

**FINANCIAL FACTORS DETERMINING MICRO-LOAN UPTAKE BY  
WOMEN ENTERPRISE GROUPS IN NAKURU EAST CONSTITUENCY,  
NAKURU COUNTY**

**FREDRICK OLUOCH**

**A Research Project submitted to the Graduate School in partial fulfillment for  
the requirements of the Master of Business Administration degree in Finance of  
Egerton University.**

**EGERTON UNIVERSITY**

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## **DECLARATION AND RECOMMENDATION**

### **Declaration**

This project is my original work and has not been submitted for any academic award in any other University.

Signature..... Date.....

Fredrick Oluoch

Admin No: CM 11/00401/08

### **Recommendation**

This project has been submitted with our approval as University supervisors.

Signature..... Date:.....

Dr. Fredrick Kalui, PhD

Senior Lecturer: Department of Accounting, Finance and Management Science

Egerton University

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## **DEDICATION**

This research project is dedicated to June Adongo, my dear wife, daughters Ellyn Esther, Hope Gracia, Hadassah Jasmine and Ruth Marie for their unconditional love, emotional support, patience and understanding during the entire period of the study.

## **ACKNOWLEDGEMENT**

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## ABSTRACT

Acknowledging that women had been marginalized in access to formal financing, the government of Kenya introduced the Women Enterprise Fund (WEF) to provide an alternative, easily accessible and affordable finance. However despite the efforts made by the government, most women enterprises still are not accessing the funds as anticipated in this government endeavors. There has been concern among various stakeholders that even though the government has availed affordable funds for women with minimal regulatory factors, some of these funds lie idle with lenders therefore the study sought to determine financial factors determining micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. Specifically the study sought to establish the extent to which financial characteristics, lending procedures, financial literacy and loan repayment policies affect micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The research employed descriptive research design. The target population was 322 women groups in Nakuru Town East Constituency. Nassiuma's formula was employed to sample 82 groups. Primary data was collected through semi structured self-administered questionnaires. Pilot testing was conducted on eight selected women groups from each ward which were not included in the actual study population. Both descriptive and inferential statistics were used to analyze data. Multiple regression analysis was used as the principal data analysis method. From the findings the researcher concluded that the group maintains and keeps a list of their assets and liabilities. From the findings all the null hypotheses were rejected and conclusion made that financial characteristic, lending procedures, and financial literacy and loan repayment policies has a significant influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County. From the finding the researcher recommended that MFIs and governments should design products specifically tailored to meet the needs of women so as to address their challenges. Women should be equipped with financial literacy skills; this can be through conducting workshops to teach these women how to start and maintain their businesses in proper financial state at all times. The study suggested that further research should be carried out to assess the effect of group dynamic on loan repayment.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CIDA</b>	Canadian International Development Agency
<b>C-WES</b>	Constituency Women Enterprise Scheme
<b>KNDS</b>	Kenya National Bureau of Statistics
<b>MFIs</b>	Micro Finance Institutions
<b>SHG</b>	Self Help Groups
<b>TFTW</b>	Training Fund for Tanzanian Women
<b>WES</b>	Women Enterprise Fund

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. Background of the Study**

Micro loans refers to small-scale financial services for both, credits and deposits that is provided to people who operate small or micro enterprises, where goods are produced. Micro credit is not limited to credit and savings it also includes micro insurance and remittance services. It is seen as a basic requirement for any economic activity in the present economic condition. Micro loan is deeply concerned with the poor and those who have limited or no access to formal financial services (MIX, 2015). Microloan is a component of microfinance in that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, insurance, pensions and payment services (Okiocredit, 2015). The difference between microcredit and the subsidized rural credit programmes is that microcredit insisted on repayment, on charging interest rates that covered the cost of credit delivery and by focusing on clients who were dependent on the informal sector for credit.

Micro loan uptake refers to the possibility that individuals, groups or enterprises can access financial services, including loans, deposits, payment, insurance and other risk management services. Loan uptake is the absence of price and non-price barriers in the use of financial services (World Bank, 2015). According to Beck & Honohan (2016) those who involuntarily have no or only limited access to financial services are referred to as the unbanked. The limited access to credit has been attributed to factors such as lack of collaterals, high risk profile of SMEs, oligopolistic banking sector and biasness of SMEs by financial institutions (Gallardo, 2013)

#### **1.1.2 Global Micro-Loan Uptake among Women**

In the U.S. Bailey CEO and founder of Women's Economic Ventures, notes that while the Grameen peer lending model has proven fruitful among some groups in the developing world, it has not met needs of low-income entrepreneurs in the U.S. where there is little public funding or awareness of micro-enterprise development. Ackerly (2015) provides a view of Germany experience where he argues that unlike many

members of the microcredit groups in the development world, poor women in the Germany are educated, however, they have nonbusiness expertise. In Britain, credit is available to women even though most of the women don't necessary use the credit to start up business. In fact many women are in debt because of focusing on nonproductive goods like shoes and cars (CGAP, 2014). A study in Brazil by Ramachandar & Pertti (2009) on microfinance and women empowerment showed that only 2% of potential microfinance clients were getting this financial service and 1.4% of their potential credit needs; 70% of Brazil's population is said to be completely excluded from the banking system, not having any kind of account. There are various factors that work against women in having the same sort of access to micro financings compared to men. Almeyda (2010) in a study aimed at Assessing Gender Issues carried in Mexico asserts that these factors include the fact that women are very involved in agriculture and devote considerable time to the farms, women's income generating activities are mainly home-based and women have less education.

### **1.1.3 Regional Micro-Loan Uptake among Women**

A study by Makombe & Kihombo (2014) in Tanzania on Credit Schemes and Women Empowerment found that Women's efforts in alleviating poverty through the credit schemes are affected by various factors such as imperfect markets, stiff competition, inadequate loans and poor weather conditions. The effect of these problems is that about three-fifths of the women's Income Generating Activities (IGAs) are not sustainable. In South Africa the informal sector women entrepreneurs possessed some information and communication technologies, their location, demographic composition, poor education, low economic status and occupation, negatively affect their ability to benefit fully from the existing opportunities emanating from the information and knowledge society. A collective wisdom has emerged that women's repayment rates are typically far superior to those of men (Jaylee, 2016). In Ghana women have better repayment records and cooperativeness (Chest & Khun, 2012). The Canadian International Development Agency (CIDA) had a fund known as Training Fund for Tanzania Women (TFTW) which aimed at enhancing women's technical and managerial skills.

#### **1.1.4 Micro-Loan Uptake among Women in Kenya**

In Kenya, gender equity has taken centre stage resulting in the development and enactment of various legal and policy interventions including enactment of the National Commission on Gender and Development Act in 2003 and the subsequent establishment of the National Commission on Gender and Development in November 2003; introduction of gender desks in key parastatals and police stations; introduction of the Women's Enterprise Fund; the passing of the National Policy on Gender and Development in 2006 and the 30% Presidential decree on affirmative action in public appointments, among others. Despite these achievements, the Ministry of Planning and National Development Assessment Report (2005) points out the glaring gender gaps existing in access to control of resources and economic opportunities in Kenya. A survey conducted by the Kenya National Bureau of Statistics (KNBS) (2008) on the well-being in Kenya, found out that 50.8% of females are poor with 31.2% of poor households being female headed.

Additionally, the Government of Kenya recognizes the role played by the women in contributing to the economic growth and the constraints they face that limit their capacity to fully exploit their potentials in all sectors of development. Limited access to financial services has been identified by the women and the government as the one of the main limiting factors to active participation in all aspects of development. To address the needs of women and reduce the existing disparities between men and women, the government of Kenya initiated a Women Enterprise Fund (WEF) in 2006 (Republic of Kenya, 2006). The main aim of establishing WEF was to enable women access the necessary financial services to for the development of their enterprises and ultimately reduce the poverty levels.

#### **1.1.5 Women Enterprise Fund**

The Women Enterprise Fund was established through Legal Notice No. 147, 2007 and began its operations in December 2007. The mandate of the Fund includes providing loans to women through and the Ministry of Gender, Children & Social Development under the Constituency Women Enterprise Scheme (C-WES). Under C-WES the clients targeted for funds channeled through the constituencies are women entrepreneurs. They are able to borrow an initial amount up to Kshs. 50,000 as a

group and the group act as collateral. The group-based approach has been recognized as having the capacity to empower the most vulnerable and marginalized, especially women, by creating a community-based structure that builds mutual support and trust (Paxton, 2006). C-WES operates on this principle of group-based lending, commonly referred to as ‘solidarity groups’. However, group-based models are not without their limitations.

Mayouc (2012) has raised questions regarding the extent of outreach, the limits of their ability to enforce repayments and the intensity of empowerment effects. The extent to which C-WES conditions influence the low uptake of C-WES services amongst women entrepreneurs in Nakuru East has not been investigated. Other than the conditions, C-WES has to contend with the disadvantages that women face in determining the control and access of credit.

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## **1.2. Statement of Problem**

Women in Kenya are faced with the challenges of not accessing the funds and they appear to have less access to external sources of capital than men when securing finances. Acknowledging that women had been marginalized in access to formal financing, the government of Kenya introduced the Women Enterprise Fund (WEF) to provide an alternative, easily accessible and affordable finance. The aim of the fund was to provide affordable and reachable credit for development of women enterprises. However despite the efforts made by the government, most women enterprises still are not accessing the funds as anticipated in this government endeavors. There has been concern among various stakeholders that even though the government has availed affordable funds for women with minimal regulatory factors, some of these funds lie idle with lenders. This is an indicator that few women entrepreneurs have accessed this fund despite the fact that many potentially successful firms fail because of undercapitalization. A report compiled by Kenya Federation of Women Lawyers (FIDA) in 2014 states that the application process to obtain loan from the Constituency Women Enterprise Scheme (C-WES) was a major failure with 60% of the women groups interviewed not aware of where to get the loan application forms. In Nakuru East Constituency the uptake of women enterprise fund compared to the neighboring constituency. Several studies have been conducted on factors affecting the credit uptake however none of the studies looked at the factors determining micro loans uptake among women. This creates an area for research so as to check whether financial characteristics, lending procedures, financial literacy and repayment loan policies affect micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

## **1.3 Objectives of the Study**

### **1.3.1 General Objective**

The main objective of this study was to analyze financial factors determining micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.



### **1.3.2 Specific Objectives**

- i. To establish the influence of financial characteristics on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.
- ii. To examine the influence of lending procedures on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.
- iii. To assess the influence of financial literacy on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.
- iv. To find the influence of loan repayment policies on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

### **1.4 Research Hypotheses**

**H<sub>01</sub>:** Financial characteristics have no significant influence on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

**H<sub>02</sub>:** Lending procedures has no significant influence on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

**H<sub>03</sub>:** Financial literacy has no significant influence on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

**H<sub>04</sub>:** Loan repayment policies have no significant influence on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

### **1.5 Justification of the Study**

The findings will help the government and other microfinance institution in designing future credit interventions targeting women. The information gathered may also contribute to policy formulation which can be included in the current national strategies regarding women and microfinance.

The financial institutions will benefit from the study as they will be able to come up with products which are tailor made to fit into women needs. The study is also significance to the government of Kenya, for the purpose of increasing borrowing of the credit, among its beneficiaries to increase business growth and the Consequent social standard improvement. The findings of the study is of so much significance to

micro financial institutions since they would know from the results of the study the constraints faced by the borrowers of credit and reduce them, to increase the lending.

The research will also be useful to scholars, prospective investors, donor partners and Government of Kenya who may wish to understand factors that influence Micro Finance Institutions (MFIs) capital structure decisions in Kenya. The research will also give MFIs wholesale lenders insight on MFIs credit facilities products development.

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

The study was conducted within Nakuru East Constituency to establish financial factors determining micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The study was limited to four independent variables which include financial characteristics, lending procedures, and financial literacy and loan repayment policies. On the other hand, the dependent variable was micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The unit of analysis was 322 women groups in Nakuru Town East Constituency. The unit of observation was women group chairpersons. The study was carried out in the months of July 2017 to March 2018.

