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**“An Analysis of Information Accessibility on Micro Credit  
Access by Women Owned Micro and Small Enterprises in  
Kakamega Municipality”**



**Malenya Anjetsa Abraham**

*MBA-Finance and  
Accounting Student  
Jomo Kenyatta University of  
Agriculture and Technology*



**Dr. Musiega Dougluas  
Director**

*Jomo Kenyatta University of  
Agriculture and Technology-  
Kakamega Campus*



**Dr. Ondieki B. Alala**

*Lecturer, Accounting and  
Finance  
School of Human and  
Development  
Jomo Kenyatta University of  
Agriculture and Technology-  
Kakamega Campus*



**Gerishom Wafula Manase**

*MBA (Finance)  
Mount Kenya University-  
Kakamega Campus*

## Abstract

This research study sought to analyze micro credit access by Women owned MSEs in Kakamega Municipality. The study was guided by the following research objectives:

i) To investigate the extent to which information accessibility influence micro credit access  
ii) To investigate the extent to which education level influence micro credit access.

iii) To investigate the extent to which control over assets and property rights influence micro credit. The research study incorporated the use of descriptive research design and the population of study comprised of MSEs Kakamega Municipality. The study adopted stratified random sampling approach to select a sample of 98 and a researcher administered questionnaire was used to facilitate the acquisition of primary data. Data was analyzed by the use of descriptive and inferential statistics with the aid of SPSS and thereafter presented in the form of tables. The study established that information accessibility does influence micro credit access among the rural women hence the study rejected the null hypothesis since the chi-square statistic was less than 0.05 (0.000). The study also revealed the role of business and community associations towards access to micro credit.

**Key Words:** Credit Associations, Micro and Small Enterprises, Rotating Savings

## 1.0 Introduction

Women, especially in developing countries bear an unequal share of the burden of poverty. Microfinance helps the poor to borrow for business expansion, to save and buy other relevant products like micro insurance and to improve their standards of living. A survey on micro credit initiatives targeted at women has pointed out that women have superior credit repayment records and lending to women has a more positive effect on household welfare compared to men (Stotsky, 2006).

Although access to finance is a business constraint for both men and women, evidence suggests that women face higher hurdles. Women's access to finance especially at the small and medium enterprise level is a major constraint to start and expand businesses. Women therefore face tighter constraints in terms of the cost of and access to finance. Lack of collateral is a major hurdle for women. Majority of the loan applications rejections are based on the lack of acceptable collateral, a major constraint for women. Women are also twice as likely to complain about collateral requirements as men and they perceive such requirements as a greater burden to them (Nasr, 2010).

Women also typically have less wealth and therefore less collateral to pledge to financing organizations than do men. In poorer countries, financing usually comes through informal financial networks. In some countries/cultures, women may not have access to these networks. A very small percentage of micro credit programming usually targets women specifically. The year 2005 was the year of Micro Credit and there was an implicit focus on women in this initiative as called by Nane Annan who promised to give women even more access to microfinance services enabling them to fulfill their hopes and dreams for themselves and their families (Maxfield, 2007).

Statutory laws in some countries explicitly restrict women's access to formal credit. For example in some countries the regulatory framework regulating the creation and realization of non-land secured interests does not permit loans to be taken out without land-based collateral. Despite having no official rule with regards to women in terms of taking out loans, bank officials prefer to deal with men and do not take women seriously (Ellis et al, 2007). In

Uganda, the constitution provides for equality between both sexes, but most commercial banks require a husband's co-signature to open an account. Bank officials feel that women are not key decision makers, despite the fact that the enterprise could be owned and operated by them (Cutura, 2007).

Women's lack of credit access as an individual and lack of control of household income could originate from the perception that men manage household money and economically independent women are negatively perceived. If credit was approved for women, it is commonly channeled to the husband, even if it is the woman who requested and applied for it.

Micro credit financial programmes have been largely designed, crafted and implemented with the male who is the head of household as the intended client and fail to recognize that women are active, productive and engaged economic agents with their own financial needs and constraints (Fletschner, 2009). Women constitute approximately half of the rural labour force and, while not always counted, they are economically active in each sub-sector of the rural economy (Diagne et al., 2000). Even though millions of women throughout the world contribute to national agricultural output and family food security, detailed studies from Latin America, South Asia, and Sub-Saharan Africa consistently indicate that rural women are more likely to be credit constrained than men of equivalent socio-economic conditions (Fletschner and Kenney, 2011).

### ***1.2 Statement of The Problem***

While access to finance is a challenge common to all MSEs, the challenge for women business owners is compounded by the multifaceted gender related problems that inhibit their ability to access credit. Securing capital for business start up or business operation is one of the major obstacles of every entrepreneur particularly in the MSE sector but women entrepreneurs face additional constraints to secure financial resources (Wole, 2009).

