

# DETERMINANTS OF ACCESS TO MICROCREDIT PRODUCTS AMONG WOMEN ENTREPRENEURS IN RACHUONYO SOUTH SUB COUNTY

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**Abstract:** This study set to assess determinants of access to microcredit products among women entrepreneurs in Rachuonyo South Sub County. The study was guided by the following objectives; influence of the cost of credit, credit servicing history, collaterals and credit processing procedures on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County. The study will be significant to women entrepreneurs by being informed of the most viable strategies for accessing credit from commercial lending institutions. Besides, the commercial financial sector will also gain by identifying the unique features of the business entrepreneurs and develop credit products that suit their financial needs. Moreover, the study will also be significant to the government agencies in entrepreneurship to formulate financial policies that are favorable to the disadvantaged groups so that they may also get active in entrepreneurship for job creation and subsequent enhanced economic development. The study operated on the basic assumptions that data collection instruments was valid and reliable in taking the desired measures, the study sample was representative of the target population and that the respondents gave information honestly and objectively. The researcher delimited the study to registered women entrepreneurs engaged in the five distinctive business areas; hawking, green grocers, retail, service and production which are spread in the five wards in the sub county. The researcher embraced descriptive survey research design in methodological aspects, targeting a population of 1142 women entrepreneurs from where a sample size of 228 respondents, being 20% of the target population, was selected using stratified random sampling techniques. Data was collected using questionnaire, whose items were both closed ended and open ended to allow for collection of maximum information necessary in addressing the research questions. Data was analyzed using descriptive statistics, generating information in the form of frequencies and percentages and the analyzed information presented in frequency distribution tables.

**Keywords:** Access to Microcredit Products among Women Entrepreneurs.

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## LIST OF ABBREVIATIONS AND ACRONYMS

<b>SME</b>	: Small and medium enterprises
<b>SCP</b>	: Micro Credit Products
<b>SBS</b>	: Small Business Sector
<b>DBD</b>	: Distinctive Business Domains
<b>CLI</b>	: Commercial Lending Institutions
<b>GDP</b>	: Gross Domestic Product
<b>USA</b>	: Unites states of America
<b>MFI</b>	: Micro Finance Institutions
<b>NBF</b>	: National Bureau of Finance

## 1. INTRODUCTION

### Background of the Study:

Entries into business ventures does not come easy for most low income entrepreneurs; since like any other economic engagement, an entrepreneur is an investor seeking to put resources in an initiative for attractive returns. More often such individuals encounter challenges of accessing the startup capital from commercial lending institutions whose lending conditions are perceived as stringent, occasionally turning to local community money lenders with high interests, Walton (2017). On this account, microfinance products have been formulated to suit the borrowing needs of this constituent of small scale business entrepreneurs, taking the advantage of its big population to penetrate a wide market for enhanced business activities.

According to Anyumba (2014), Microfinance involves the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. More broadly, it is a movement whose object is a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers.

From an investigation on the role of microfinance on the growth of the small and micro enterprises in Singapore, Humphrey (2016) indicated that improved accessibility of such services by the cadre of low income earners where women are majority had greatly contributed to the realization of steady growth of the country's GDP. Moreover, he further noted that the functions of access to micro finance products comprised of responsive collaterals, favorable credit processing procedures, access to vital information to sensitize the potential beneficiaries on such products and the emerging culture of aggressiveness for personal growth.

According to Emannuelo (2015), the basic drivers of economic growth in the US are found in the domain of SMEs through financial policies that make access to credit facilities relatively easy to be obtained by the ordinary business entrepreneurs. This is done so that this massive sector can make contribution to development of the society for with no credit, obtaining startup funds become a great challenge to an upcoming entrepreneur. In order to access the much needed credit facilities, certain conditions must be met by the client, for instance the lender focuses on the prevailing interest rates, security against the loan and the credit servicing history of a client. These form the basic lending conditions that often enhance ones chances of obtaining the credit, given that financial institutions must seek for strong grounds to protect their business against any cases of credit default.

Focusing on the Chinese Small and Micro Business Industry (CSMI), Hans (2015) noted that the main banking institutions were steadily rolling out micro finance products at affordable interest rates to encourage young entrepreneurs to obtain credit for their businesses. Moreover, the country also formulated policies that encouraged proliferation of many micro finance institutions to provide these services in close neighborhoods to facilitate access to the products. Besides, government funds were also created targeting various low income groups in order to boost their entrepreneurial activities.