### **1.7 Limitations and Delimitations of the Study**

Officials from some women groups were hesitant to co-operate in giving information since they were not sure whether the information would be used for academic purposes only. Some thought that the researcher is gathering information to report to their bosses and this would cost them their respective jobs. The researcher overcame this by assuring the respondents that the information provided would be used for academic purpose only. Secondly, accessibility and traceability of required officers was a limiting factor. It was difficult to find them and create time for exhaustive responses. However the researcher assured the respondents that the study would be very beneficial to their operations and the confidentiality of sensitive information would be ensured. In addition an assurance was given to the potential respondents that the research is purely for academic purposes and that the information would not be used for any other purpose. Furthermore to address the accessibility and traceability

challenges, the researcher used the available information from the social department which maintains an up to date records of all the registered women groups. The researcher also looked for the group members during their respective monthly meetings to mitigate against the non-availability factor.

## **1.8 Operational Definition of Terms**

<b>Financial Characteristics</b>	Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a life time of financial well-being. It helps people to make financial decisions effectively. (Suwanaphan, 2013).
<b>Lending procedures</b>	This is the process by which a borrower applies for a new loan, and a lender processes that application, It involving things such as specific documented guidelines, customer credit application and credit checks (Madura, 2013).
<b>Loan repayment</b>	The act of paying back money previously borrowed from a lender. Repayment usually takes the form of periodic payments that normally include part principal plus interest in each payment.
<b>Loan uptake</b>	Loan uptake is the ability of the potential applicant to access loan from a given. Financial institution or market (Micah & Gibbs, 2013).
<b>Women enterprise fund</b>	Women Enterprise Fund is a Semi-Autonomous Government Agency in the Ministry of Gender, Children & Social Development established in August 2007, to provide accessible and affordable credit to support women start or expand business for wealth and employment creation. (KIPPRA, 2010)

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter focuses on literature and previous studies done in the area. Theoretical review, review of empirical literature, summary and gaps as well as conceptual framework. The section gives light to the study from previous researchers and the main studies on factors determining micro loans uptake.

#### **2.2 Theoretical Literature Review**

A theory is a set of statements or principles devised to explain a group of facts or phenomena, especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena (Hoff, 1990). The study will adopt experiential learning theory, credit market theory, credit rationing theory and information asymmetry theory.

##### **2.2.1 Experiential Learning Theory**

Experiential Learning Theory was developed by David Kolb in 1970. This theory assumes that experience plays a critical role in the learning process. Experience enables people to learn and grow. According to Kolb, this type of learning can be defined as "the process whereby knowledge is created through the transformation of experience. Knowledge results from the combinations of grasping and transforming the experience (Ewert, 2000). Experiential learning theory differs from cognitive and behavioral theories in that cognitive theories emphasize the role of mental processes while behavioral theories ignore the possible role of subjective experience in the learning process. The experiential theory takes a more holistic approach and emphasizes how experiences, including cognition, environmental factors, and emotions, influence the learning process. This theory is relevant to this study in explaining the impact of financial literacy on micro-loan uptake among women group.

### **2.2.2 Credit Market Theory**

Credit market theory is attributed to the works of Adam Smith, David Ricardo and Alfred Marshall. This theory asserts that if collateral and other applicable restrictions remain given, then it is only the lending rates that determine the amount of credit to be dispensed by financial institutions (Kilele, 2014). Increase in demand for credit and fixed supply of the same makes interest rate rise, with the higher the failure risks of the borrower, the higher the interest premium. The credit market theory argues that the risk free rate is determined by interplay of two forces; the demand for and supply of credit. Some financial institutions require collateral either tangibly or intangibly thus locking out many borrowers (Atieno, 2013). Collaterals in lending contracts are based on moral hazard and adverse selection that leads to credit rationing (Stieglitz & Weiss, 1981). From this theory, collateralization may be an influence by the women inability to access funds thus resulting to low uptake of loans at the C-WES.

### **2.2.3 Information Asymmetry Theory**

This theory was developed by Akerlof's in 1970. His argument was that in many markets the seller uses some market statistics to measure the value of the goods he is selling. Information asymmetry theory assumes that at least one party to a transaction has relevant information whereas the other(s) do not. The asymmetrical information unleashes two outcomes, namely, adverse selection and moral hazards. The two main features of the model can be formulated as follows: lenders allocate money to projects which are risky and may not be bankable; and credit is given out at a cost which is equal to the opportunity cost of funds. In adverse selection it is assumed that borrowers of money know better the level of risks associated with their projects.

The individual with a high risk project may succeed in getting credit at a high rate of interest. At this high rate of interest, an individual with less risky project may be refused credit because it will not make the business viable and threaten his/her loan repayment potential. If the interest rate is raised and the borrower with a higher risk is favored and defaults, this will threaten the capital base of the lender. Lenders who want to minimize risk will give their funds at a lower rather than higher rate of interest. A realignment of the average quality of the lender's loan portfolio may mean that interest rate mechanism will not bring about market rate equilibrium; rather,

rationing of access to credit at a lower interest rate will follow. If lenders do not maintain different loan portfolios, interest rates will raise further (Hoff, 1990).

## **2.3 Determinants of Microloans Uptake**

### **2.3.1 Financial Characteristics on Microloans uptake**

Bass & Audited, (2014) financial statements are very useful in accessing credit from financial institutions because they present a picture of the financial performance of a firm. Often, creditors require audited financial statements before granting credit. When the firm is small, most of the time it is owned and operated by the entrepreneur himself and there is no such legal requirement to regularly report financial information and many firms do not maintain audited financial accounts. Audited financial statements are very useful in accessing credit from financial institutions. Often, banks require audited financial statements before granting credit. However, most of the SMEs in the South Asia have difficulty in getting credit from the formal financial institutions because they lack proper financial records. Most of the businesses in these countries often keep multiple sets of books and do not have audited financial statements based on reliable accounting standards. On the other hand, these firms end up getting loans at higher interest rates because banks considered them as high risk borrowers Combined with the absence of information on their financial records, this makes difficult to lenders to assess lending projects submitted by new firms (Pandula, 2010)

Banks usually cannot lend to SMEs as much as would be warranted if firms do not report reliably their full financial activity on their financial statements. Furthermore, informality implies that the firm has unrecorded, contingent senior liabilities to the government and its own employees. Faced with the risk that tax and/or labor authorities could cause such liabilities to materialize, banks would lend less to SMEs or charge a higher risk premium (Soledad, Sergio & Schmukler, 2011). Tagoe, Nyarko, and Anuwa-Amarh (2015) carried out studies that showed that good information management and the ability to use information to present a well-crafted business case for financing reduced risk perception and increased the chance of SMEs getting adequate funds. Therefore, SME's should seek to improve their information management practices and investor relations skills to improve their access to credit.

Innovative firms have characteristics which make it particularly difficult for them to finance themselves using debt capital; the high operational and financial risks, the lack of a track record, their inability to offer guarantees, and the significant degree of moral hazard, all mean that, once we have accepted that capital markets are not perfect, innovative firms require different forms of finance to fund their innovation in the different stages of their life-cycles. In other words, the lack of track records, and the fact that specific information about the project to be financed is hard to provide, limits the availability of debt capital, or renders it prohibitively expensive. The findings in the literature and economic policy publications report that innovative firms are fundamental to economic growth, but suffer from major barriers to access to external financing due to the imperfections of the capital markets and their own intrinsic characteristics (Venturelli & Gualandri, 2010)

Smaller firms have fewer assets to offer as collateral. In order to reduce the anticipated risk and moral hazard associated with lending, the banks use collateral as one of the instrument. The collateral is an assurance to the bank in case of default and it also ensures the borrowers commitment to the loan repayments. On the other hand, the new firms are not likely to meet the collateral requirements of the banks since they have not accumulated sufficient assets (Pandula, 2010). Some demand-side research with young entrepreneurs has confirmed that market failure probably exists due to the limited security and personal assets of younger SME owners (Deakins, 2008)

The degree to which the firms' assets are tangible and generic should result in the firm having a greater liquidation value. This will reduce the magnitude of financial loss incurred by financiers should the company default. By pledging the firms' assets as collateral or arranging so that a fixed charge is directly placed to particular tangible assets of the firm, also reduces adverse selection and moral hazard costs. This will result in firms with assets that have greater liquidation value having relatively easier access to finance, and lower costs of financing, leading to these firms having a higher level of debt or outside financing in their capital structure (Cassar & Holmes, 2013)

### **2.3.2 Lending procedure and Microloans uptake**

Since the 1960s, larger organizations have been utilizing credit scoring to quickly and accurately assess the risk level of their prospects, applicants and existing customers mainly in the consumer lending business (Sabato, 2010). The nature of problems reported by women group was related to issues of the application process for debt finance at the banks. The main reasons for younger firms encountering problems in accessing finance related to lack of credit history. Chimucheka and Rungani (2011) sought to investigate the impact of inaccessibility of bank finance and lack of financial management knowledge to small, micro and medium enterprises (SMMEs) in the Buffalo City Municipality in South Africa. Findings of this research showed that SMMEs in the Buffalo City Municipality found it difficult to access bank finance. The research results also showed that inaccessibility of bank finance have a greater impact on survival and success of SMEs. Inaccessibility of finance did not have a greater impact on growth or survival of SMMEs because after SMMEs are established, they can seek other sources of finance other than bank finance.

In economic terms, the loan application process represents an investment at origination with the aim of minimizing credit losses in the future. All else being equal, a greater investment in the credit application process will result in lower subsequent rates of delinquency and default; conversely, a less stringent process would result in greater rates of credit loss in the future (Pollinger, 2014). As access to loans is one of the major problems facing small scale enterprises in Nigeria. The idea of creating microfinance institutions is to provide an easy accessibility. Small scale enterprises do not have access to loans and these will bring effect on them because they will not be able to satisfy their clients (Suberu, Aremu, & Popoola, 2014)

According to Chimucheka and Rungani, (2013) in South Africa majority of the SME who did not apply for a loan did not know the procedures (53% of the sample) .Another 23% said they lacked knowledge on the sources of finance available at banks. The study however had limitations since it was carried out in one area there is no guarantee that the results could be. generalized to other areas of South Africa. There was also no stratification to check whether there were any significant differences in different business sectors. Studies by Suberu (2014) also found that



access to loans was a major problem facing small enterprises in Nigeria. The studies however did not find out whether the applications procedures had any impact on the businesses applying for loans.

Pollinger (2015) approached application procedures from the aspect of the microfinance organization and found that the application process if well done would lead to fewer losses in the future. Deakins (2016) found that manufacturing SME's in particular had problems related to application procedures when applying for a loan. The study also found that the age of the business also impacted on the application procedures while none of the other studies had this as a variable. Women Enterprise Fund has documented policy and procedures to guide in the lending operations. The Fund employs simple lending methodologies, aimed at ensuring easy, cost effective and fast access of the loan funds to the Women.

### **2.3.3 Financial Literacy and Microloans uptake**

Financial literacy can be defined as the ways how people manage their money in terms of insuring, investing, saving and budgeting (Mahdzan & Tabiani, 2013). Financial literacy also defined as the ability to use knowledge and skills to manage financial resources effectively for a life time of financial well-being (Suwanaphan, 2013). It also refers to a skill that can help people to make financial decisions effectively. Therefore, individuals who are financially literate are expected to possess basic understanding of the financial concepts such as interest rate, inflation rate, compound interest, and risk (Sabri & Juen, 2014).

Financial literacy helps individuals to improve their level of understanding of financial matters which enables them to process financial information and make informed decisions about one's finances. Financial literacy has a direct relationship to the well being of individuals. Earlier research posts that those with low levels of financial literacy face problems with issues relating to personal finance such as savings, borrowings, investments and retirement planning. Over the recent years, financial landscape has changed considerably becoming complex with the introduction of many new financial products (Puneet, 2014). One of the avenues to boost national saving is by encouraging individuals to increase personal saving. This can be achieved by implementing financial educational programmes to increase

individuals' financial literacy, i.e. to heighten understanding of their own financial circumstances, enable them to make financial plans for the future, and choose the most appropriate financial instrument that will help them achieve their financial goals.