Moreover; in the developing world, women's access to credit is limited because lending offices usually require tangible collateral from borrowers. The most commonly accepted tangible form of collateral is land. However, many women do not own property that can be exploited as collateral because gender relationships play a central role (Dowuona-Hammond, 2007).

In addition, women entrepreneurs are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support and credit services (Cutura, 2007). Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to comprehend it due to low levels of literacy (UNDP, 2007).

Moreover; AMFI as a body has acknowledged that women still face many barriers in accessing microfinance (Stevenson and St-Onge, 2005), but none of these studies have addressed specific groups. This study therefore focused on rural women entrepreneurs within Kakamega Central District.

### ***1.3 Research Objective***

The general objective of this study was to analyse the extent to which information accessibility influence micro credit access among rural in Kakamega.

#### ***1.4 Research Question***

To what extent does information accessibility of rural women influence micro credit access?

#### ***1.5 Significance of the Study***

The findings of this study will benefit policy makers, academicians, other researchers and add to the available knowledge.

The research will benefit policy makers in terms of new ideas coming up from the study that can lead to the promotion of women owned Micro and Small Enterprises in Kenya. It will make recommendations that can be adopted and form part of the government policy aimed at promoting women owned MSEs especially in the rural part of Kenya.

It will help academicians to gain a deep understanding of how information accessibility affect access to micro credit by women owned enterprises especially those in the rural part and whether such challenges if eliminated may lead to women empowerment.

The paper will contribute on what other researchers have already done mainly on access to micro credit by women owned enterprises and as such add value to the existing knowledge of research through the findings that were obtained by the study.

This paper will elicit questions that should form the basis for further research in the area of micro credit and women owned enterprises.

#### ***1.6 Scope of the Study***

The study was carried out to assess the extent to which information accessibility influence micro credit access among rural women in Kenya. The population of this study consisted of women owned enterprises in Kakamega Municipality. To collect data, the researcher approached these women entrepreneurs at their respective places of business, where the researcher sought time from the women entrepreneurs to administer the questionnaires.

## **2.0 Literature Review**

### ***2.1 Resource-Based Theory in MSE start up Financing***

The resource-based theory is a useful framework to understand the dynamics of small enterprises. Resource-based theories hold that enterprises with valuable, rare and inimitable resources have the potential of achieving superior outcomes (Wiklund and Shepherd, 2003). Resources are usually categorized as either property-based or knowledge-based resources (Wiklund and Shepherd, 2003). Property-based resources refer typically to tangible input resources while knowledge-based resources are the ways in which firms combine and transform tangible input resources. Knowledge-based resources are important in providing sustainable competitive advantage. Resource-based theories are used to analyze strategic resources that are available to firms, focusing on categorizing resources and examining the relationships between resource configurations and firm performance. Little attention has been devoted to examining the relationships between different resource configurations. Consequently, understanding on how, for instance, knowledge-based resources influence access to bank credit is limited.

Firms must also have an appropriate organization in place to take advantage of these resources. Entrepreneurial orientation is an important measure of the way firms are organized (Wiklund and Shepherd, 2003). Entrepreneurial orientation refers to a firm's strategic

orientation, capturing specific entrepreneurial aspects of decision-making styles, methods and practices (Lumpkin and Dess, 1996). Previous studies (such as Kimuyu and Omiti, 2000; Zeller, 1994) have largely focused on the direct link between individual strands or configurations of personal resources and access to bank credit while less attention has been devoted to how small enterprises can utilize these resources more effectively.

Age, education, entrepreneurial experience, industry specific know-how, training, gender and social capital have been shown to influence access to bank credit (Lore, 2007). However, existing literature tends to treat these variables as direct determinants of access to bank credit. Micro finance is not a new development. Its origin can be traced back to 1976, when Muhammad Yunus set up the Grameen Bank, as experiment, on the outskirts of Chittagong University campus in the village of Jobra, Bangladesh. The aim was to provide collateral free loans to poor people, especially in rural areas, at full-cost interest rates that are repayable in frequent installments. Borrowers were organized into groups and peer pressure among them reduces the risk of default (Khan and Rahaman, 2007).

Ledgerwood (1999), Christen and Rosenberg (2000) perceive the concept of micro finance as the provision of financial and non financial services by micro finance institutions (MFIs) to low income groups without tangible collateral but whose activities are linked to income-generating ventures. These financial services include savings, credit, payment facilities, remittances and insurance. The non-financial services mainly entail training in micro enterprise investment and business skills. Roth, (2002) believes that micro finance encompasses micro credit, micro savings and micro insurance.

## ***2.2 Studies on Women's Access to Finance***

A study carried out by the International Labour Organization (ILO), for example, put access to finance as the major obstacle facing business women. Similarly, women make up the majority of the poor and the majority of informal sector participants in most economies (ILO, 2007). Moreover, women have limited access to formal sources of credit and other economic resources. Consequently, they cannot discharge their socio-economic roles and responsibilities effectively (Ledgerwood, 1999). Therefore, there is a shared view among proponents of microcredit that with proper access to such a resource, women are more likely to discharge their roles and responsibilities more effectively (Brau and Woller, 2004).