Looking at access to financial services by low income women business holders in Remico, South Korea, Deritoh (2016), noted that access to loaning facilities from financial institutions had never been a walk in the park, as great attention is on obtaining maximum returns from any business transaction, given that banks are in the money business. Owing to the fact that loans are advanced against certain lending terms of reference such as security, cost of credit, amount of savings and ability to repay, she noted that local women in small enterprises were unable to obtain adequate funds from the banks.

In the United States of America, SMEs are accredited for turning around the economy through job creation, especially to the less competitive citizens not absorbed in formal employment sector, Elmy (2015). However, access to finance has not been very smooth, as lending conditions dictate that adequate security be provided against the loan applied for. Moreover, the prevailing interest rates must be considered to determine the value of credit to be obtained and credit history of an individual lender is equally crucial.

In Africa, several investigations reveal that access to micro finance products, especially among the low income cadre of entrepreneurs, has always been a challenge, notwithstanding the acknowledgement that financial investment is a critical component to the growth of all business enterprises. According to Yumeya (2015), in a survey on access to microfinance

products among the women entrepreneurs in the peripheral locations of the urban communities in South Africa, access to micro financial products equally faced a lot of bottlenecks, as lending institutions insist on tough conditions. In view of this, women entrepreneurs are being assisted to obtain cheap credit products, serviceable over long period of time to allow the ventures to stabilize and training on financial prudence offered to ensure the loans are effectively managed.

Basing his study on factors determining access to business funds from micro finance organizations among women entrepreneurs in Halimo region in Botswana, Gholson (2016) noted that no lending entity gives business funds in the form of credit to entrepreneurs whose credit repayment history is questionable. Moreover, lending institutions base their lending prospects upon the clients indicating being in possession of sufficient surety for the loan, viable business plan that promises good returns on investments and the capacity to manage the borrowed funds.

As perceived by Andiki (2014), reporting from a survey on factors influencing access to credit facilities among the youth entrepreneurs in Chad noted that access to bank loans is determined by availability of commensurate collaterals, the prevailing credit rating, credit servicing history of the lender and the general credibility standing of an individual client. Noted also is the fact that bureaucratic credit processing procedures often discourage potential clients from seeking credit products.

Assessing accessibility of business startup funds among women entrepreneurs in the domain of the small and micro enterprises in Nigeria, Ogoni (2016), established that the cost of credit was still out of reach for many unemployed and low income women entrepreneurs who were kept off the formal employment opportunities in the country. He observed that the strict bank lending conditions could only be met by established businesses, yet those who were in serious need of the funds were completely unable to impress these lenders.

Enumerating major determinants of accessibility to micro finance products for small and medium enterprises in Zambia, Banda (2010), had in this list; the cost of credit, security against credit, information on variety of products and the general business environment that guarantee success in the forex market, as crucial in accessing funds for entrepreneurial activities.

On an investigation grounded on the influence of business capital mobilization on the growth of the small and medium enterprises among the youth in Burundi; Hussmann (2017) reported that the Government was providing soft credit facilities to unemployed youths to access startup capital because banks conditions were keeping off this lot out of business. The implications of these findings were that the cost of credit was still unaffordable to many young entrepreneurs, pooling sufficient responsive assets remained a tall order and the credit processing procures too tedious that the potential clients chose to shy away.

Micro financing is also faced with problems of clients having poor or bad security and this considerably reduces their credit rating and worthiness, Mambo (2015). Moreover, most of the entrepreneurs at this level possess less valuable and credit responsive collaterals that they can use as security against the loans. More often, small businesses operators note that all key business activities are hinged on liquidity; yet obtaining funds from commercial lending institutions remains a tall order for many establishing entrepreneurs, Chwando (2014).

#### **Statement of the Problem:**

With its focus on factors influencing growth of small scale business enterprises among the youth in Kasipul Constituency, Mumah (2010) indicated that small business entrepreneurs faced challenges of accessing credit facilities from commercial lending institutions for investment into their enterprises. According to Ochieng (2016), in a survey on the status of growth of SMEs in Rachuonyo South Sub County, business funding remained a critical challenge to the small business entrepreneurs, especially women and the youth notwithstanding the role of microfinance institutions in offering credit.