Worldwide the poor financial literacy and financial outcomes have prompted a serious review of existing financial education programs and launch of new programs. Financial literacy guides those who are taking loan to manage their money in a proper way either through financial or investment decisions when compared to a counter part with no financial no basic financial literacy. Depositing before a congressional hearing committee in April 2011, Ben Bernanke highlighted the need for continual updating of financial literacy across all age groups because of the dynamic nature of financial products and services as well as the changing needs and circumstances of individuals with time (Bernanke, 2015). A lack of financial literacy is problematic if it renders individuals unable to optimize their own welfare, especially when the stakes are high, or to exert the type of competitive pressure necessary for market efficiency. This has obvious consequences for individual and social welfare. It also makes the standard models used to capture consumer behavior and shape economic policy less useful for these particular tasks.

In Kenya many women entrepreneurs lack financial management skills which are necessary for the access of loans. The access to credit among women in Kenya has been influenced by literacy levels. This has happened because the factor that limits women's ability to produce the sort of written business plans and loan projects that are required by lending institutions is low levels of literacy among them. They have less experience of using banks and financial services, and consequently have less knowledge and understanding of how to borrow WEF. They have little awareness of the requirements of the WEF. Lack of exposure to banking practice among women can result in a lack of confidence when it comes to making approaches for loans (Abels & Oketch, 2012). Lack of awareness on the lending procedure among women may be as a result of the financial literacy levels which this study seeks to establish among other factors.

### **2.3.4 Loan Repayment Policies and Microloans uptake**

Loan repayment policies is one of the key influencers of microloan uptake. As a result of strict loan repayment policies the uptake of loans is affected since potential borrowers feel uncomfortable with the amount lent (Andrew, 2014). High interest rates on loan may discourage women from borrowing reducing the accessibility of loan among them. Some institutions have often been criticized for having high interest rates charged on loans. But sometimes, there are factors beyond their control. For example the amount of interest payable on loans depend on interest rates charged, which is driven by the base lending rate of interest set by the Central Bank of Kenya ( Mole & Namusonge, 2016). The amount of interest rate charged is affected by expected inflation, default risk, liquidity premium and maturity premium. This leads the SME's to the micro finance institution, who lend unsustainable interests short term loans (Thuranira, 2009).

As a factor affecting accessibility of loan the interest rate charged, on loans ranks high. It also affects the rate of repayment of the loans leading to high rate of default on loans. Banks have been criticized for overcharging their clients by setting high interest rates. Most of these interest rate range from 18-20%. With poor business performance worsened by the global economic depression, most businesses are not only unable to repay their current loans but are discouraged from accessing more loan (Thuranira, 2009). Close monitoring of the lending institution by the central bank is required to avoid escalation of interest rates which discourages growth of the sector by reducing the accessibility of loan. The government should also increase competition in the lending sector by creating a fund exclusively for the micro finance institutions. And create a microfinance department within the central bank, instead of being lent by the commercial banks. This will enable them to borrow at competitive rates. It will enable them to; end at lower interest rates and increase available of loans as they pass the benefits to their clients (Thuranira, 2009).

In Kenya the high interest rates, discourages women groups from borrowing. It's because the interest payment come out of profit and can be reduced by the borrowing business if profit and trading conditions are unfavorable (Thuranira, 2009). Another contributing factor discouraging interest rates, is the structural weakness inherent in

lending institutions. In Kenya, cases of scraping old loans schemes and starting of new ones is the order of the day. This has been due to high default rates, high transaction costs, mismanagement of financial institutions, charging interest rates that are below the rate of inflation, so as to remain in business.

#### **2.4 Government Procedures on Microloans uptake**

The function of the prevailing Government procedures is that of intervening or moderating variable whereby it acts as a buffer zone, i.e. neutral, between the independent and dependent variables of the study. Such factors include inflation and they do play a great role in determining the relationship that exists between the independent and dependent variables of the study. Inflation refer to sustained increase in the general prices for goods and services of a country and is usually measured as a percentage change over a given period of time. Inflation tends to have a great impact on the microfinance industry since when the inflation rate is high then this implies that the cost of borrowing is likely to be higher hence discouraging the would borrowers. This in turn slows down the uptake of the microloans in the entire microfinance sector of the economy. On the contrary when the inflationary rates are bit low, then the cost of borrowing will most likely be low thus leading to stability in the economy thereby favouring the microfinance sector which in turn will have a positive impact on the microloans uptake since these will increase.

#### **2.5 Empirical Studies**

A number of empirical studies on determinants of microloans uptake have been conducted in different countries by different scholars and financial services sector practitioners. Among these empirical studies include; A study by Sileshi (2012), in Ethiopia on factors affecting loan repayments performance by small holders' farmers. The study found out that agro ecological zone, off farm activities and technical assistance had a significant positive relationship with loan repayment and uptake. The study focused on determinants of loan repayment and did not report on microloans uptake determinants as envisaged by this study.

Muriungi (2012), carried out a study on effectiveness of Women Enterprise Fund in enabling women setup enterprises in Matuga constituency. The study variables were

adequacy of loans and capacity building .The findings indicated that women need enough loans to boost their businesses' working capital requirements besides accessing entrepreneurship training. Although the study investigated variables such as loanable amount and entrepreneurship training as enabling women entrepreneurs set up small enterprises, the study did not mention how information access and lending procedures influence microloans uptake. According to Kamau (2016) collateral security is again highlighted as a major constraint to credit access. In his survey, Kamau (2009) found that 92% of the enterprises studied had applied for loans, and were rejected while others had decided not to apply since they 'knew' they would not be granted for lack of collateral security. Therefore, while most of the entrepreneurs, in this study recognized the importance of loans in improving their businesses, they cited collateral security as a major impediment to loan access and therefore hindering business growth. Almost all respondents started their businesses from their own savings or loans from relatives since they did not demand security.

A study by Monica & Scott (2016) in USA on women owned business and their access to bank loan. The study reported that women owned businesses are significantly less likely to apply for bank loans compared to their male counterparts. Thus the researchers concluded that gender was related to bank loans application and uptake as well as the loan's size but on a turndown frequency. The study though focused on women, based its findings only on few variables of the study.

Okoho & Orebiyi (2016), investigated the determinants of loan acquisition from financial institutions using simple descriptive statistics and ordinary least square regression. The study found out that amount of loan secured in Chafia Local government areas are influenced by important social economic factors/ characteristics. Ages, education level, farming experience and farm size of the respondents, were found to be statistically significant with bank loan acquisition. The study only focused on loan amount and overlooked other variables of the study such as access to information, business education and lending procedures in influencing loan acquisition.

According to Sacerdoti (2016), in Sub-Sahara Africa, the reason why borrowers lack access to credit from banks are inability to provide accurate information on their financial status, lack of collaterals, cumbersome lending procedures, high cost of

credit and long physical distance to the nearest financial services. Xiong and Xiong (2010) carried out a study that the impact of social capital on financial obstacles faced by entrepreneurs using a pooled data of two hundred and seventy small companies in China. The study revealed that membership in business associations and access to information increases the probability of accessing loans uptake. The study only focused on social capital but did not mention access to information, lending procedures, loanable amount and financial education variables.

Irwin and Scott (2016), carried out an investigation of four hundred SMEs in the United Kingdom using a telephone survey. In this survey they found that graduates had no difficulties in accessing finance from commercial banks. The researcher concluded that more educated entrepreneurs have the ability to present positive financial information and bankable business plans and also their relationship with financial institutions is amicable as compared to the less educated. The researchers did not mention how access to information, loan amounts and banks' lending procedures affects microloans uptake also the study was based only on graduates.

## **2.6 Research gaps**

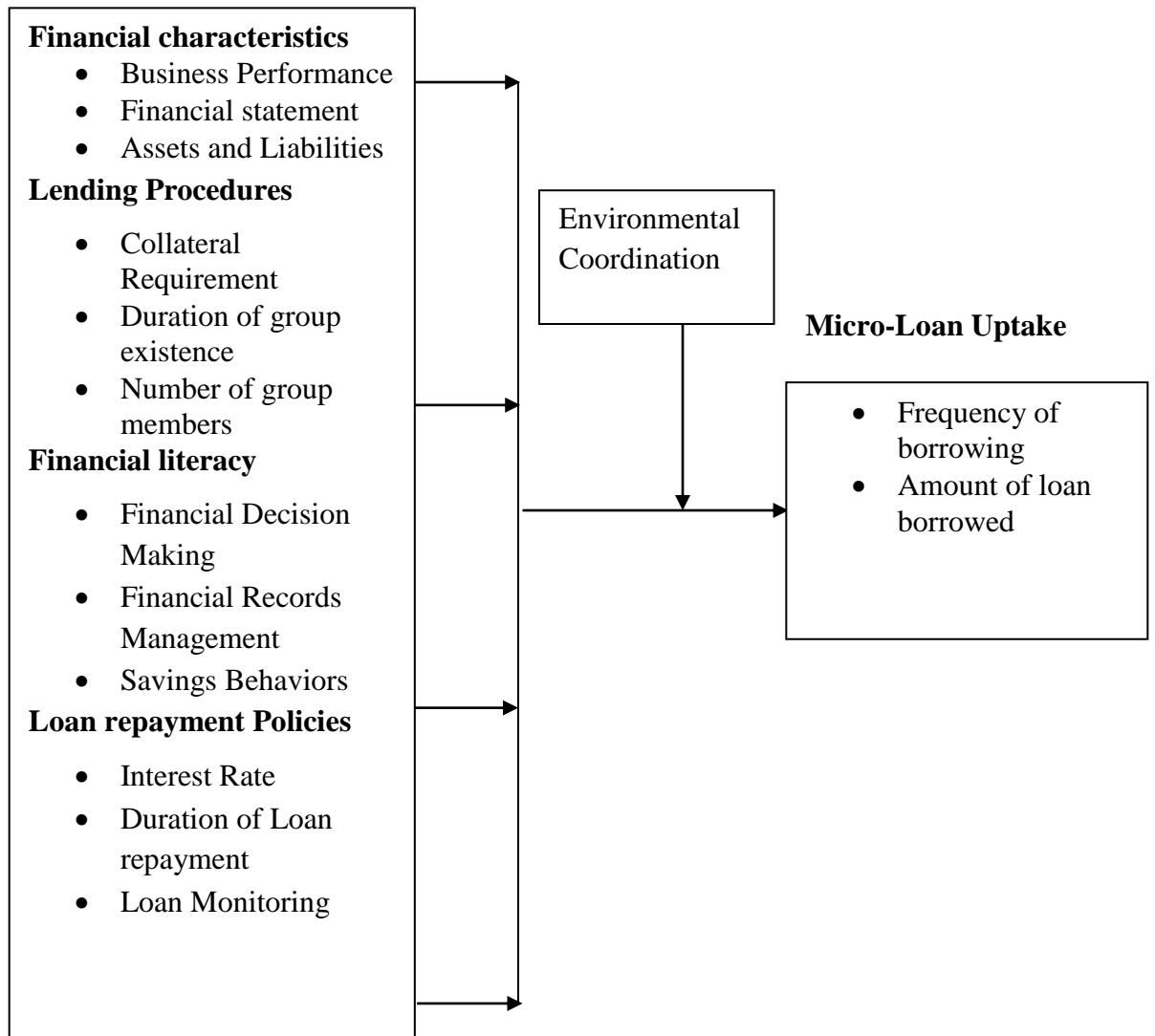
Many studies reviewed have focused on determinants of loans uptake in microfinance institutions and banks and not on the government established programs such as Women Enterprise Fund. From the literature reviewed, there exist scanty empirical studies that have focused on group lending methodology loans uptake in Nakuru East C-WES among women. This study intends to fill this existing knowledge research gap through an empirical investigation, by examining factors influencing microloans uptake within Nakuru East Constituency Women Enterprise Scheme among women.