In addition, various studies show that the involvements of the rural women in home-based economic activities through micro credit programs have positive socio-economic impact on their lives and their families. However, it is also unclear to different corners whether they are becoming entrepreneurial by the credit or not (Hashemi et al., 1996). The impacts of micro credit programs might be discussed by two ways. First, micro credit programs create employment opportunity, increase productivity, provide economic security, give nutritional and health status, and improve housing condition of the rural women. The positive impact on income has increased their asset position and has created wealth for the family (Hulme and Mosely, 1998).

Microfinance, according to Otero (1999) is "the provision of financial services to low-income poor and very poor self-employed people". Ledgerwood (1999) on the other hand describes these financial services to include savings and credit but can also include other financial services such as insurance and payment services. Microfinance therefore involves the provision of financial services such as savings, loans and insurance to poor people living

in both urban and rural areas who are unable to obtain such services from the formal financial sector.

While access to finance is a challenge to all micro and small enterprises, the challenge for women business owners especially those in the rural areas is compounded by the multi faceted gender related problems that inhibit their ability to access finance which even within the MSE sectors is one of the major factors accountable for hindering the emergence and growth of their businesses.

Availability of finance determines the capacity of an enterprise in a number of ways, especially in choice of technology, access to markets, and access to essential resources which in turn greatly influence the viability and success of a business (Wole, 2009). Wole further states that securing capital for business start-up or business operation is one of the major obstacles every entrepreneur, particularly those in the MSE sector, face. But even by the standard of MSE operators women entrepreneurs face additional constraints to secure financial resources.

#### **2.4 Micro Credit Access**

Women entrepreneurs face dual challenges in accessing financial resources. As part of the overall entrepreneurial class they face common constraints the private sector faces, particularly small scale operators, to access financial resources. In addition, as women they face specific challenges associated with their gender (Wole, 2009).

##### **2.4.1 Entry Barriers and Institutional Discrimination**

Entry barriers were said to be high for new business starters to access loan finance. Two reasons can be sighted as the causes for this state of affairs. The first being the fact that new business starters, especially women, lack information and the experiences as to how to approach microfinance institutions while the second was that microfinance institutions trust entrepreneurs with whom they have long business relationships much more than the soundness of the business ideas. Once business dealings are started and good track records established, one does not face any problems getting additional loans (Wole, 2009).

Also, rural women's access to financial resources is also limited by biased lending practices that emerge when financial institutions in the area consider them smaller, less experienced and therefore less attractive clients, or when institutions lack the knowledge to offer products tailored to women's preferences and constraints (Fletschner, 2009).

The extent to which institutions reach out to women and the conditions under which they do vary noticeably, but women are at a disadvantage when an institution does not fund the type of activities typically run by women, when it does not accept female guarantors, when its requirements are not clear or widely known or when, as it is typically the case, loans to women are smaller than those granted to men for similar activities (Fletschner, 2008a; World Bank, 2008b and Baydas et al., 1994).

##### **2.4.2 Nature of Business**

Nature of business that most women are engaged in is another challenge. In most cases women businesses are not only found in the informal micro enterprise sector, but the types of business activities they are engaged in are also relatively less capital intensive. This should not however imply that women are weak to accumulate capital. Women are proved to be

more entrepreneurial when they are exposed to opportunities and have access to resources. In fact their capacity for capital accumulation is affected by their tendency, as mothers and wives, to spend whatever income they earn on the welfare of their families and to avert risks so as to make provisions for the future (Wole, 2009).

#### ***2.4.3 Socio-Cultural Roles***

Socially accepted norms of behaviour and the roles women play in their families can have profound effects on the type of economic activities in which women can engage, the technologies available to them, the people and agencies with whom they can interact, the places they can visit, the time they have available and the control they can exert over their own capital (Fletschner and Kenney, 2011).

In addition to this; as a result of innate psychological characteristics and of attitudes influenced by social conditions, men and women tend to exhibit systematic differences in their behaviour. Of particular importance when assessing the adequacy of financial products available to rural women is how men and women differ in their willingness to take risks. Studies in psychology and economics found that, on average, women tend to be more averse to risk than men and that, other things equal, women are more likely to forego activities that offer higher returns if these opportunities require them to bear too much risk (Fletschner et al., 2010; Croson and Gneezy, 2008) and Browne, 2006). This finding that women are on average more risk averse than men suggests that women will have a stronger preference for financial products tailored to help them save in a secure environment, insure against risks or borrow without risking losing their assets.

In addition to the above facts; women are encumbered with high household demand which together with the business demand impacts their ability to solely focus on their businesses and by implication their ability to seek loan finance. Also, culturally; women shy from pushing their causes too far, which again impacts their negotiation capability.