From the report of the Kenya National Chamber of Commerce and Industry, Rachuonyo Chapter (2017), local business ventures have been struggling to remain afloat as a result of difficulties in accessing business investment funds. Women are considered disadvantaged when it comes to accessing of credit from financing institution yet they are the ones who are most affected when poverty prevails in any given community. It is therefore against this backdrop that the study seeks to assess the determinants of access to microcredit products among women entrepreneurs in Rachuonyo South Sub County which is one of the sub counties where poverty levels are high.

**Objectives of the Study:**

The study was guided by the following objectives;

1. To assess how the cost of credit influences access to microcredit products among women entrepreneurs in Rachuonyo South South County.
2. To investigate the extent to which credit servicing history influences access to microcredit products among women entrepreneurs in Rachuonyo South South County.
3. To examine the influence of collaterals on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County.
4. To explore the extent to which processing procedures influence access to microcredit products among women entrepreneurs in Rachuonyo South Sub County.

**Research Questions:**

The study sought to provide answers to the following research questions;

1. How does the cost of credit influence access to micro credit products among women entrepreneurs in Rachuonyo South South County?
2. To what extent does credit servicing history influence access to microcredit products among women entrepreneurs in Rachuonyo South South County?
3. What is the influence of collaterals on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County?
4. To what extent does processing procedures influence access to microcredit products among women entrepreneurs in Rachuonyo South Sub County?

**Research Hypothesis:**

**H0:** Cost of credit does not influence access to microcredit products among women entrepreneurs in Rachuonyo south Sub County.

**H1:** Cost of credit influences access to microcredit products among women entrepreneurs in Rachuonyi South Sub County

**H0:** Credit servicing history does not influence

**H1:** Credit servicing history influence access to microcredit products among women entrepreneurs in Rachuonyo south Sub County.

**H0:** Collateral does not influence access to microcredit products among women entrepreneurs in Rachuonyo south Sub County.

**H1:** Collateral influence access to microcredit products among women entrepreneurs in Rachuonyo south Sub County.

**H0:** Processing procedures does not influence access to microcredit products among women entrepreneurs in Rachuonyo south Sub County.

**H1:** Processing procedures influence access to microcredit products among women entrepreneurs in Rachuonyo south Sub County.

## 2. LITERATURE REVIEW

**The concept of Access to Microcredit products:**

Microfinance involves the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services, Anyumba (2014). More broadly, it is a movement whose object is a world in which as many poor and near-poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance, and fund transfers.

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According to Hans (2015), the main banking institutions were steadily rolling out micro finance products at affordable interest rates to encourage young entrepreneurs to obtain credit for their businesses. Moreover, the country also formulated policies that encouraged proliferation of many micro finance institutions to provide these services in close neighborhoods to facilitate access to the products. Besides, government funds were also created targeting various low income groups in order to boost their entrepreneurial activities.

Humphrey (2016) indicated that improved accessibility of such services by the cadre of low earners had greatly contributed to the realization of steady growth of the country's GDP. Moreover, he further noted that the functions of access to micro finance products comprised of responsive collaterals, favorable credit processing procedures, access to vital information to sensitize the potential beneficiaries on such products and the emerging culture of aggressiveness for personal growth.

The basic drivers of economic growth in the US are found in the domain of SMEs through financial policies that make access to credit facilities relatively easy to be obtained by the ordinary business entrepreneurs, Emannuelo (2015). This is done so that this massive sector can make contribution to development of the society for with no credit, obtaining startup funds become a great challenge to an upcoming entrepreneur. In order to access the much needed credit facilities, certain conditions must be met by the client, for instance the lender focuses on the prevailing interest rates, security against the loan and the credit servicing history of a client. These form the basic lending conditions that often enhance ones chances of obtaining the credit, given that financial institutions must seek for strong grounds to protect their business against any cases of credit default.

As perceived by Dario (2016), access to loaning facilities from financial institutions had never been a walk in the park, as great attention is on obtaining maximum returns from any business transaction, given that banks are in the money business. Owing to the fact that loans are advanced against certain lending terms of reference such as security, cost of credit, amount of savings and ability to repay, she noted that local women in small enterprises were unable to obtain adequate funds from the banks.