## 2.7 Conceptual Framework

This study was guided by the following conceptual framework:

**Independent Variables**                      **Moderating Variable**                      **Dependent Variable**

**Financial factors**



**Figure 2. 1: Conceptual Framework**

**Source: Own Conceptualization**

The conceptual framework is a hypothetical model that identifies the concept under study and their relationships. It presents in a diagrammatic form of the way the researcher has conceptualized the relationship between variables. The independent

variables are arranged on the left while the dependent variable is on the right on the diagram

This study was based on the conceptual framework depicted in the above figure and it's presumed that the independent variables which include financial characteristics, lending procedures, financial literacy and loan repayment terms do have a direct bearing on the uptake of group loans which represents the dependent variable. Access to information will be measured by use of factors such as types of creditors, financial statements, and training on loan management, lending procedures will analyze factors like collateral requirements, duration of the group existence, financial literacy will study financial decision making, financial records management and savings behaviours while loan repayment terms variable looks into interest rate, duration of the loan repayment and loan monitoring which are all independent variables of the study. In the intermediary we do have Government procedures such as inflation which are neither independent nor dependent but do come into play and do not favour either side of the study's variables. The dependent variable which is the uptake of group microloans by the registered women groups will be analyzed by looking onto the trend of the microloans uptake whether they are increasing or decreasing in order to make an informed and appropriate conclusion.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Research methodology is a systematic, theoretical analysis of the methods applied to a field of study. It is a process of collection of information for the purposes of making decisions in research. This chapter provides an explanation on how data was gathered and analyzed. It details the research design to be adopted, target population, sample size and sampling procedures, data collection instruments and procedures, data analysis and ethical considerations.

#### **3.2 Research Design**

The research employed descriptive research design. According to Mugenda (2003) a descriptive research is a process of collecting data in order to answer questions concerning the current status of the subjects in the study. The primary use of descriptive statistics was to describe information or data through the use of numbers (create number of pictures of the information). According to Mugenda and Mugenda (2003) this type of research attempts to describe such things as possible behavior, attitudes, values and characteristics. Descriptive research design allows for gathering in-depth information that may be either quantitative or qualitative in nature. This allows for a multifaceted approach to data collection and analysis. This study made use of both quantitative and qualitative data and hence descriptive research design was to be the most suitable for this study.

#### **3.3 Target Population**

Oso and Onen (2008) explain population as a larger group of items or objects from which samples are taken. Black (2008) indicates that a target population comprises of institutions and entities that are object of investigation. The unit of analysis was 322 women groups in Nakuru Town East Constituency. The unit of observation was women group chairpersons. Table 3.1 indicate thee number of women groups from each ward in Nakuru Town East Constituency.

**Table 3. 1: Target Population**

<b>Ward</b>	<b>Number of Groups</b>
Kivumbini	57
Biashara	91
Flamingo	52
Menengai	66
Nakuru East	56
<b>Total</b>	<b>322</b>

**Source: Social Services department Nakuru County, (2017)**

### 3.4 Sample Size and Sampling Technique

Sample size refers to the number of items to be selected for observations in order to obtain accurate information on the universe (Oso & Onen, 2008). Sampling Technique is a process of selecting sufficient number of elements from a population for the purpose of determining their properties or characteristics and generalizing the findings of the whole population (Sekaran, 2006). Nassiuma's (2000) formula was employed to sample 82 groups from the 322 targeted groups

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

Where

n = Represents sample size,

N = Represents study population

C = Represents coefficient of variation ( $21\% \leq C \leq 30\%$ ), and

e = Represents error margin ( $2\% \leq e \leq 5\%$ ).

Calculating the sample size,

$$\begin{aligned} n &= \frac{322 (0.21)^2}{0.21^2 + (322-1)0.02^2} \\ n &= 82 \\ n &= 82 \text{ groups} \end{aligned}$$

Stratified random sampling was adopted to get the sample size of women groups from each ward. Each ward was considered as a stratum. The sample size of the respondents for each stratum was obtained by using the formula below.

$$n = \frac{a}{N} \times C$$

a – is the population of the stratum

N – Is the total target population

c – Is the sample size

n – Is the number of respondents obtained from each stratum.

Example the sample of women group from Kivumbini ward was calculated as

:

$$\frac{57 \times 81}{322} = 14$$

The same formula was applied to the rest of the wards. The study considered the chairperson from each of the selected groups. Therefore the study respondents was 82 chairpersons.

**Table 3. 2: Distribution of Population for Sample by Ward**

Ward	Number of Groups	Sample group from each ward	Chairperson
Kivumbini	57	15	14
Biashara	91	23	23
Flamingo	52	13	13
Menengai	66	17	17
Nakuru East	56	14	14
<b>Total</b>	<b>322</b>	<b>82</b>	<b>82</b>

### 3.5 Data collection instruments

Primary data was collected through questionnaires. Both open and closed ended questions were used. Open ended questions provided freedom to the respondent in airing issues and personal feeling without any restriction. On the other hand open ended questions ensured respondents restriction on issues that are in question. Kothari (2009) observes that questionnaire method has been extensively used in range of business and economic survey due to its unbiased nature and ability to capture large data. The design of the questionnaire was based on a multiple-item measurement scale. A five-point Likert Scale was employed, using a list of response categories ranging from very great extent to not at all.

### 3.6 Data Collection Procedure

Data collection process began by getting a formal letter from the university authorizing the field study. The researcher then sought permit from the National Commission for Science, Technology and Innovation (NACOSTI). The letter together with the consent statement was then presented to the management of women group as a means of seeking authority to gather data from their group. During the actual study questionnaires were randomly distributed to the respondents. Questionnaire were administered using a drop and pick later method. To guarantee accuracy in the actual collection activity careful consideration was taken in addressing concerns emerging from the data collection process.

### 3.7 Pilot Testing

Mugenda and Mugenda (2003) recommend pilot testing or pretest in establishing validity and reliability of research tools. Thus pilot testing was conducted on eight selected women group each per ward which were not included in the actual study population.

#### 3.7.1 Reliability of Instruments

Reliability refers to how consistent a research instrument is, Sakaran, (2006). Orodho (2005) says that one way to test reliability is to give the same people the same test more than one occasion and then compare each person's performance on both occasions. Cronbach's Alpha was used to test reliability of instruments. Kombo & Tromp (2009) indicates that an alpha range of 0.6 to 0.7 is commonly accepted rule of thumb that indicates good reliability.

**Table 3. 3: Reliability Statistics**

Variable	Number of Items	Cronbach's Alpha
Bank Size	6	0.764
Business Scope	8	0.803
Managerial Characteristics	7	0.832
Bank's Tangibility	6	0.825
Financial Performance	8	0.7845

### 3.7.2 Validity of Instruments

According to Kothari (2009), validity is the critical criteria that indicates the degree to which an instrument measures what is supposed to measure. The questionnaire was discussed with the supervisor to ensure relevance of the content. Thus content validity was used as the supervisors acted as experts in assessing the questionnaire's content.

### 3.8 Data Processing and Analysis

Sekaran (2006) states that data analysis seeks to fulfill objectives and answer research questions. Data collected was well examined and checked for completeness and comprehensibility. Data was then summarized, coded and tabulated. Both descriptive and inferential statistics was used to analyze data. Descriptive statistics involved the use of proportions, frequencies, measures of central tendencies (mean) and measures of dispersion (standard deviation). Inferential statistics was employed with a use of multiple regressions to test the relationship between dependent variable and independent variables. SPSS version 24 was used to process and analyze data. Statistical tables were used to present the data and also show comparison. Pearson Correlation was used to test research hypotheses at 0.05 significance level.

The study employ the following multiple regression model;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon_i$$

Y=Micro loan uptake

$\alpha$  =Regression constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficient factors

$X_1$  = Financial characteristics

$X_2$  = Lending procedures

$X_3$  = Financial Literacy

$X_4$  = Loan repayment policies

$\epsilon_i$  = Error term assumed to be normally distributed

## CHAPTER FOUR RESULT AND DISCUSSION

### 4.1 Introduction

This chapter presents the results and their discussions. The presentation of the results is based on the objectives. The chapter starts with descriptive statistics of the study variables, correlation analysis and test of hypotheses.

### 4.2 Response Rate

Response rate equals the number of people with whom semi-structured questionnaires were properly completed divided by the total number of people in the entire sample (Fowler, 2004). The study administered 82 questionnaires for data collection. However, only 62 questionnaires were properly filled and returned. This represented 74 percent response rates. Babbie (1990) suggested that a response rate of 50% is adequate 60% is good and 70% and above very good for analysis. This implies that 74 percent response rate was very appropriate for data analysis.

### 4.3 Group Information

#### 4.3.1 Size of group

The respondents were also asked to indicate the number of group members. The findings we as presented in table 4.1

**Table 4.1: Size of group**

Members	Frequency	Percentage
51-100	13	21%
21-50	30	49%
11-20	14	23%
1-20	5	7%
Total	62	100

According to the findings, 7% of the respondents stated their group have an average of 1-20 members, 23% of the respondents stated their group have an average of 11-20 members, 49% of the respondents stated their group have an average of 21-50

members while 21% of the respondents stated their group have an average of 51-100 members. This implies that majority of groups have an average of 21-50 members.

#### **4.3.2 Duration of group existence**

The respondents were also asked to indicate the number of years the group have been in existence. The findings we as presented in table 4.2

**Table 4. 2: Duration of group existence**

Years	Frequency	Percentage
Less than 1 Years	2	2%
1-3 Years	18	29%
4-7 Years	25	40%
8-10 Years	15	24%
More than 10 Years	2	3%
Total	62	100

According to the findings, 2% of the respondents stated their group have been in existence for less than 1 year, 29% of the respondents stated their group have been in existence for 1 -3 year, 40% of the respondents stated their group have been in existence for 4-7 year, 24% of the respondents stated their group have been in existence for 8 -10 year while 24% of the respondents stated their group have been in existence for more than 10 year. This implies that majority of the groups have been in existence for 4-7 years. The characteristics of the business will also affect access to loans for example how long the business has been in operation is important when trying to access loans.

#### **4.3.3 Applied for a loan**

The respondents were also asked to indicate whether their groups have ever applied for loans. The findings we as presented in table 4.3

**Table 4.3: Applied for a loan**

Years	Frequency	Percentage
Yes	59	95%
No	3	5%
Total	62	100

According to the findings, 95% of the respondents stated their groups have applied for loan while 5% of the respondents stated their groups had not applied for loan .This implies that majority of the groups have applied for loan.

#### **4.3.4 Successful Loan Application**

The respondents were also asked to indicate whether they were successful in loan application. The findings we as presented in table 4.4

**Table 4.4: Successful Loan Application**

Years	Frequency	Percentage
Yes	29	47%
No	33	53%
Total	62	100

According to the findings, 47% of the respondents stated had successfully applied for loans while 53% of the respondents stated their were not successful in loan application .This implies that majority of the groups were not successful in loan application. The findings concur with Ekumah and Essel (2001) research which found out that SMEs have little access to credit not because of the socio-economic barriers only but also because of inadequacy of information about the services and facilities offered by credit institutions.

#### **4.4 Descriptive Statistics**

The study requested respondents to give opinions in regard to financial characteristics, lending procedures, financial literacy and loan repayment policies on micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme amongst women entrepreneurs. The interpretation of the findings was made based on the mean and standard deviation. The value of the mean indicated the level of agreement. The value



of the mean ranged between 1-5, with 1 being the least mean and 5 being the highest mean.

#### 4.4.1 Financial characteristics and micro-loan uptake

The respondents were asked to indicate their level of agreement on the influence of financial characteristics on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The findings were as indicated in Table 4.5.