The other socio cultural issue is the fact that women are careful to take, as well as to timely pay, loans. They take what they require and pay promptly when compared to their male counterparts. Experts in the banks and microfinance institutions indicate that women are more responsible in the utilization of borrowed money and in paying back loans than men (Wole, 2009).

#### ***2.4.4 Collateral Requirements***

Although microfinance is a great poverty reduction tool, it offers only limited support for women who wish to expand their enterprises beyond the micro level. Thus, women entrepreneurs who need credit beyond the maximum loan limits from microfinance institutions have difficulties obtaining a credit higher than a micro credit. Women are forced to participate in lending groups, and very few are individually able to access financing because they do not have resources (property, collateral) to act on an individual basis (Ibid).

#### ***2.4.5 Education Level and Information Accessibility***

Women have little access to education. Under education of women perpetuates their limited capacity for growing their business beyond the informal micro enterprise sector. As a result the businesses of most women entrepreneurs are constrained by weak managerial and marketing skills, finance and technology absorptive capabilities (Wole, 2009).

Even when they have access to information on the financial services and market opportunities available to them, women may be less equipped to process it. Their lower levels of literacy and lack of exposure to other languages, especially relative to male family members hampers women's ability to benefit directly from information that is provided in writing or in languages other than those they speak at home (UNDP, 2007; Ngimwa et al., 1997) and to fully understand the conditions of complex financial products available to them (Brown, 2001). This matter is demonstrated by experimental work in India and Indonesia that finds financial literacy as a strong predictor of demand for financial services (Cole et al., 2009).

#### **2.4.6 Property Rights and Control over Assets**

Legal regulations and customary rules often restrict women's access to and control over assets that can be accepted as collateral such as land or livestock. 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 bestow land to male relatives, leaving both widows and daughters at a disadvantage (Agarwal, 2003).

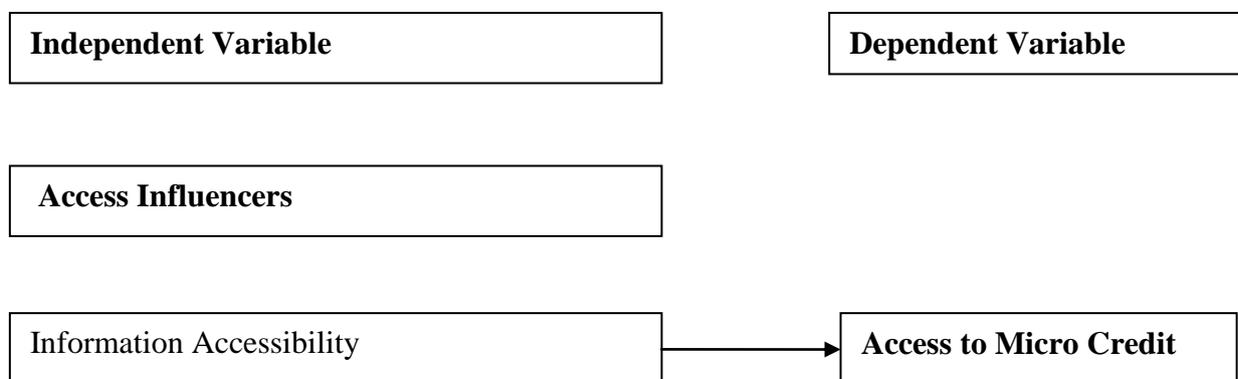
Moreover, in settings where men are portrayed and perceived as the main breadwinner, women's ability to offer family assets as collateral and their incentives to invest in productive activities are influenced by family dynamics that are likely to prioritize men's investments (Ospina, 1998).

#### **2.5 Conceptual Framework**

MFIs need to understand that they need to tailor their loan requirements to the needs of rural women entrepreneurs in order to foster accessibility. The dynamics of rural credit vary slightly from their urban counterparts especially when it comes to the rural life which may significantly determine information accessibility.

With respect to this study information accessibility is the independent variable. The outcome variable which is the dependent variable of having improvement in the conditions imposed by MFIs and information through micro credit campaigns which will eventually result in improved access to micro credit services.

**Figure 2.5.1: Relationship of the Independent and Dependent Variables**  
(Source: Author, 2013)



### 3.0 Research Methodology

#### 3.1 Research Design

The researcher used descriptive research design. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it. The researcher has no control over the variables. The researcher used this research design to find out how various determinants influence access to micro credit services by rural women in Kenya.

#### 3.2 Population of Study

A population is the subject on which the measurement is being taken. It is a unit of study (Cooper and Schindler, 2003). The target population of this study was women owned micro and small enterprises. The study focused more on women in Kakamega Municipality. Currently there are over 4100 clients according to data at the Ministry of Local Government in. Majority of these women are involved in various activities types which include: brick making, dairy, clothing, vegetables, fruits, and cereals.