In the United States of America, SMEs are accredited for turning around the economy through job creation, especially to the less competitive citizens not absorbed in formal employment sector, Elemi (2015). However, access to finance has not been very smooth, as lending conditions dictate that adequate security be provided against the loan applied for. Moreover, the prevailing interest rates must be considered to determine the value of credit to be obtained and credit history of an individual lender is equally crucial.

In Africa, several investigations reveal that access to micro finance products, especially among the low income cadre of entrepreneurs, has always been a challenge, notwithstanding the acknowledgement that financial investment is a critical component to the growth of all business enterprises. Basing his study on factors determining access to business funds from micro finance organizations among women entrepreneurs in Halimo region in Botswana, Gholson (2016) noted that no lending entity gives business funds in the form of credit to entrepreneurs whose credit repayment history is questionable. Moreover, lending institutions base their lending prospects upon the clients indicating being in possession of sufficient surety for the loan, viable business plan that promises good returns on investments and the capacity to manage the borrowed funds.

### **Cost of credit on access to Microcredit products:**

High interest rate on credit may discourage small business holders from borrowing, hence reducing the accessibility of credit among them. Every business needs financing, even though at first glance it might appear that funding is unnecessary. It is important that financing be as efficient as possible, Jamal (2013). He argues that the entrepreneur should be able to put the cost of all financing on the same basis, comparing them and come up with the one that gives the lowest cost financing option. Banks have often been criticized for having high interest rates charged on loans.

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According to Samy, (2012), interest rate plays the greatest role in financial transaction and if seen as too high, entrepreneurs tend to decline the loans advanced, as this defines the return on capital. Cost of credit can be classified as; gross interest and net interest. Gross interest is the total amount that the debtor to a creditor and the net interest means the part of interest that is for the use of capital only. The interest rate usually, is a percentage of the borrowed amount, determines by the amount of interest over duration which may be a year. High interest rate therefore increases the cost of credit.

According to (Donald et al, 2013) , SMEs face the challenges of competition among themselves and from large firms, such as lack of access to credit, cheap imports, insecurity, high interest rates and debt collection. In the views of Poul (2012), although more businesses have become the customers of banks, the overall volume of credit has not necessarily increased. Taken together with a squeeze in demand for their products and high inflation, small businesses are not always eager for larger bank loans at higher interest rates.

Cost of credit is measure of all charges and levies on the amount of loan borrowed from a commercial lending institution and given that these institutions are also in business, their major goal is to make as much profit as possible, Doni (2012). In this light, when the cost of credit is seen by small business holders as very high, then chances to go for these get slim. Interest-rate targets are a vital tool of monetary policy and are taken into account when dealing with variables like investment, inflation, and unemployment. The central banks of countries generally tend to reduce interest rates when they wish to increase investment and consumption in the country's economy

Fiona (2008), on her study on Government's administrative burden on SMEs in East Africa concluded that Governments in the region have begun to recognize that lower-level policies and administrative procedures impose significant constraints on private sector development, stemming primarily from the command and control bureaucracies that characterized colonial governance. There are three priority areas for administrative reform: business licensing and registration, tax and customs procedures and specialized approvals.

According to Adams (2012), when poor people obtain business funds, they often rely on relatives or a local moneylender, whose interest rates can be very high. An analysis of 28 studies of informal money lending rates in 14 countries in Asia, Latin America and Africa concluded that 76% of moneylender rates exceed 10% per month, including 22% that exceeded 100% per month. Moneylenders usually charge higher rates to poorer borrowers than to less poor ones. While moneylenders are often demonized and accused of usury, their services are convenient and fast, and they can be very flexible when borrowers run into problems. Hopes of quickly putting them out of business have proven unrealistic, even in places where microfinance institutions are active. The rate of interest charged on the credit determines the cost of the credit. The cost credit is the amount of money a client is obligated to pay above the principal sum of money lent, Damino (2016).

### **Collaterals on access to Microcredit products:**

Lack of income or collateral is probably the most widely obstacle faced by SMEs in accessing the funds. In some cases the entrepreneurs are unable to provide the sufficient collateral because it is not firmly established. In some cases the lender may deem the collateral insufficient in view of the loan size requested.

