disagreeing, and 24(35.8 percent) strongly disagreeing. Access to micro credit has increased the number of employees in my business had 7(10.4 percent) of the respondents strongly agreeing with the statement, 20(29.9 percent) agreeing, 24(35.8 percent) being neutral, 6(9.0 percent) disagreeing, and 10(14.9 percent) stronglydisagreeing.

The results above agree with those of Shariff, et. al. (2008) on their research on factors that influence the survival and performance of SMEs, they found that business performance is strongly influenced by access to micro finance. The results also agree with those of Rose (2012) who found that access of micro credit significantly led to increase in sales level. In her study, majority of the respondents were of the opinion that their businesses improved in terms of sales volume as a result of using micro credit. The results also agree with Muiruri (2014) who found that SMEs that credit services from MFIs showed growth in staff employed, revenue earned and sales.

Correlation Analysis Results

Correlation analysis was performed to determine the correlation between parental involvement, teacher presentation skills, mother tongue instructional materials, teacher attitude towards mother tongue, and literacy skills. In order to assess the direction and strength and to determine the relationship between the independent variables and dependent variable, Pearson's product-moment correlation (r) was used. Each of the independent variables and dependent variables where correlation coefficient (r=between +1 and -1) measures the strength and direction of a linear relationship between each of the independent variables and dependent variables. As per Thanoon, Adnan, and Saffari (2015), Pearson Correlation of r=+0.7 indicates a very strong relationship; r=+0.5 to below 0.7 indicates a strong relationship; r=+0.3 to +0.49 indicates a moderate relationship, and r=.029 and below indicates a weak relationship. Where r= 0 it indicates that there is no relationship. However, the value of +1 shows a perfect linear relationship. The established association between dependent variables and the independent variable was described in Table 12.

Table 12: Correlations Between the Independent and the Dependent Variables

		Micro credit terms	Micro credit costs	Collateral requirements	Financial management skills training	Financial performance of Women groups enterprises
Microcredit terms	Pearson Correlation	1				
	Sig. (2-tailed)	.000				
	N	67				
Micro credit costs	Pearson Correlation	. 092	1			
	Sig. (2-tailed)	.345	.000			
	N	67	67			
Collateral requirements	Pearson Correlation	.067	.207	1		
	Sig. (2-tailed)	.623	.378	.000		
	N	67	67	67		
Financial management skills	Pearson Correlation	.440	.752	.410	1	
	Sig. (2-tailed)	.326	.206	.128	.000	
	N	67	67	67	67	
Financial performance of Women groups enterprises	Pearson Correlation	.475*	-.205*	-.341*	-.207**	1
	Sig. (2-tailed)	.000	.001	.005	.030	
	N	67	67	67	67	67

*. Correlation is significant at the 0.05 level (2-tailed).

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

The results in Table 12 on correlations indicates that the associations between the independent variables, microcredit terms and collateral requirements and the dependent variable were significant at the 95% confidence level (p<0.05). At the 0.05 significance level (r=0.475, p<0.05), there is a statistically significant relationship between microcredit terms and financial performance of women groups enterprise in Kakamega County. It is thus inferred that microcredit terms predicate financial performance of women groups enterprise in Kakamega County. Micro credit terms have a positive relationship with financial performance of women groups enterprise in Kakamega County. The results agree with those of Gichuki, *et. al.* (2014) who found that in Africa micro enterprises have limited access to micro credit, hence affects their development and expansion.

The analysis also indicates that micro credit costs have a weak negative and significant association with financial performance of women groups enterprise in Kakamega County (r=-0.205, p< 0.05). This could be argued to imply that the introduction of micro credit costs contributes to financial performance of women groups enterprise in Kakamega County whereby if micro credit costs were reduced financial performance of women groups enterprise in Kakamega County would improve following the strong relationship. The results agree with those of Quaye, (2011), who found that Micro Small and Medium Enterprises normally have low opportunities to access credit facilities and other financial support services provided by micro lenders as the banks find it costly when dealing with small firms since it is cumbersome to recoup on the costs incurred on them and also there are some risks attached to giving out loans to Women groups enterprises that discourage banks from doing business with them.

The analysis further indicated that collateral requirements had a moderate negative relationship with financial performance of women groups enterprise in Kakamega County (r=-0.341, p<0.05). This could also imply that collateral requirements contributed to financial performance of women groups enterprise in Kakamega County whereby if collateral requirements were reduced financial performance of women groups enterprise in Kakamega County would as well improve at a moderate positive relationship. The results agree with those of Quaye, (2011), who found that Micro Small and Medium Enterprises normally have low opportunities to access credit facilities and other financial support services provided by micro lenders as the Women groups enterprises cannot provide the mandatory loan security required by the financial institutions.