**Table 3.2.1: Indicating Distribution of MSEs**

Type of Activity	Frequency
Brick Making	310
Dairy	1200
Clothing	600
Vegetables	745
Fruits	610
Cereals	600
Food Kiosk Vendors	45
<b>Total</b>	<b>4110</b>

#### 3.3 Sampling Design

This study adopted a stratified simple random approach since the population of the study from which the sample was drawn does not constitute a homogeneous group. Then, simple random sampling was adopted. In simple random sampling each element of the population has an equal chance of being selected into the sample (Cooper and Schindler, 2003). This sampling method was adopted because it helps in preventing bias and it is simple to understand and use.

#### 3.4 Sample Size

The determination of the sample size was based on the premise that sample adequacy is assessed by how well it represents the whole population of participants from which the sample is drawn as granted that the degree of accuracy of the sample, usually expressed as a percentage error, such as  $\pm 3\%$ ,  $\pm 5\%$  or  $\pm 10\%$ . Final determination of the sample size also took into consideration financial availability and constraints of time.

The table 3.4.1 is an aid in selecting the correct sample size (Research Advisors, 2006). The evaluation study, worked on a sample with a percentage of error of  $\pm 10\%$ , and selected the row which corresponds to the size of the group from which the sample was drawn.

Consequently, a sample size of 98 women owned enterprises was selected and used in the study.

**Table 3.4.1: Sample Size Determination**

Population size	Sample size needed			
	(+_10%)	(+_5%)	(+_4%)	(+_3%)
2600	93	335	488	757
2700	93	337	491	765
2800	93	338	494	773
2900	93	340	497	780
3000	93	341	500	787
4000	98	364	522	870
5000	100	384	600	1067

The determination of the sample size for the different strata was grouped on the basis of activities carried out by the MSEs as shown in Table 3.4.1

### 3.5 Research Instruments

The study used intensively researcher administered questionnaires as the main instrument for data collection. The questionnaire was preferred because: questionnaires act as a source of reference hence can be used at a later time for prove that the research was carried out, a large number of sampled population can be realized within a short time and it is a cheaper way of conducting a research and anonymity of the respondents filling the questionnaire may help them be honest.

### 3.6 Reliability and Validity Testing

The instruments used were taken through both reliability and validity testing. For reliability, test and re-testing method was used in which same questionnaires were given out to two separate groups at two different times and the results were compared which gave almost similar results. For validity testing, expert opinions were sought from supervisors and practitioners in the area of microfinance who confirmed on the same.

### 3.7 Pilot Testing

A pilot study was conducted in order to test all aspects of the questionnaire for question content, wording sequence, form and layout. The questionnaires were tested on a sample of 7 respondents each from the different strata using the stratified random sampling approach. The pilot study sample however did not participate in the main study.

### 3.8 Data Collection Methods

The researcher used both primary and secondary methods of data collection. Primary data was collected by use of researcher administered questionnaires consisting of both open-ended questions and closed-ended questions. The open-ended questions allowed the respondents to express their own thoughts, feelings, emotions and attitudes concerning the issue in the best way they know how.

Data for this study was also collected from secondary sources. These sources include: books, articles, journals and the internet. Secondary data collection methods were also used since

they involve less time, cost and effort.

### **3.9 Data Analysis and Presentation**

Data was edited, coded and entered into the computer system and then analyzed by use of descriptive statistics and ordinal regression analysis with the aid of SPSS. Thereafter, data was presented in the form of tables.

#### **3.9.1 Ordinal Regression Model**

The ordinal regression model was employed to determine the significance of association between the independent variables and the dependent variable. The ordinal logistic model is one of many models subsumed under the rubric of generalized linear models for ordinal data. The model is based on the assumption that there is a latent continuous outcome variable and that the observed ordinal outcome arises from discretizing the underlying continuum into  $j$ -ordered groups. The thresholds estimate these cutoff values.

The basic form of the model is:

$$\text{Link } (\gamma_j) = \frac{\Theta_j - [\beta_1 x_1 + \beta_2 x_2 + \dots + \beta_k x_k]}{\exp(\tau_1 z_1 + \tau_2 z_2 + \dots + \tau_m z_m)}$$

where :

$\gamma_j$  is the cumulative probability for the  $j$ th category,

$\Theta_j$  is the threshold for the  $j$ th category,

$\beta_1, \dots, \beta_k$  are the regression coefficients,

$x_1, \dots, x_k$  are the predictor variables, and

$k$  is the number of predictors.

The numerator on the right side determines the location of the model. The denominator of the equation specifies the scale. The  $(\tau_1, \dots, \tau_m)$  are coefficients for the scale component and  $(z_1, \dots, z_m)$  are  $m$  predictor variables for the scale component (chosen from the same set of variables as the  $x$ 's).