In the USA, the investment statement is demanding detailed information and forecasting. The increasing pressure for continuous disclosure places great pressure on SME management team (Mrs. Juliet McKee, 2003). Insufficient collateral is probably the most widely obstacle faced by SMEs in accessing the funds. In some cases the entrepreneurs are unable to provide the sufficient collateral because it is not firmly established. In some cases, the lender may deem the collateral insufficient in view of the loan size requested. In the USA, the investment statement is demanding detailed information and forecasting. The increasing pressure for continuous disclosure places great pressure on SME management team (Mrs. Juliet McKee, 2013).

Banking institutions all over the world are in business and any transaction entered into by clients must promise business gains to the two parties involved. In the light of this, lending institutions must seek to evaluate credit worthy of a given borrower before loans are processed and aspects to be considered is available asset security against the loan applied for, Olwalo (2012). Lack of income or collateral is probably the most widely obstacle faced by SMEs in accessing the funds. In some cases the entrepreneurs are unable to provide the sufficient collateral because it is not firmly established. In some cases the lender may deem the collateral insufficient in view of the loan size requested, Tore (2013).

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### Credit servicing history access to microfinance products:

Institutional infrastructure is needed for microfinance, including service providers such as training institutes, accountancy, credit bureaus, and information technologies, all which aid in registering the credit history of individual lender to ascertain the value of credit to be given, Mogire (2012). She notes further that in Kenya, emphasis on investment is being put in the finance sector to make loans cheap and easy to access by low income clients in order to obtain funds for their small business enterprises and credit repayment history tracked so that those with poor history may not readily access the funds.

Information on the credit history of an entrepreneur has significant influence on the accessing credit facilities from lending institutions and one with history of loan defaults is automatically locked out, Owuor (2015). He further observes that in the modern times when technology has been recognized as changing the way business is done, banks often seek the credit history of any client to establish credit worthiness before such loans are given.

The pervasive impression that microfinance is a social system of resource transfers to beneficiaries at subsidized interest rates, rather than a part of the financial sector may not capture the reality of lending circumstances and more often credit history determines one's ability to borrow from the money market, Maina (2013).

According to Dometo (2011), reaching out to the SME owners in rural areas in a sustainable manner can only be achieved through strengthening community based organizations so that they can become a viable option to reach poorer and more remote clients. In this interest, developing new products more responsive to the needs of different client groups, including savings services, payment systems, emergency loans, housing loan products, investment loans, insurance products, agricultural loans, leasing, may all count in giving loans other than focusing on credit history. Capacity building and improving understanding of techniques for improving financial management is the key to effective business operations and eventually for achieving the objective of financial inclusion with social value, Nilvin (2012).

### Credit processing procedures on access to microcredit products:

Hosni (2015) observes that due to long procedures of loan processing, many women entrepreneurs tend to shy away from going for bank loans, choosing even to obtain expensive credit from the informal lending agents who are generally exploitative in nature.

The Indian financial sector has seen unprecedented growth in this decade. Increased outreach, large investments and the growing role of private equity coupled with greater demand are some of the characteristics that could be marked with the recent development of the sector. The growing scale has brought with it its own set of challenges that impede access to credit facilities among the clients such as the long procedures of loan processing, Sign (2011).

Most SMEs claim that they use their own money for start-ups and expansion. Most of the financing for working capital come from suppliers in terms of credit. The reason why they don't want to use external financing is that they don't want to face complex procedures of loan processing requirements by banks, Velma (2014).

According to Colymore (2013), business owners prefer using their own capital for business expansion to a certain level where they can reach. They further expand their business with the profit earned from their business operations, fearing loan processing procedures that even demand looking for people to stand guarantee for the loan.

In the fast paced growth of the sector it is particularly important to analyze if microfinance services providers are reaching down to those most in need and those not serviced by formal financial institutions. This is the common mandate of most microfinance service providers and as tools have become available to measure poverty levels, the challenge is for institutions to define their target outreach more clearly, effectively segment their market and respond with appropriate products that do not take sophisticated processing procedures, Donn (2011).

## 3. RESEARCH METHODOLOGY

### Research design:

Research design is the arrangement of the conditions for collections and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure, Kothari (2004). It is the conceptual structure in which research is conducted and constitutes the blue print for the collection, measurements and analysis of data.