**Table 4.5: Financial characteristics and micro-loan uptake**

	SA	A	U	D	SD	Mean	Std
	%	%	%	%	%		
The group maintains and keeps a list of their assets and liabilities.	26	47	17	10	0	3.887	0.907
The group has a monthly and a yearly budget that they follow.	23	17	3	35	22	2.113	1.270
The group is in a capacity to maintain all their financial records on income and expenditure.	15	20	5	35	25	1.916	1.965
The group engage an auditor to check their financial statements	17	13	7	33	30	2.600	1.121
The group must produce its financial statement before it receive loan	39	44	11	6	0	4.145	0.866
The group keeps record of all the cash flow	45	37	13	5	0	4.226	0.857

According to the findings, majority of the respondents (73%) agreed that group maintains and keeps a list of their assets and liabilities with a mean of 3.887. The findings further indicated that majority of the respondents (57%) disagreed that the group has a monthly and a yearly budget that they follow. with a mean of 2.113. In

addition majority of the respondents (60%) disagreed that the group is in a capacity to maintain all their financial records on income and expenditure with a mean of 1.965

The findings further indicated that majority of the respondents (63%) disagreed that the group engage an auditor to check their financial statements with of mean 2.600. In addition majority of the respondents (83%) agreed that the group must produce its financial statement before it receive loan with a mean of 4.145. Finally majority of the respondents (82%) agreed that the group keeps record of all the cash flow with a mean of 4.226. Any business must have financial characteristics that will help when applying for a loan like keeping audited financial statements or by having collateral. This help in building a strong case when applying for a loan. The study is in line with. The study further agreed with Pandula (2010) who argued that most of the women groups have difficulty in getting credit from the formal financial institutions because they lack proper financial records. Most of the businesses in these countries often keep multiple sets of books and do not have audited financial statements based on reliable accounting standards.

#### **4.4.2 Tangible assets that can be used as collateral**

The respondents were also asked to indicate whether the groups have tangible assets that can be used as collateral for loan application. The findings we as presented in table 4.6

**Table 4.6: Tangible assets that can be used as collateral**

Years	Frequency	Percentage
Yes	23	37%
No	39	63%
Total	62	100

According to the findings, 37% of the respondents stated that the groups have tangible assets that can be used as collateral for loan application while 63% of the respondents stated that the groups have no tangible assets that can be used as collateral for loan application .This implies that majority of the groups have no tangible assets that can be used as collateral for loan application . The researcher

further sought to determine the various form of collateral that the group own. From the findings majority of the groups indicated they have land as corrateral.

#### 4.4.3 Lending procedures and micro-loan uptake

The respondents were asked to indicate their level of agreement on the influence of lending procedures on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The findings were as indicated in Table 4.7

**Table 4.7: Lending procedures and micro-loan uptake**

	S	A	A	U	D	SD	Mean	Std
	%	%	%	%	%			
The group must achieve a particular number of members before borrowing	52	39	9	0	0		4.419	0.667
The number of group members determine the amount of loan issued	37	31	19	13	0		3.887	1.073
There are well defined limits on the maximum amount of loan that a group can borrow	44	40	6	10	0		4.177	0.932
For a loan to be issued the group must have existed for more than 5 years	37	39	10	14	0		3.984	1.032
Majority of groups lack collateral for loan application	42	39	11	8	0		4.145	0.921
Interest rate charged is sometimes, intertwined with the security of the loan	53	45	2	8	0		4.516	0.921

According to the findings majority of the respondents agreed (91%) that the group must achieve a particular number of members before borrowing with a mean of 4.419. The findings further indicated that majority of the respondents (68%) agreed that the number of group members determine the amount of loan issued with a mean of 3.887. Also, the findings indicated that majority of the respondents (84%) agreed that there are well defined limits on the maximum amount of loan that a group can borrow with

a mean of 4.177. Further majority of the respondents (76%) agreed that for a loan to be issued the group must have existed for more than 5 years with a mean of 3.984. Majority of the respondents (81%) agreed that the majority of groups lack collateral for loan application with a mean of 4.145. Finally majority of the respondents (98%) agreed that interest rate charged is sometimes, intertwined with the security of the loan with a mean of 4.516. The findings agree with findings by (FSB, 2006) who found that businesses less than three years old were least likely to have their application approved. Pandula (2010) argue that smaller groups have fewer assets to offer as collateral. The collateral is an assurance to the lender in case of default and it also ensures the borrowers commitment to the loan repayments.

#### **4.4.4 Applied for a loan from any institution in the last 12 months**

The respondents were also asked to indicate whether the group had tried to get a loan from any institution in the last 12 months. The findings we as presented in table 4.8

**Table 4.8: Applied for a loan from any institution in the last 12 months**

Years	Frequency	Percentage
Yes	53	86%
No	9	14%
Total	62	100

According to the findings, 86% of the respondents stated that the group had tried to get a loan in the last 12 months while 14% of the respondents stated that the group had not tried to get a loan in the last 12 months. This implies that majority of the groups have tried to get a loan in the last 12 months.

#### **4.4.5 Time taken for processing of loan**

The respondents were also asked to indicate the time taken for the processing of loan . The findings we as presented in table 4.9

**Table 4.9: Time taken for processing of loan**

Duration	Frequency	Percentage
Less than 1 Month	2	3%
1-2 Months	50	81%
3-5 Months	10	16%
More than 5 Months	0	0%
Total	62	100

According to the findings, 3% of the respondents stated it took less than one month before their loan was processed, 81% of the respondents stated it took 1-2 months before their loan was processed while 16% of the respondents stated it took 3-5 months before their loan was processed. This implies that majority of loan applications are processed within a period of 1-2 months.

#### **4.4.6 Time taken for loan approval**

The respondents were also asked to indicate the time taken for loan approval. The findings we as presented in table 4.10

**Table 4.10: Time taken for loan approval**

Duration	Frequency	Percentage
Less than 1 Month	2	3%
2-3 Months	43	69%
3-4 Months	17	28%
4-5 Months	0	0%
6-11 Moths	0	0%
More than 5 Months	0	0%
Total	62	100

According to the findings, 3% of the respondents stated it take less than one month before a decision is made on whether loan application is successful, 69% of the respondents stated it take 2-3 before a decision is made on whether loan application is successful, while 28% of the respondents stated it take 3-4 months before a decision is

made on whether loan application is successful. This implies that majority of loan applications take 2-3 months before a decision is made on whether they are successful.

#### 4.4.7 Financial literacy and micro-loan uptake

The respondents were asked to indicate their level of agreement on the influence of financial literacy on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The findings were as indicated in Table 4.11.

**Table 4.11: Financial literacy and micro-loan uptake**

	S	A	U	D	SD	Mean	Std
	%	%	%	%	%		
Lack of awareness on funding opportunities has led to poor access to credit by Women Group	50	31	11	8	0	4.226	0.948
Majority of group members lack awareness of existing credit schemes	55	42	3	0	0	4.516	0.565
Majority of group members lack information on interest rates of various credit schemes	66	34	0	0	0	4.645	0.482
Majority of group members don't have information on the collateral	52	48	0	0	0	4.516	0.504
Information on availability of loans, and the rate of interests charged, is adequately communicated	45	50	5	0	0	4.403	0.586

According to the findings majority of the respondents (81%) agreed that lack of awareness on funding opportunities has led to poor access to credit by Women Group with a mean of 4.226. Majority of the respondents (97%) also agreed with a mean of 4.516 that majority of group members lack awareness of existing credit schemes. Majority of the respondents (100%) further agreed indicated that majority of group members lack information on interest rates of various credit schemes with a mean of

4.645. In addition majority of the respondents (100%) agreed that that majority of group members don't have information on the collateral with a mean of 4.516. Finally majority of the respondents (95%) agreed that information on availability of loans, and the rate of interests charged, is adequately communicated with a mean of 4.403. Lack of Collateral security has become a constraint to young women entrepreneurs since most of them may not have deeds to capital assets to present as security against the loans hence their loans applied are rejected due to failure to produce Collateral security while others had decided not to apply since they 'knew' they would not be granted due to lack of Collateral security. According to Kamau (2009) Collateral security is again highlighted as a major constraint to credit access..

#### **4.4.8 Attended any form of training on financial management**

The respondents were asked to indicate whether they have ever attended any form of training on financial management. The findings we as presented in table 4.12

**Table 4.12: Attended any form of training on financial management**

Years	Frequency	Percentage
Yes	27	44%
No	35	56%
Total	62	100

According to the findings, 44% of the respondents stated they had attended training on financial management while 56% the respondents stated they had not attended any form training on financial management. This implies that majority of the respondents stated they had not attended any form training on financial management. Among those who had attended training on financial management majority of them had undergone training in booking

#### **4.4.9 Loan repayment policies and micro-loan uptake**

The respondents were asked to indicate their level of agreement on the influence of loan repayment policies on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The findings were as indicated in Table 4.13

**Table 4.13: Loan repayment policies and micro-loan uptake**

	S	A	U	D	SD	Mean	Std
	%	%	%	%	%		
Group consider interest rated before borrowing	47	34	13	6	0	4.210	0.908
A less liquid security attracts high interest rate	50	31	15	5	0	4.258	0.886
Interests on loans vary depending on length of time to maturity	44	53	3	0	0	4.403	0.557
The group consider the penalties for loan default before taking loan	37	44	16	3	0	4.145	0.807
We are provided a grace period before starting to make payment for the loan	35	45	5	0	0	4.452	0.592
The interest per month on loan earns and the repayment period is convenient to you	52	44	4	0	0	4.468	0.593

According to the findings majority of the respondents (81%) agreed that group consider interest rated before borrowing with a mean of 4.210. Majority of the respondents (81%) also agreed that a less liquid security attracts high interest rate with a mean of 4.258. Majority of the respondents (97%) also agreed that interests on loans vary depending on length of time to maturity with a mean of 4.403. In addition majority of the respondents (81%) agreed that the group consider the penalties for loan default before taking loan with a mean of 4.145. Further majority of the respondents (80%) agreed that group are provided a grace period before starting to make payment for the loan with a mean of 4.452. Finally majority of the respondents (96%) agreed that the interest per month on loan earns and the repayment period is convenient to you with a mean of 4.468. According to Kamau (2009) the high interest rates, discourages the entrepreneurs in this sector from borrowing. This is because the interest payment eats into the profit and therefore reduces borrowing business if profit and trading conditions are unfavorable. The rates on interests charged discouraged the young women entrepreneurs from borrowing since they seemed punitive



#### 4.4.10 Adequacy of loan repayment options

The respondents were asked to indicate whether the loan repayment options that are given are adequate. The findings were as presented in table 4.14

**Table 4.14: Adequacy of loan repayment options**

Years	Frequency	Percentage
Yes	53	86%
No	9	14%
Total	62	100

According to the findings, 86% of the respondents stated the loan repayment options given are adequate while 14% of the respondents stated that the loan repayment options given are not adequate. This implies that majority of the respondents felt that the loan repayment options given are adequate.

#### 4.4.11 Micro-loan uptake of Women Enterprise Scheme

The respondents were asked to indicate their level of agreement on micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme amongst women entrepreneurs. The findings were as indicated in Table 4.15.

**Table 4.15: Micro-loan uptake of Women Enterprise Scheme**

	S	A	U	D	SD	Mean	Std
	%	%	%	%	%		
It is easier to access and cheaper to access (C-WES) loans	10	16	37	34	3	2.855	1.385
The demand for loans is high than the supply	55	34	8	3	0	4.403	0.778
Procedures for loan application and award encourages loan Uptake	44	46	7	3	0	4.307	0.738
The group is able to make full payment of loan on time	37	44	16	3	0	4.145	0.807
Group members are confident of taking up loans from (C-WES)	55	33	7	5	0	4.387	0.869

According to the findings majority of the respondents (71%) disagreed that it is easier to access and cheaper to access (C-WES) loans with a mean of 3.855. Majority of the respondents (89%) agreed that the demand for loans is high than the supply with a mean of 4.403. They further agreed (90%) that the procedures for loan application and award encourage loan Uptake with a mean of 4.307.