Five different link functions are available in the Ordinal Regression procedure in SPSS. Logit for evenly distributed categories. Negative log-log, if the frequency distribution of the ordered categorical outcome exhibited a probability of lower categories. Probit analyses with explicit normally distributed latent variable. If the frequency distribution of the ordered categorical outcome exhibited that the data points were evenly distributed in various categories, then the Cauchit link function might be appropriate. If the frequency distribution of the ordered categorical outcome showed that a large percent of respondents were in higher categories such as Great extent and Average extent, then the Complementary loglog link function might be suitable. If one link function did not provide a good fit to the data, then the other link function might be a possible alternative.

## **4.0 Data Analysis, Presentation And Interpretation**

### **4.1 Response Rate**

A total of 98 questionnaires were administered to respondents and 92 were obtained as shown in the table 4 below. The study therefore achieved a response rate of 94%.

**Table 4.1.1: Response Rate**

Questionnaires Issued	Questionnaires Obtained	Response Rate %
98	92	94

**Source: Research (2013)**

#### **4.1.1 Characteristics of the Respondents**

Data was gathered on the respondents' level of education, age, marital status, length of operation of the business and family size. Table 4.1.1.1 highlights the results among the above variables.

In terms of the level of education of the respondents; the highest proportion of women entrepreneurs were educated to secondary school level and were represented by 41.3%, followed by primary school level with 31.5%. Very few women entrepreneurs represented by 23.9% had attained tertiary education and 3.3% had no formal education. This finding was noted to be in agreement with a study conducted by (Gakure, 1995) which concluded that the majority of women entrepreneurs in Kenya were high school graduates. Other such findings were mentioned by (McCormick (2001) which states that on average women entrepreneurs are less educated than their male counterparts and are twice as likely as men to be illiterate due to institutional and cultural factors.

The study established that a majority of the women enterprise owners were aged between 28 and 37 years. A total of 15 (16.3%) the respondents were in the age bracket of 18-27 while 34 (37%) were between the ages of 28-37. On the other hand, the age bracket of 38-47 had a total of 30 (32.6%) respondents compared to the category of those with over 48 years of age which had a total of 13 (14.1%) of the total respondents.

Women marital status reflects a person's level of commitment, responsibility and mobility among other factors. The study established that most of the women entrepreneurs in are married and thus have the added responsibility of having to both run a business and be expected to undertake the household chores as dictated by socio-cultural roles. Knowledge about the marital status of rural women was necessary to ascertain their level of commitment and responsibilities to themselves, their families and to the society as a whole. The study established that out of the 92 respondents; 10 representing 10.9% were single, 65 representing 70.7% were married, 11 representing 12% were widowed and 6 representing 6.5% were divorced/ separated.

The study established that the highest number of rural women entrepreneurs (34.8%) have been in business for 3 years followed closely by those who have been in business for more than 5 years with 29.3% implying some level of stability. Enterprises operating in a time frame of one year, two years and four years were represented with percentages of 9.8%, 15.2% and 10.9% respectively as indicated.

Overall, family sizes were fairly distributed in the study. However, a majority of the women enterprise owners in the study have family sizes of between 3 and 5. The number of dependants determines the expenditure patterns of the respondents, micro credit requirements and also their ability to expand their businesses over time. Out of the 92 respondents;

sampled by the study; 19 representing 20.7% have a family size of less than 3, 40 representing 43.5% have a family size of between 3 and 5, 33 representing 34.8 % have a family size of more than 5.

**Table 4.1.1.1: Characteristics of the Respondents**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
Primary	29	31.5
Secondary	38	41.3
Tertiary	22	23.9
Others	3	3.3
<b>Total</b>	<b>92</b>	<b>100.0</b>
<b>Age Categories</b>		
<b>Age Categories</b>	<b>Frequency</b>	<b>Percent</b>
18-27	15	16.3
28-37	34	37.0
38-47	30	32.6
48 and Above	13	14.1
<b>Total</b>	<b>92</b>	<b>100.0</b>
<b>Marital Status</b>		
<b>Marital Status</b>	<b>Frequency</b>	<b>Percent</b>
Single	10	10.9
Married	65	70.7
Widowed	11	12.0
Divorced/Separated	6	6.5
<b>Total</b>	<b>92</b>	<b>100.0</b>
<b>Length of Business Operation</b>		
<b>Length of Business Operation</b>	<b>Frequency</b>	<b>Percent</b>
1 Year	9	9.8
2 Years	14	15.2
3 Years	32	34.8
4 Years	10	10.9
5 and above	27	29.3
<b>Total</b>	<b>92</b>	<b>100.0</b>
<b>Family Size</b>		
<b>Family Size</b>	<b>Frequency</b>	<b>Percent</b>
Less than 3	19	20.7
Between 3 and 5	40	43.5
More than 5	33	35.9
<b>Total</b>	<b>92</b>	<b>100.0</b>

Source: Research (2013)

#### **4.2 Use of Micro Credit Services**

The study established that of the 92 respondents sampled, 46 of them (50%) indicated that they have made an average extent to the use of micro credit services. 18 respondents (19.6%) have made a great extent to the use of micro credit services. On the contrary 16 respondents (17.4%) have made little extent to the use of micro credit services while 12 respondents

(13%) have made no extent to the use of micro credit services. There is still a 30.4% gap in the use of micro credit by rural women respondents which needs to be addressed.