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In this study, a descriptive survey research design was used. Descriptive survey designs are used in exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification (Orodho, 2005). A survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables. Survey research is considered as the best method available to social scientists and other educators who are interested in collecting original data for purposes of describing a population which is too large to observe directly.

This research design was therefore considered appropriate in studying access to micro finance products among women entrepreneurs in Rachuonyo South Sub County, since the researcher will not have to manipulate such variables.

### Target Population:

A target population is that population to which a researcher wants to generalize the results of the study, Mugenda and Mugenda (2003). This study targeted, all the registered women entrepreneurs engaged in small business enterprises in Rachuonyo South Sub County. This target population was geographically spread in the five major wards in the sub county and involves women entrepreneurs in such areas as Hawking, Green grocers, retail, and service sector and production business domains.

According to The Kenya National Chamber of Commerce and Industries, Rachuonyo Chapter Record (2018), there is a total of 1142 women entrepreneurs registered and engaged in small business enterprises in Rachuonyo South Sub County. This study therefore targeted the 1142 potential respondents.

### Sample Size Sample selection:

According to Kothari (2005), a sample size refers to the number of items to be selected from the target population and should be optimum to fulfill the requirements of efficiency, reliability, representation and flexibility. Sampling on the other hand is defined as a selection of some part of the aggregate or totality on the basis of which a judgment or inference about the aggregate is made, Kothari, (2005).

### Sample Size:

According to Mugenda and Mugenda (2003), a sample is a subject of a population. In the views of Tromp and Kombo, (2002), a suitable sample size is that which is representative to the target population in major characteristics. Given that the results of the study based on the size of the sample should be in conformity with the characteristics of target population, the sample size should therefore be optimal as allow generalization.

Gay in Mugenda and Mugenda (2003), suggests that for correctional studies, 30 cases or more are required; for descriptive studies, 10 percent of the accessible population is enough and for experimental studies ; at least 30 cases as required. In this study, the researcher used a sample size equivalent of 20% of the target population, giving rise to 228 respondents.

### Sample selection:

Sampling in Kothari (2005), is defined as the selection of some part of an aggregate or totality on the basis of which a judgment or inference about the aggregate is made. It is a process of selecting units from a population of interest so that by studying the sample, one may fairly generalize the results back to population from which they were selected.

This study employed probability sampling design in obtaining sample from the respondents; a design of sampling in which each item from the target population was accorded equal chance of being included in the final sample, hence ascertaining objectivity in sample selection.

Stratified random sampling was employed, selecting 20% from each of the five strata on the basis of the distinctive business types such as, General vendors, Retailers, Service Sector, Production and Green Grocers.

This process of sample selection is illustrated in table 3.1:

**Table 3.1: Sampling Selection**

Stratum	Total Population	Sample Percentage	Sample Size
General vendors	534	20	106
Green Grocers	200	20	40



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Retailers	104	20	21
Service Sector	223	20	45
Production	81	20	16
<b>Total</b>	<b>1,142</b>	<b>20</b>	<b>228</b>

**Data Collection Instruments:**

In the study, the researcher used questionnaire to collect data from the respondents. Majority of the questionnaire items were closed-ended and only a few were open ended so as to ensure that both qualitative and quantitative data are collected. Besides, other items were in the matrix form to assist in the rating of responses from the respondents, especially on those issues that border on opinions and views of the respondents.

The questionnaire was administered by the research assistants and supervised by the researcher after explaining to the respondents and upon their acceptance to give the data being solicited. Questionnaire is appealing to use in data collection, since they are anonymous and can help to generate much more information.

**Pre-Testing of the Instrument:**

Instruments pre-testing, also known as piloting is a preliminary study conducted on a small scale to ascertain the effectiveness of the research instrument, Kothari (2005). A pre- test sample should be between 1% and 10% depending on the sample size, Mugenda and Mugenda (2003). In this study, a pre- test sample size of 10% of the study sample size was used, in which the researcher prepared copies of questionnaire and self- administer to the pre-test sample that was similar to the actual study sample in major characteristics. This was significant as it helped in revealing aspects of ambivalence depicted by the questionnaire items that was subsequently reframed relative to the responses obtained from the respondents.