In addition majority of the respondents (81%) agreed that the group is able to make full payment of loan on time with a mean of 4.145. Majority of the respondents (88%) also agreed that group members are confident of taking up loans from (C-WES) with a mean 4.387.

#### 4.5 Correlation Analysis

**Table 4. 16: Correlation Matrix for Determining Factors Affecting Micro-Loans at Nakuru East Constituency Women Enterprise Scheme amongst women**

		<b>Correlations</b>				
		Loan repayment policies	Financial Literacy	Lending procedures	Financial Characteristics	Micro-loan uptake
Loan repayment policies	Pearson Correlation	1	.068	.109	.155*	.441**
	Sig. (2-tailed)		.265	.071	.010	.000
	N	62	62	62	62	62
Financial Literacy	Pearson Correlation	.068	1	.076	.035	.430
	Sig. (2-tailed)	.265		.208	.566	.022
	N	62	62	62	62	62
Lending procedures	Pearson Correlation	.109	.076	1	.232**	.441*
	Sig. (2-tailed)	.041	.008		.000	.006
	N	62	62	62	62	62
Financial Characteristics	Pearson Correlation	.155*	.035	.232**	1	.443**
	Sig. (2-tailed)	.010	.016	.000		.000
	N	62	62	62	62	62
Micro-loan uptake	Pearson Correlation	.441**	.430	.441*	.443**	1
	Sig. (2-tailed)	.000	.022	.006	.000	
	N	62	62	62	62	62

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

The study sought to establish the correlation between financial characteristics and micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. The findings indicated that there was a moderate positive and statistically significant correlation between financial characteristics and micro-loan uptake. ( $r = 0.443$ ;  $p < 0.05$ ). These findings are consistent with the reviewed literature where Tagoe, Nyarko, and Anuwa-Amarh (2015) found out that good information management and the ability to use information to present a well-crafted business case for financing reduced risk perception and increased the chance of SMEs getting adequate funds. Therefore, SME's should seek to improve their information management practices and investor relations skills to improve their access to credit.

The study also sought to establish the correlation between lending procedures and micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. The findings indicated that there was a moderate positive and statistically significant correlation between lending procedures and micro-loan uptake. ( $r = 0.441$ ;  $p < 0.05$ ). This implies that better lending procedures results to an increase in micro-loan uptake at Nakuru East Constituency. Thus the finding of the study empirically confirms the perspective that lending procedures influence the uptake of micro-loans at Nakuru East Constituency Women Enterprise Scheme amongst women entrepreneurs. This agrees with Sabato, (2010) who found out that the nature of problems reported by women group were related to issues of the application process for debt finance in financial institutions.

The study further sought to establish the correlation between financial literacy and micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. The findings indicated that there was a moderate positive and statistically significant correlation between financial literacy and micro-loan uptake. ( $r = 0.430$ ;  $p < 0.05$ ). Financial literacy helps individuals to improve their level of understanding of financial matters which enables them to process financial information and make informed decisions about one's finances (Puneet, 2014). A lack of financial literacy is problematic if it renders individuals unable to optimize their own welfare, especially when the stakes are high, or to exert the type of competitive pressure necessary for market efficiency.

Finally the study sought to examine the influence of loan repayment policies on micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. The findings indicated that there was a moderate positive and statistically significant correlation between loan repayment policies and micro-loan uptake. ( $r = 0.441$ ;  $p < 0.05$ ). The findings of the study agrees with Andrew(2014) who argued that strict loan repayment policies the uptake of loans is affected since potential borrowers feel uncomfortable with the amount lent

#### 4.6 Multiple Regression Results

The study ascertained the influence of financial characteristics, lending procedures, and financial literacy and loan repayment policies on micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme amongst women entrepreneurs. The results in relation to the foregoing are illustrated in Tables 4.17

**Table 4. 17: Multiple Regression Results for the Factors Determining Micro Loans Uptake at the Nakuru East Constituency Women Enterprise Scheme.**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.878 <sup>a</sup>	.770	.749	.3873		
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.563	4	7.141	47.607	.000 <sup>b</sup>
	Residual	8.532	57	.150		
	Total	37.095	61			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Beta	Std. Error	Beta		
	(Constant)	.038	.145		.260	.796
1	Financial Characteristics	.596	.107	.548	5.548	.032
	Lending Procedures	.233	.081	.245	2.877	.006
	Financial Literacy	.245	.104	.179	2.356	.022
	Loan Repayment Policies	.432	.106	.382	4.075	.000

a. Predictors: (Constant), Financial Characteristics, Lending Procedures, Financial Literacy and Loan Repayment Policies

b. Dependent Variable: Micro loans uptake at the Nakuru East Constituency Women Enterprise Scheme

The model in Table 4.10 shows factors determining Micro loans uptake at the Nakuru East Constituency Women Enterprise Scheme. The Model shows that R Square is .770, which shows that 77.0% of the variation in Micro loans uptake at the Nakuru East Constituency Women Enterprise Scheme is explained by financial characteristics, lending procedures, financial literacy and loan repayment policies.

The ANOVA demonstrates test for the combined influence of financial characteristics, lending procedures, and financial literacy and loan repayment policies on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The ANOVA results show that the model was significant ( $F = 47.607$ ,  $p < 0.05$ ). This indicates that the combined influence of financial characteristics, lending procedures, financial literacy and loan repayment policies have a positive significant effect on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County.

The full regression model in Table 4.10 was also interpreted to show how determining factors influence on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The unstandardized coefficients show that for every unit increase in financial characteristics, a 0.596 unit increase in on micro-loan uptake by women enterprise groups is predicted holding other variables constant. For every unit increase in lending procedures, a 0.233 unit increase in on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County is predicted holding other variables constant. For every unit increase in financial literacy, a 0.254 unit increase in on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County is predicted holding other variables constant. Finally for every unit increase in loan repayment policies, a 0.432 unit increase in Micro loans uptake at the Nakuru East.

The interpretations of the findings indicated follow the following regression model.

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

Therefore,

$$Y = 0.038 + 0.596 X_1 + 0.233 X_2 + 0.245 X_3 + 0.432 X_4$$

## **4.7 Hypotheses Testing**

The literature review and theoretical reasoning led to the belief that financial characteristics lending procedures, financial literacy and loan repayment policies have an influence on micro-loan uptake. A t-test ( $n > 50$ ) was used in the study at a 0.05 level of significance to test the four hypotheses in this study. The findings were as presented in the following section

### **4.7.1 Influence of financial characteristics on uptake on micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County**

The hypothesis was H01: Financial characteristics has no significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County. From the test, the result presented in Table 4.17 were  $t = 5.548$  and  $p = 0.032$  ( $< 0.05$ ). The findings indicated that financial characteristics has a significance influence on uptake of micro-loans at Nakuru East Constituency Women Enterprise Scheme amongst women entrepreneurs, the first null hypothesis was therefore rejected and conclusion made that financial characteristics has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County

### **4.7.2 Influence of lending procedures on uptake on micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County**

The hypothesis was H02: Lending procedures has no significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County. From the test, the result presented in Table 4.17 were  $t = 2.877$  and  $p = 0.006$  ( $< 0.05$ ). The findings indicated that lending procedures has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County, the second null hypothesis was therefore rejected and conclusion made that lending procedures has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County.

#### **4.7.3 Influence of financial literacy on uptake on micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County**

The hypothesis was  $H_{03}$ : Financial literacy has no significance influence on uptake of loans by women enterprise groups in Nakuru East Constituency, Nakuru County. From the test, the result presented in Table 4.17 were  $t=2.356$  and  $p=0.022$  ( $<0.05$ ). The findings indicated that financial literacy has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County, the third null hypothesis was therefore rejected and conclusion made that financial literacy has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County.

#### **4.7.4 Influence of loan repayment policies on uptake on micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County**

The hypothesis was  $H_{04}$ : Loan repayment policies has no significance influence on uptake of loans by women enterprise groups in Nakuru East Constituency, Nakuru County. From the test, the result presented in Table 4.17 were  $t=4.075$  and  $p=0.000$  ( $<0.05$ ). The findings indicated that loan repayment policies has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County, the fourth hypothesis was therefore rejected and conclusion made that loan repayment policies has a significance influence on uptake of micro-loans by women enterprise groups in Nakuru East Constituency, Nakuru County.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provides a detailed summary of the major findings of the actual study; it then draws conclusions and discusses implications emanating from these findings. Finally, it makes some recommendations and suggestions on areas of further study. The main aim of this study was an assessment of factors determining micro loans uptake at the Nakuru East Constituency Women Enterprise Scheme.

#### **5.2 Summary of Major Findings**

Regarding the influence of financial characteristics on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. Majority of the respondents agreed that the group must produce their financial statement before they receive loan. The group keeps record of all the cash flow. The findings also indicated that financial characteristics has a moderate positive correlation with micro-loan uptake ( $r = 0.443$ ).

Regarding the influence of lending procedures on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. Majority of the respondents stated that some groups lack collateral for loan application. Interest rate charged is sometimes, intertwined with the security of the loan. The results also indicated lending procedures has a moderate positive correlation with micro-loan uptake ( $r = 0.441$ ). The p-value was 0.000 which is less than 0.05 therefore according to the results, the hypothesis that lending procedures has no significance influence on uptake of micro-loans at Nakuru East Constituency Women Enterprise Scheme was rejected.

The results on the influence of financial literacy on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County revealed that information on availability of loans, and the rate of interests charged, is adequately communicated. The results indicate that financial literacy has a moderate positive correlation with micro-loan uptake ( $r = 0.430$ ). From the findings, the p-value was 0.000 which is less than 0.05 therefore the hypothesis that: financial literacy has no



significance influence on uptake of loans at Nakuru East Constituency Women Enterprise Scheme was rejected.

The findings on the influence of loan repayment policies on micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County revealed that the groups are provided with a grace period before starting to make their payment for the loan. The interest per month on loan earns and the repayment period is convenient to the majority of groups. The results indicate that loan repayment policies has a moderate positive correlation with micro-loan uptake ( $r = 0.441$ ). From the findings, the p-value was 0.000 which is less than 0.05. Therefore according to the results, the hypothesis that: Loan repayment policies have no significance influence on uptake of loans at Nakuru East Constituency Women Enterprise Scheme was rejected.

According to the findings majority of the respondent's majority of the respondents disagreed that it is easier to access and cheaper to access (C-WES) loans. Majority of the respondents agreed that the demand for loans is high than the supply. They further agreed that the procedures for loan application and award encourage loan Uptake. Majority of the respondents agreed that the group is able to make full payment of loan. The R-squared in this study was 0.770, which shows that the four independent variables (financial characteristics, lending procedures, and financial literacy and loan repayment policies) can explain 77.0% of micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme amongst women entrepreneurs while other factors explain 23.0%.

According to the intercept ( $\beta_0$ ), when the four independent variables are held constant, a unit increase in financial characteristics would lead to a 0.596 increase in micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. In addition, holding all the other independent variables constant, a unit increase in lending procedures would lead to a 0.596 increase in micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. The relationship was significant as shown by a p-value of 0.000. Further, holding on the other independent variables constant, a unit increase financial literacy would lead to a 0.233 improvement in micro-loan uptake at Nakuru East Constituency Women Enterprise Scheme. The relationship was significant as shown by p-value of 0.006.

### **5.3 Conclusions**

From the findings the researcher concluded that the group maintains and keeps a list of their assets and liabilities. The study also concluded that majority of the group do not have a monthly and a yearly budget that they follow. Majority of groups are not in a capacity to maintain all their financial records on income and expenditure.

In relation to the second objective, it was concluded that the group must achieve a particular number of members before borrowing. The number of group members determines the amount of loan issued. The researcher also concluded that there are well defined limits on the maximum amount of loan that a group can borrow. For a loan to be issued the group must have existed for more than 5 years. Majority of group had tried to get a loan in the last 12 months. Majority of loan applications are processed within a period of 1-2 months. Finally the research concluded that loan applications take 2-3 months before a decision is made on whether they are successful.