**Table 4.2.1: Use of Micro Credit Services**

Use of Micro Credit Services	Frequency	Percent
Great Extent	18	19.6
Average Extent	46	50.0
Little Extent	16	17.4
No Extent	12	13.0
<b>Total</b>	<b>92</b>	<b>100.0</b>

#### 4.3 Accessibility to Micro Credit Services

The study established that only 20.7% of the rural women had a great extent to credit accessibility. However, a significant majority (55.4%) had an average extent to micro credit access. 15.2% and 8.7% had little extent and no extent to micro credit accessibility. It is notable to add that a significant majority of the women in the study did indicate that bureaucracy by credit officers, short repayment periods, high interest rates, seasonality of their business ventures, numerous requirements, long processes and documentation, geographical distance between their homes and the MFI office are among the reasons that deter credit accessibility to rural women.

**Table 4.3.1: Accessibility to Micro Credit Services**

Micro Credit Accessibility	Frequency	Percent
Great Extent	19	20.7
Average Extent	51	55.4
Little Extent	14	15.2
No Extent	8	8.7
<b>Total</b>	<b>92</b>	<b>100.0</b>

#### 4.4 MFI Conditions that Affect Micro Credit Accessibility

The study established that 54.3% (great extent - 22.8% and average extent - 31.5) of the conditions imposed by MFIs affect rural women and in turn credit accessibility compared to equally half the number 45.6% (little extent - 15.2% and no extent - 30.4%) who were least affected by MFI conditions. A significant majority of the respondents in the study who were least affected attributed this to the use of groups thus an indicator of its importance and relevance. Additionally; majority of those who were single and widowed felt left out due to limitations of collateral, lack of co-guarantors apart from the group as required by MFIs and also stigmatization since they are viewed as potential loan defaulters by those who were married.

**Table 4.4.1: MFI Conditions**

MFI Conditions	Frequency	Percent
Great Extent	21	22.8
Average Extent	29	31.5
Little Extent	14	15.2
No Extent	28	30.4
<b>Total</b>	<b>92</b>	<b>100.0</b>

#### 4.5 Challenges in Accessing Micro Credit Services by Rural Women

The study established that 28.3% of the rural women entrepreneurs did encounter challenges in accessing micro credit to a great extent followed equally closely and on average extent with the same percentage (28.3%). On the other hand, rural women entrepreneurs faced challenges in accessing micro credit services on little extent (18.5%) and no extent (25%) as indicated in table 4.5.1.

**Table 4.5.1: Challenges in Accessing Micro Credit Services**

Challenges in Micro Credit Accessibility	Frequency	Percent
Great Extent	26	28.3
Average Extent	26	28.3
Little Extent	17	18.5
No Extent	23	25.0
<b>Total</b>	<b>92</b>	<b>100.0</b>

(Source: Research (2013))

#### 4.6 Extent of Access to Information and Micro Credit Accessibility

The study established that 56.5% of the rural women were informed about micro credit services to an average extent followed closely by a great extent (25%). On the other hand, 18.4% of the respondents (14.1% - little extent and 4.3% - no extent) were least informed about micro credit services.

Additionally the study sought to investigate to what extent does being informed about micro credit services contributed to better accessibility to micro credit services. It was established that being informed about micro credit services contributed to a great extent to micro credit accessibility to a great extent (41.3%), average extent (46.7%), little extent (8.7%) and no extent (3.3%).

Moreover; the study investigated the extent to which rural women are involved in business and community associations. It was established that majority of the respondents were involved in these associations to an average extent (43.5%). A significant majority were involved to a great extent by 23.9%. On the other hand, only 32.6% of the respondents indicated least involvement in such associations indicating need to increase popularization on such associations to the rural women entrepreneurs.

Majority of the respondents indicated that these associations assist them to access information on micro credit through sharing of information, ideas exchange, training on micro credit, networking and advocacy, linkages to micro credit and sharing of challenges and success stories. These responses therefore indicate the need, relevance and significance of such associations.

**Table 4.6.1: Information and Micro Credit Accessibility**

Extent of Education Level	Frequency	Percent
Great Extent	31	33.7
Average Extent	11	12.0
Little Extent	13	14.1
No Extent	37	40.2
<b>Total</b>	<b>92</b>	<b>100.0</b>

#### 4.7 Ordinal Regression Results

Three variables were considered as important predictors of the outcome variable (microcredit access). Again, as described in under the descriptive analysis outlined above, the predictors individually had some levels of association with the outcome variable. The predictor variables included in the model were: access to microcredit information; control over assets; level of education. The outcome variable was the level of access to microcredit facilities and was categorical with four levels of measure (great extent, average extent, little extent and no extent). All the predictor variables were categorical data.