#### 4. DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

**Questionnaire Response Rate:**

In order to ensure a superior questionnaire response rate in the study, copies of the questionnaire were self-administered to the respondents by four well trained and motivated research assistants under close supervision of the researcher, giving a response rate as illustrated in table 4.1. According to Mugenda and Mugenda (2003), response rate refers to the percentage of subjects that respond to a questionnaire. A response rate of 50% is deemed adequate for analysis and reporting, a response of 60% is good and a response rate of 70% and over is very good.

**Table 4.1: Questionnaire response rate**

Stratum	Sample size	Returned	Percentage
General vendors	106	93	87.74
Green Grocers	40	35	87.50
Retailers	21	21	100.00
Service Sector	45	40	88.89
Production	16	15	93.75
<b>Total</b>	<b>228</b>	<b>204</b>	<b>89.47</b>

Table 4.1 reveals that out of the 228 copies of questionnaire administered to the respondents, 204 were received back duly completed giving a response rate of 89.47%.

In view of this, the study delivered an excellent questionnaire response rate. This was attributed to the fact that copies of the questionnaire were administered and collected back by four well trained and motivated research assistants, who consistently distributed the copies of the questionnaire to the respondents in batches of ten until all were administered. The research assistants emphasized to the respondents the need to fill the questionnaire as instructed, as well as assisting some in completing the questionnaire in cases of certain unavoidable circumstances.

**Area of entrepreneurship:**

In this study, the researcher took interest to establish the extent to which variations in areas of business operations had in access to microcredit products among women entrepreneurs in Rachuonyo South Sub County. This was regarded a valid

concern because different business enterprises require different financial resources to operate and as such, the respondents were requested to complete the questionnaire stating their area of business operations and their responses captured as illustrated in table 4.2.

**Table 4.2: Area of entrepreneurship**

Business area	Frequency	Percentage
General vendors	93	45.59
Green Grocers	35	17.17
Retailers	21	10.29
Service sector	40	19.61
Production	15	07.35
Other	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.2 reveals that, out of the 204 respondents who completed the questionnaire indicating their areas of business operations, 93 (45.49%) were in general vending, 35 (17.17%) were green grocers, 21 (10.29%) were in retail, 40 (19.61%) were in service sector and 15 (07.35%) were in production, and none indicated the other category.

Implied by these statistics is that most women entrepreneurs in Rachuonyo South Sub County were engaged ordinarily in simple enterprises that could hardly be used as sufficient collaterals for loans from commercial lending institutions. In addition, general vendors comprised of amorphous business segments that were not easy to sustain and roped in those individuals in business trials and not serious entrepreneurs and as such, microcredit institutions does not trust the real worth of such enterprises in credit rating.

**Length of time of operations:**

In this study, it was assumed that the duration of time in which an entrepreneur had been in business operation could offer some insights into the credible history of business existence as a yard stick upon which credit worthiness could be evaluated. In this respect, relatively young enterprises may not qualify for substantial loans in comparison to established ventures, since businesses thrive over time and the entrepreneurs equally gain business experience with the passing of time. On account of this eventuality, the respondents were requested to complete questionnaire stating the length of time in business and their responses were noted as illustrated in table 4.3

**Table 4.3: Length of time of operations**

Length of time	Frequency	Percentage
1 year and below	63	30.88
1-5	88	43.14
5-10	23	11.27
10-15	20	09.80
Above 15	10	04.90
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.3 reveals that, of the 204 respondents who completed the questionnaire indicating the period of time they had operated their businesses, 63 (30.88%) stated having been in businesses for 1 year and below, 88 (43.14%) had been in business for 1-5 years, 23 (11.27%) indicated 5-10 years, with 20 (09.80%) stated 10-15 years and 10 (04.90%) having been in business for above 15 years. Implied by the statistics is that most business entrepreneurs had been in business for a relatively short period of time and this was an indication of a lack of substantial business history, low credit rating and a near zero business survival, hence were unlikely to place a strong case for credit consideration before the lenders.

**Influence of cost of credit on access to of microcredit products:**

The cost of credit takes into consideration all the charges and levies on microcredit products owed and general interests against loans, in addition to various penalties accrued as a result of defaults. Such charges generally make it intricate for low income entrepreneurs to access funds from financial institutions, especially when their net credit rating is also low. In this study, the cost of credit was measured on the extent to which it influenced access, number microcredit products held, common loan cycle and frequency of borrowing.