Concerning the third objective, it can be concluded that lack of awareness on funding opportunities has led to poor access to credit by Women Group. Majority of group members lack awareness of existing credit schemes. The researcher further concluded that majority of group members lack information on interest rates of various credit schemes. From the findings the research concluded that majority of the respondents stated they had not attended any form of training on financial management. Regarding the forth objectives it can be concluded that women group consider interest rated before borrowing. A less liquid security attracts high interest rate. Interests on loans vary depending on length of time to maturity. Finally the findings concluded that the group consider the penalties for loan default before taking loan.

#### **5.4 Recommendations**

In the light of the foregoing findings, the study recommends that;

From the finding the researcher recommended that in order for the women group to access credit, alternative approaches on collateral security requirements need to be adopted through the emphasis on social capital tools such as trust and network relations for securities. The study outlines that high interest rates, discourages the entrepreneurs from borrowing. Therefore, it is recommended that since most women group do not have stable source of funding, they can only borrow on short term basis. MFIs and governments should design products specifically tailored to meet the needs of women so as to address their challenges.

Regarding literacy levels, the study recommends that due to low literacy levels most women groups are unable to differentiate the loan products offered by the financial institutions, therefore the government should offer training to the entrepreneurs in order to encourage entrepreneurship culture hence creation of job opportunity. Special entrepreneurship curriculum and training packages for women should be developed in government institutions and other MFIs that have micro-credit components.

Women should be equipped with financial literacy skills; this can be through conducting workshops to teach these women how to start and maintain their businesses in proper financial state at all times. This will help them to change their attitudes towards business loans and financing institutions and have positive attitude. It is also necessary to allow more time for the loan repayment in order to give the members opportunity to plough back some of the proceeds from the business since as it is now, most of them use the income from business to repay the loans leaving very little if any for business growth. Training of the group leaders is also recommended to enable them manage their groups better and deal with the group dynamics affecting the groups.

#### **5.5 Suggestions for Further Studies**

The study recommended that a replication of the above study should be carried out in another county in order to establish whether similar findings will be obtained. The study suggested that further research should be carried out to assess the effect of group dynamic on loan repayment.

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## APPENDICES

### Appendix I: Research Questionnaire

I am an MBA (Finance Option) student at Egerton University. The purpose of this questionnaire is to gather information on financial factors determining micro-loan uptake by women enterprise groups in Nakuru East Constituency, Nakuru County. The information provided for this research will be purely for academic purposes and will be treated with utmost confidentiality.

#### Section A: Group Profile

1. What is the number of your group members?

1-20

11-20

21-50

50-100

More than 100

2. How long have the group been in existence

Less than 1 Years

1-3 Years

4-7 Years

8-10 Years

More than 10 Years

3. Have your group ever applied for loans?

Yes

No

4. If yes was the loan successful?

Yes

No

**SECTION C: FINANCIAL CHARACTERISTICS**

In a scale of 1-5 indicate the level of agreement on the effect of financial characteristics on micro loan uptake (1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 =Agree, 5 = Strongly Agree)

	<b>Financial Characteristics</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The group maintains and keeps a list of their assets and liabilities.					
2	The group has a monthly and a yearly budget that they follow.					
3	The group is in a capacity to maintain all their financial records on income and expenditure.					
4	The group engage an auditor to check their financial statements					
5	The group must produce its financial statement before it receive loan					
6	The group keeps record of all the cash flow					

7. Does the group have tangible assets that can be used as collateral for loan application?

Yes [ ]

No [ ]

8. If Yes, Kindly indicate the various forms of collateral that you own?

.....

## SECTION D: LENDING PROCEDURES

In a scale of 1-5 indicate the level of agreement on the effect of lending procedures on micro loan uptake (1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree)

	<b>Lending Procedures</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	The group must achieve a particular number of members before borrowing					
2	The number of group members determine the amount of loan issued					
3	There are well defined limits on the maximum amount of loan that a group can borrow					
4	For a loan to be issued the group must have existed for more than 5 years					
5	Majority of groups lack collateral for loan application					
6	Interest rate charged is sometimes, intertwined with the security of the loan					

7. Have you tried to get a loan from any institution in the last 12 months?

Yes [ ]

No [ ]

8. If Yes how long did it take for your loan to be processed?

Less than one month [ ]

1-2 Months [ ]

3-5 Months [ ]

More than 5 Months [ ]

9. How long did it take to receive the decision on whether the application was successful or not?

Up to 1 Month [ ]

2-3 Months [ ]

4-5 Months [ ]

6-11 Months [ ]

More than 12 months [ ]

**SECTION B: FINANCIAL LITERACY**

In a scale of 1-5 indicate the level of agreement on the effect of financial literacy on micro loan uptake

(1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 =Agree, 5 = Strongly Agree)

	<b>Financial Literacy Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Lack of awareness on funding opportunities has led to poor access to credit by Women Group					
2	Majority of group members lack awareness of existing credit schemes					
3	Majority of group members lack information on interest rates of various credit schemes					
4	Majority of group members don't have information on the collateral					
5	Information on availability of loans, and the rate of interests charged, is adequately communicated					

6. Have you ever attended any form of training on financial management?

Yes [ ]

No [ ]

7. If Yes indicate the type of training you received

.....

**SECTION E: LOAN REPAYMENT POLICIES**

In a scale of 1-5 indicate the level of agreement on the effect of loan repayment policies on micro loan uptake: (1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 =Agree, 5 = Strongly Agree)

	<b>Loan Repayment Policies</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	Group consider interest rated before borrowing					
2.	A less liquid security attracts high interest rate					
3.	Interests on loans vary depending on length of time to maturity					
4.	The group consider the penalties for loan default before taking loan					
5.	We are provided a grace period before starting to make payment for the loan					
6.	The interest per month on loan earns and the repayment period is convenient to you					

7. Do you feel that the repayment options that you give for repayment of loans are adequate?

Yes [ ]

No [ ]

8. How do you feel about the penalties for those who default on payment of loans?

.....

**MICRO-LOAN UPTAKE**

In a scale of 1-5 indicate the level of agreement on micro loan uptake: (1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree, 5 = Strongly Agree)

	<b>Micro-Loan Uptake</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	It is easier to access and cheaper to access (C-WES) loans					
2	The demand for loans is high than the supply					
3	Procedures for loan application and award encourages loan Uptake					
4	The group is able to make full payment of loan on time					
5	Group members are confident of taking up loans from (C-WES)					

6. How many successful times have you applied for loan?

.....

## Appendix II: Women Groups in Nakuru-East Sub County

1.	Group Names
2.	20 PRECIOUS SISTERS WOMEN GROUP
3.	ABASAMARO NAKURU WOMEN GROUP
4.	ACROSS THE BRIDGE SELF HELP GROUP
5.	ACTIVE MOTHERS WOMEN GROUP
6.	AHADI SELF HELP GROUP
7.	AMANI WOMEN GROUP
8.	AMKENI TWEENDELEE WOMEN GROUP
9.	ARAHUKA SELF HELP GROUP
10.	ATUMIA ME KIYO WOMEN GROUP
11.	BAHARINI WOMEN GROUP
12.	BAHATI SECRET SELF HELP GRO
13.	BAIME WOMEN GROUP
14.	BARAKA (MWARIKI II) WOMEN GROUP
15.	BARAKA DEVELOPMENT GROUP
16.	BARAKA MWAFKA WOMEN GROUP
17.	BARAKA SELF HELP GROUP KITI
18.	BARAKA WAMAGATA SQUATERS SELF HELP GROUP
19.	BARAKA WOMEN GROUP
20.	BETTER LIFE SELF HELP GROUP
21.	BETTER YOU SELF HELP GROUP
22.	BIAFRA HAWKERS SELF HELP GROUP
23.	BIDII UPENDO WOMEN GROUP
24.	BIDII SELF HELP GROUP
25.	BIDII WOMEN GROUP
26.	BLESSED FOUNTAIN WOMEN GROUP
27.	BLESSED TEN WOMEN GROUP
28.	BLESSED VISION WOMEN GROUP
29.	BLESSED WOMEN INVESTMENT GROUP
30.	BLESSED WOMEN GROUP
31.	BRIDGE TO SUCCESS WOMEN GROUP
32.	BRIGHT FUTURE WOMEN GROUP
33.	BY FAITH SELF HELP GROUP
34.	CASAKI WOMEN GROUP
35.	CENTRE VISION WOMEN GROUP
36.	CERTIFIED HOME BASED CARE GIVER
37.	CHANGAMKA SELF HELP GROUP
38.	CIDER SPRINGS SELF HELP GROUP
39.	COKAWA SELF HELP GROUP
40.	COKAWA SELF HELP GROUP
41.	CRYSTALS WOMEN GROUP

42.	DESTINEY SELF HELP GROUP
43.	DESTINY GATE-HOUSE YOUTH GROUP
44.	DESTINY SELF HELP GROUP
45.	DESTINY SELF HELP GROUP
46.	DESTINY WOMEN GROUP
47.	DESTINY WORKERS WOMEN GROUP
48.	DOMINION WOMEN GROUP
49.	DYNA WOMEN GROUP
50.	EBENEZAH SELF HELP GROUP
51.	ELESOS SELF HELP GROUP
52.	ELGIBOR WOMEN GROUP
53.	ELSHADAI WOMEN GROUP
54.	EMMANUEL BEAUTIES WOMEN GROUP
55.	EXODUS WOMEN GROUP
56.	EXPERTS NAKURU WOMEN GROUP
57.	F.A MWIHOKO WOMEN GROUP
58.	FAARI WOMEN GROUP
59.	FAITH AND HOPE SELF HELP GROUP
60.	FAITH VISION WOMEN GROUP
61.	FAITH WOMEN GROUP
62.	FAVOUR WOMEN GROUP
63.	FAVOUR WOMEN GROUP
64.	FAVOURED SISTERS WOMEN GROUP
65.	FEDERATION OF DEAF WOMAN EMPOWERMENT NETWORK-KENYA
66.	FLORIGEN WOMEN GROUP
67.	FOURTEEN SISTERS WOMEN GROUP
68.	FREE AREA LANET MITUMBA AIR MARKET SELF HELP GROUP
69.	FREE AREA TUINUANE WOMEN GROUP
70.	FRIENDLINK SELF HELP GROUP
71.	FRIENDS OF JESUS WOMEN GROUP
72.	GENESIS LAKE VIEW WOMEN GR
73.	GENESIS MZEE WANYAMA WOMEN GROUP
74.	GENESIS UNITED SISTERS
75.	GHANA WOMEN GROUP
76.	GIKOMBA MWIRERI SELF HELP GROUP
77.	GO - WIN WOMEN GROUP
78.	GODE UWEZO WOMEN GROUP
79.	GOLDEN CHANCE WOMEN GROUP
80.	GOLDEN HEART WOMEN GROUP
81.	GOLDEN HOPE FAMILIES SELF HELP GROUP
82.	GOLDEN LADIES WOMEN GROUP
83.	GOLDEN WOMEN GROUP