The study sought to find out if the model provided adequate predictions. This was done by examining the Model-Fitting Information table. The significant chi-square statistic ( $< 0.05$ ) was used.

#### 4.8 Information Accessibility of Rural Women and Micro Credit Access

The study established that information accessibility does influence micro credit access among the rural women. The significance level for the chi-square statistic was less than 0.05 (0.000) as indicated in the model fitting information hence the study rejected the null hypothesis (information accessibility of rural women does not influence micro credit access).

**Table 4.8.1: Model Fitting Information on Information Access and Credit Access**

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	69.763			
Final	51.270	18.493	3	.000
<b>Link function: Complementary Log-log.</b>				

Source: Research (2013)

### 5.0 Summary Of The Findings

The objectives were satisfied by collecting and analyzing pertinent data using a researcher administered questionnaire. Once collected, the data was analyzed by use of descriptive statistics and inferential statistics. The Chi square tests statistics were used in the ordinal regression analysis for the study.

The study established that information accessibility does influence micro credit access among the rural women hence the study rejected the null hypothesis (information accessibility does not influence micro credit access) since the chi-square statistic was less than 0.05 (0.000).

In terms of micro credit accessibility it was clear that 76.1% of the respondents were greatly accessible to micro credit. It is equally to note that 23.9% of the respondents on the other hand were least accessible to micro credit services. With credit use, 69.6% of the respondents in the study have greatly used micro credit services compared to 30.4% who have least used such services.

In addition to this, 56.6% of the respondents have greatly encountered challenges in accessing micro credit services comparably to 43.5%. It is notable to add that a significant majority of the women in the study did indicate among the challenges they encountered were: bureaucracy by credit officers, short repayment periods, high interest rates, seasonality of their business ventures, numerous micro credit requirements, long processes and documentation, geographical distance between their homes and the MFI office were among the reasons that deter micro credit accessibility.

In the study; majority of the respondents (41.3%) were educated up to secondary education level while also a significant majority (31.5%) had primary education level. In relation to the extent education level had on micro credit accessibility, 45.7% of the respondents indicated that one's education level affects micro credit accessibility greatly compared to 54.3% of the respondents who were least affected.

Information is power and the study established that 81.6% of the respondents indicated that they were greatly informed about micro credit services compared to 18.4% who were least informed on the same. On the other hand, 88% of the respondents indicated that being informed about micro credit services contributed to better accessibility comparably to 22% of the respondents who negated the statement. In relation to business and community associations 67.4% of those sampled indicated that they were greatly involved in such groups unlike 32.6% who were least involved. Majority of the respondents indicated that these associations assist them to access information on micro credit through sharing of information, ideas exchange, training on micro credit services, networking and advocacy, linkages to micro credit and sharing of challenges and success stories. These responses therefore indicate the need, relevance and significance of such associations to the rural women entrepreneurs.

## **5.1 Conclusions**

Access to information has a significant influence on micro credit accessibility. The study also revealed the role of business and community associations towards access to micro credit.

## **5.2 Recommendations**

In light of the above findings, the study makes the following policy and suggestions for further research recommendations.

### **5.2.1 Policy Recommendations**

The government should formulate programmes aimed at strengthening economic power of micro and small women operators such that the sector players are perceived attractive by MFIs. This is possible through facilitating seminars and trainings on business skills and management, providing technical assistance as well as advisory and consultation services. This will in turn increase micro credit accessibility among women entrepreneurs since the study established that these women were hugely involved in community and business associations.

For the formal credit market and the MSE sector to grow, formal financial lenders need to adopt some of the positive features of the informal sector, such as low transaction costs, limited collateral requirements and informality of procedures. Since formal lending institutions are mainly concerned with default problems and loan administration costs, they can link their operations with those of informal lenders (such as ROSCAs) which guarantee loan repayment from their members. Given the wide and established network of MFIs, and

the current wave of competition between financial institutions, improving lending terms and conditions in favour of micro and small women entrepreneurs would significantly facilitate the easy accessibility of micro credit and may probably lead to an increase in demand for micro credit among women entrepreneurs.

Government and MFIs in Kenya should undertake a range of initiatives to develop women entrepreneurs. These should include the nature and dynamics of women entrepreneurship and the challenges of women in business. Financial support institutions and various councils that may be partners in offering training and mentoring programmes should furthermore be implemented.

The government of Kenya should also provide a free slot on major radio and television stations such as Citizen for women entrepreneurship training, education and networking with other women entrepreneurs.

### **5.2.2 Further Research Recommendations**

This study was restricted to assess the extent to which information accessibility influence micro credit access among rural women in Kenya specifically among selected women owned MSEs in Kakamega Municipality. Based on the study findings there is need for further research in the individual independent variables such as: education level as a determinant on micro credit access, limited information as a determinant on micro credit access and also asset control, property rights as a determinant on micro credit access.

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