The analysis also indicated that financial management skills training practices had a weak negative and significant relationship with financial performance of women groups enterprise in Kakamega County (r=-0.207, p<0.05). This could also imply that financial management skills training practices contributed to financial performance of women groups enterprise in Kakamega County whereby if financial management skills training practices were improved financial performance of women groups enterprise in Kakamega County would as well improve at weak positive relationship. The results agree with those of Ledgerwood (1998) who found that potential entrepreneurs often need skills training or other inputs to make their enterprises a success and fast-growing micro enterprises have particular problems in controlling their finances.

Regression Analysis

Multiple regression analysis was conducted by the researcher so as to check on relationship among independent (variables) on the effect of micro credit access on the financial performance of micro small and medium enterprises. The statistical package for social sciences (SPSS V 21.0) was used by the researcher to code, enter and compute the measurements of the multiple regressions for the study.

Table 13: ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	11.028	4	2.757	5.281	.002[b]
1	Residual	32.354	62	.522		
	Total	43.382	66			

a. Dependent Variable: Financial performance of Women groups enterprises

b. Predictors: (Constant), micro credit terms, micro credit costs, collateral requirements

The results in Table 13 on ANOVA performed on the independent and dependent variables indicates existence of a significant variations on the means of the variables describing micro credit access factors and the financial performance of Women groups enterprises in Kakamega County. ($F_{o}' = 5.281 > F_t = 2.37$; $\alpha < 0.05$; df = 4,62; p = 0.05). This finding confirms the finding suggested by regression model in Table 4.32. The above ANOVA indicates the relevants of the obtained data in drawing conclusion on parameters of the population as the value is significant at $P < 0.05$. It shows that regression association was significant in forecasting how micro credit terms, micro credit costs, collateral requirements influence the financial performance of Women groups enterprises.

The study computed the regression model equation in order to determine the relative significance of every independent variable in predicting the dependent variable. To determine the relative importance of each independent variable in predicting the dependent variable, the regression model equation was computed. Table 4.26 shows the coefficients(parameter estimates)

CONCLUSION AND RECOMMENDATIONS

he results of the study indicate that various factors, specifically microcredit terms, microcredit cost, collateral requirements, and financial management skills, play a crucial role in influencing the financial performance of women's group enterprises in Kakamega County.

Firstly, our analysis highlights that microcredit terms significantly impact financial performance. The favorable terms of microcredit—such as lower interest rates, flexible repayment schedules, and accessible loan amounts—are positively correlated with the financial success of these enterprises. Women's groups that have access to more favorable credit conditions are better positioned to invest in their businesses, manage cash flow effectively, and ultimately achieve better financial outcomes.

Conversely, the study reveals that microcredit costs exert a negative and significant effect on the financial performance of women's group enterprises. High costs associated with microcredit—such as high interest rates and additional fees—can strain the financial resources of these groups. This burden limits their ability to reinvest profits, expand operations, or cover essential business expenses, leading to diminished overall performance.

Additionally, we find that collateral requirements also have a significant and negative effect on financial performance. The necessity for collateral can pose a considerable challenge for women's groups, particularly those with limited assets. When collateral requirements are high, many potential borrowers may be excluded from accessing necessary funds. This restriction hinders their ability to grow their enterprises and achieve financial stability.

In view of the findings from the research, the study recommends that the Women groups enterprise in Kakamega County should take into account the micro credit terms, micro credit cost, collateral requirement and financial management skills since the study revealed a positive significant effect on financial performance by this attribute.

As per findings the study recommends that the micro finance institutions should focus on and improve the micro credit terms especially the duration of loan repayment as this was the main factor found to be significant in the study.

The study recommends that micro finance institutions should reduce the costs involved in giving the micro credit services as a means of improving the uptake of micro credit services.

The study recommends that Women groups enterprises should be keen on the collateral requirements that individual micro finance institutions need as these was found to have a positive effect on their financial performance of Women groups enterprises. The study thus recommends that micro finance institutions should improve on the requirements on collaterals to increase uptake of micro credit loans by the Women groups enterprises.

On training on financial management skills, the study recommends that Women groups enterprises should go for training as this improves bookkeeping skills which was found to have positive effect on financial performance of Women groups enterprises.

Recommendations for Further Studies

This study was driven to micro- credit access and financial performance of women groups enterprise in Kakamega County and thus, the results are limited to Women groups enterprises operating within Kakamega County. This study recommends further studies be carried out on other Women groups enterprises that operate in various areas in Kenya. The study also recommends that future studies focus on particular micro credit terms factors to examine their influence on Women groups enterprises' performance.

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