84.	GRACE RHINO WOMEN GROUP
85.	GRACIOUS LADIES SELF HELP GROUP
86.	GREENROSE WOMEN GROUP
87.	GWICIRANIA WOMEN GROUP
88.	GWICIRANIA WOMEN GROUP
89.	HATMA YETU SELF HELP GROUP
90.	HAUZ YOUTH GROUP
91.	HAZINA HALISI YOUTH
92.	HERA NYIMINE WOMEN GROUP
93.	HERI WOMEN GROUP
94.	HIDDEN TREASURE WOMEN GROUP
95.	HIGHTECH VISION WOMEN GROUP
96.	HONGERA WOMEN GROUP
97.	HOPE MOTHERS IMPERIAL WOMEN GROUP
98.	HOPE POWERS WOMEN GROUP
99.	HUMBLE SISTERS WOMEN GROUP
100.	IKINYA RIMWE WOMEN GROUP
101.	IKINYA RIMWE WOMEN GROUP
102.	IMMANUEL WOMEN GROUP
103.	INDUSTRIOUS WOMEN GROUP
104.	INFINITE WEALTH SELF HELP GROUP
105.	JABEZU WOMEN GROUP
106.	JARATHA WOMEN GROUP
107.	JELIFAN WOMEN GROUP
108.	JENEVICH INVESTMENTS SELF HELP GROUP
109.	JKASE FLAMINGO WOMEN GROUP
110.	JIPE MOYO PAMOJA SELF HELP GROUP
111.	JISHINDIE WOMEN GROUP
112.	JOY EXCEL WOMEN GROUP
113.	JOY MODERN WOMEN GROUP
114.	JOYFUL FRIENDS WOMEN GROUP
115.	JOYOUS WOMEN GROUP
116.	JUBILEE GLORIOUS WOMEN
117.	JUBILEE VISION WOMEN GROUP
118.	JURIAT WOMEN GROUP
119.	JUVETA SELF HELP GROUP
120.	KAHURUKO WOMEN GROUP
121.	KAITAH WOMEN GROUP
122.	KALOCA SELF HELP GROUP
123.	KAMAMA WOMEN GROUP
124.	KANINI KASEO WOMEN GROUP
125.	KIAMUNYEKI ADULT WOMEN GROUP
126.	KIAMUNYEKI ADULT WOMEN GROUP
127.	KIBINGOR HERBAL WOMEN GROUP

128.	KIJAWA WOMEN GROUP
129.	KIONEKI SELF HELP GROUP
130.	KIRATINA UPENDO WOMEN GROU
131.	KIRATINA AMANI SUNGURA FARMERS
132.	KIRATINA BLESSED WOMEN GROUP
133.	KIRIMA BIDII SELF HELP GROUP
134.	KITI IMANI WOMEN GROUP
135.	KITI TUINUANE WOMEN GROUP
136.	KIUPLA WOMEN GROUP
137.	KUNYOTOKA SELF HELP GROUP
138.	KWA SENIOR VISION 2030 WOMEN GROUP
139.	KWIRERA WOMEN GROUP
140.	LAMS BUSINESS WOMEN GROUP
141.	LANET BLESSED WOMEN GROU
142.	LANET HILL FURAHA WOMEN GROUP
143.	LANET KAHURUKO WOMEN GROUP
144.	LANET MIZPHA WOMEN GROUP
145.	LANET MWAMKO MPYA WOMEN GROUP
146.	LANET WENDANI WOMEN GROUP
147.	LANGALANGA GWIKURIA WOMENS G
148.	LAWI WOMEN GROUP
149.	LEGACY WOMEN GROUP
150.	LEHI WOMEN GROUP
151.	LIBERATION WOMEN GROUP
152.	LIBERATION WOMEN GROUP
153.	LIBERTY WOMEN GROUP
154.	LOWER PANGANI SELF HELP GROUP
155.	LWANGA WOMEN GROUP
156.	MAENDELEO SINGERS KIRATINA WOMEN GROUP
157.	MAISHA BORA WOMEN GROUP
158.	MAKAO HOPE WOMEN GROUP
159.	MAKAO VISION SELF HELP GROUP
160.	MAKIKI WOMEN GROUP
161.	MANYANI WOMEN GROUP
162.	MAONO MOTHERS WOMEN GROUP
163.	MARINA WOMEN GROUP
164.	MATONYOK SISTERHOOD WOMEN GROU
165.	MERCY WOMEN GROUP
166.	MODERN SHALOM WOMEN
167.	MODERN WOMEN GROUP
168.	MONICA WOMEN GROUP
169.	MOONLIGHT SISTERS WOMEN GROUP
170.	MOTHERS LOVE CHILD CARE CENTRE
171.	MOTIVATIONALL WOMEN GROUP

172.	MOVERS WOMEN GROUP
173.	MT. KENYA DEVELOPERS SELF HELP GROUP
174.	MUGUMOINI WOMEN GROUP
175.	MUKINOTAG WOMEN GROUP
176.	MUSEUM HILL WOMEN GROUP
177.	MWACOKA SELF HELP GROUP
178.	MWANGAZA FADHILI SELF HELP
179.	MWANGAZA SECTION 58 SELF HELP GROUP
180.	MWARIKI UMOJA WOMEN GROUP
181.	MWIGIZI WOMEN GROUP
182.	MWIRERI WOMEN GROUP
183.	MWIRERI SELF HELP GROUP
184.	NABUTEBUKI WOMEN GROUP
185.	NAIROBI ROAD WOMEN GROUP
186.	NAISHI WOMEN GROUP
187.	NAKSHALOM WOMEN GROUP
188.	NAKURU BLESSING (NABLESS) SELF HELP SELF HELP GROUP
189.	NAKURU CENTRAL SDA SINGLE PARENTS S.H.G
190.	NAKURU GLORY WOMEN GROUP
191.	NAKURU LADIES OF VISION WOMEN GROUP
192.	NAKURU PIPELINE BLESSED SISTERS WOMEN GROUP
193.	NAKURU YOUTH EMPOWERMENT GROUP
194.	NALULU WOMEN GROUP
195.	NAMACHI SELF HELP GROUP
196.	NAWESH WOMEN GROUP
197.	NDABA WOMEN GROUP
198.	NDIMU FRIENDS WOMEN GROUP
199.	NDIMU MWANGAZA WOMEN GROUP
200.	NDUMU SISTERS WOMEN GROUP
201.	NDUMU SISTERS WOMEN GROUP
202.	NEHEMA PANGANI WOMEN GROUP
203.	NEEMA MSINGI BORA SELF HELP GR
204.	NEW VISION SELF HELP GROUP
205.	NEW JOY WOMEN GROUP
206.	NEW VISION WOMEN GROUP TEACHER
207.	NISSI WOMEN ENTERPRENEURS
208.	NURU WOMEN GROUP
209.	NYAKI WOMEN GROUP
210.	NYI- YIMBO MOYIE NAKURU WG
211.	NYUMBA KWA NYUMBA WOMEN GROUP
212.	OASIS WOMEN GROUP
213.	OSTRICH WOMEN GROUP
214.	OUR GIFT FREE AREA SELF HELP GROUP

215.	OVERCOMERS WOMEN GROUP
216.	PAKAWA WOMEN GROUP
217.	PAKI 24 VISION GROUP
218.	PAMOJA MILELE YOUTH GROUP
219.	PANGANI PRECIOUS WOMEN GROUP
220.	PARADISE LANET WOMEN GROUP
221.	PEACOCK LADIES WOMEN GROUP
222.	PENDEZA STAR SELF HELP GROUP
223.	PENTA WOMEN GROUP
224.	PHADEMLA WOMEN GROUP
225.	PHASE II VISION SISTERS WOMEN GROUP
226.	PILLARS OF STRONG FAITH WOMEN GROUP
227.	PIPELINE STABLE WOMEN GROUP
228.	PIPELINE UPENDO WOMEN GROUP
229.	PLAYWOOD WOMEN GROUP
230.	PONKY WOMEN GROUP
231.	PP SELF HELP GROUP
232.	PRAYER PARTNERS WOMEN GROUP
233.	PRECIOUS GOOD HOPE WOMEN GROUP
234.	PRECIOUS NDIMU WOMEN GROUP
235.	PRECIOUS WATER WOMEN GROUP
236.	PRETTY SISTERS WOMEN GROUP
237.	PROFESSIONAL LADIES WOMEN GROUP
238.	PROMISE WOMEN GROUP
239.	PRUDENT WOMEN GROUP
240.	PURECA WOMEN GROUP
241.	QUEENSGATE WOMEN GROUP
242.	RAVINE STAGE SELF HELP GROUP
243.	REHOBOTH SELF HELP GROUP
244.	REHOBOTH WOMEN GROUP
245.	RIZIKI WOMEN GROUP
246.	ROHO SAFI SELF HELP GROUP
247.	ROJASMART WOMEN GROUP
248.	ROYALS WOMEN GROUP
249.	SAL FLO WOMEN GROUP
250.	SEKEM WOMEN GROUP
251.	SEVEN STARS NAKURU MEMBERS WOMEN GROUP
252.	SHALOM WOMEN GROUP
253.	SHATEPA WOMEN GROUP
254.	SHMILY DEV. WOMEN GROUP
255.	SHMILY DEV. WOMEN GROUP
256.	SIMBA WOMEN GROUP
257.	SISTERHOOD BLIND WOMEN GROUP
258.	SKY IS THE LIMIT SECTION 58 WOMEN GROUP

259.	SMART SISTERS WOMEN GROUP
260.	SMILES WOMEN GROUP
261.	SPECIAL GOLDEN WOMEN GROUP
262.	SPRINGS OF HOPE WOMEN GROUP
263.	ST ANNE WOMEN GROUP
264.	ST JOSEPH WOMEN GROUP
265.	ST MONICA WOMEN GROUP
266.	ST. ANNE WOMEN GROUP
267.	STAGEVIEW SELF HELP GROUP
268.	STAREHE WOMEN GROUP
269.	STEM WENDANI WOMEN GROUP
270.	STRENGTH OF A WOMEN GROUP
271.	SUBIRA WOMEN GROUP
272.	SUNSHINE PAMBAZUKO WOMEN G
273.	SUNSHINE VISION WOMEN GROUP
274.	SUPER EAGLE WOMEN GROUP
275.	TABARAK WOMEN GROUP
276.	TAWAKAL MUSLIM WOMEN GROUP
277.	TEACHERS SUNGURA KEEPING SELF HELP GROUP
278.	TEN ASIDE SELF HELP GROUP
279.	THAIRIRA WIDOWS GROUP
280.	THE GRACE FAITH WOMEN GROUP
281.	THE SHALOM WOMEN GROUP
282.	THE THIRTEEN SISTERS GROUP
283.	THE TWELVE WOMEN GROUP
284.	TIGER WOMEN GROUP
285.	TOGETHER AS ONE SELF HELP GROUP
286.	TOP TEN UPENDO WOMEN GROUP
287.	TRINITY WOMEN GROUP
288.	TUINUKE WOMEN GROUP
289.	TUJENGANE WOMEN GROUP
290.	TUJIKUZE WOMEN GROUP
291.	TUMAINI WOMEN GROUP
292.	TUPENDANE WOMEN GROUP
293.	TUSAIDIANE SELF HELP GGROUP
294.	TUSHIAKE WOMEN GROUP
295.	TUUNGANE TUINUANE MILIMANI SELF HELP GROUP
296.	TWIN DAUGHTERS WOMEN GROUP
297.	UFANISI SELF HELP GROUP
298.	UNITED PRECIOUS FAMILY WOMEN GROUP
299.	UNITY WOMEN GROUP
300.	UNYDP SOLDIER WOMEN GROUP
301.	UPENDO PAMOJA WOMEN GROUP
302.	UPENDO WOMEN GROUP

303.	URUMWE KIMATHI WOMEN GROUP
304.	UWEZO WOMEN GROUP
305.	VELOC WOMEN GROUP
306.	VICTORY OF GODS MERCYWOMENGROUP
307.	VICTORY WOMEN GROUP
308.	VILLA WOMEN GROUP
309.	VISION FAITH WOMEN GROUP
310.	VISION MWARIKI B WOMEN GROUP
311.	VISION WOMEN GROUP
312.	VITENDO WOMEN GROUP
313.	WAMAKONGO WOMEN GROUP
314.	WANYAMA DEVELOPMENT WOMEN GROUP
315.	WELEVEN WOMEN GROUP
316.	WENDANI DEVELOPMENT WOMEN GROUP
317.	WENDANI FREEHOLD WOMEN GROUP
318.	WENDANI SELF HELP GROUP
319.	WENDO MUIYIRU WOMEN GROUP
320.	WINNERS WOMEN CROUP
321.	WOMEN OF GLORY GROUP
322.	YOUNG QUEENS WOMEN GROUP

**Source: Nakuru County Social Welfare Department (2018)**