### The extent to which cost of credit influences access to microcredit products

In measuring the extent of influence of the cost of credit on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County, opinion of the respondents rated on this was considered significant to the study. This was because most people often cite credit pricing as an impediment to borrowing, as well as the possibility of the existence of other hidden charges against the amount borrowed. In the light of this, the respondents were asked to complete the questionnaire indicating the extent of their agreement that the cost of credit significantly influences access to microcredit and their responses captured as depicted in table 4.4.

**Table 4.4: The extent to which cost of credit influences access to microcredit products**

Rating	Frequency	Percentage
Strongly agree	167	81.86
Agree	37	18.14
Neutral	00	00.00
Disagree	00	00.00
Strongly disagree	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.4 reveals that, out of the 204 respondents who completed the questionnaire indicating their level of agreement that the cost of credit significantly influences access to microcredit, 167 (81.86%) stated that they strongly agreed and 37 (18.14%) agreed and none identified with the other options. It is therefore deductible that the vast majority of women entrepreneurs in Rachuonyo South Sub County, unable to obtain credit products from the micro finance institutions, believed that the cost of credit was a significant impediment.

### Influence of number of products held on access to microcredit products

More often, the number of products held by an entrepreneur, either from the same bank or different banks, points to the credit rating of the entrepreneur and an indicator that such individuals have attractive credit history that lenders consider for credit evaluation. On this account, the respondents were asked to complete the questionnaire indicating the number of microcredit products held and their responses captured as depicted in table 4.5.

**Table 4.5: Influence of number of products held on access to microcredit products**

Number	Frequency	Percentage
1 and below	146	71.57
1-2	34	16.67
2-3	10	04.90
3-4	00	00.00
Above 4	14	06.86
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.5 reveals that out of the 204 respondents who completed the questionnaire indicating the number of loans held from the lenders, 146 (71.57%) mentioned 1 and below, 34 (16.67%) stated 1-2 products, 10 (04.90%) gave 2-3 products and 14 (06.86%) stated above 4, with none giving holding 3-4 products.

Implied by these statistics is that credit rating of an entrepreneur takes into consideration such factors as credit servicing history and the general ability to repay, most of the women entrepreneurs in Rachuonyo South Sub County were unable to service more than one product from the lenders. On the flipside, the few who were in possession of more than one product represent those mature entrepreneurs who had been in business for a relatively long duration of time whose ventures had withstood the test of time.

### Influence of common loan cycle on access to microcredit products:

An indicator of the ability of an individual entrepreneur to access substantial amount of credit from the commercial lending institutions resides in the loan cycle upon which advanced funds are serviced. This is because small loans that

require low ability are normally serviced over a short duration, while higher sums go for longer repayment cycles. In the light of this, the respondents were asked to complete the questionnaire indicating their common loan cycles and their responses noted as displayed in table 4.6.

**Table 4.6: Influence of common loan cycle on access to microcredit products**

Number	Frequency	Percentage
1 year and below	166	81.37
1-2	34	16.67
2-3	04	01.96
3-4	00	00.00
Above 4	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.6 reveals that, of the 204 respondents who filled the questionnaire disclosing their common loan cycles, 166 (81.37%) mentioned one year and below, 34 (16.67%) stated 1-2 years and 04 (01.96) indicated 2-3 years, with none stating the other options. Implied by these statistics was that most women entrepreneurs in Rachuonyo South Sub County, having low borrowing ability, were just holding short loans from the lenders. This reality paints a grim picture that even the commercial lending institutions operating in those areas, lacking serious clients for their products in the current form, must act with speed to formulate other products matching the needs of these business operators, lest they fold up.

#### **Influence of the frequency of borrowing on access to microcredit products:**

As a basic dimension of registering the level of access to microcredit products by clients, the amount of loan borrowed, the loan repayment cycle and the number of products held may not be enough measures, but the frequency of borrowing offers a clear picture of the extent of access. Considering this eventuality, the respondents were asked to complete the questionnaire indicating the frequency of borrowing and their responses noted as displayed in table 4.7.

**Table 4.7: Influence of the frequency of borrowing on access to microcredit products**

Rating	Frequency	Percentage
Very often	00	00.00
Often	00	00.00
Indifferent	43	21.08
Less often	24	11.76
Other	137	67.16
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.7 indicates that of the 204 respondents who completed the questionnaire stating the frequency of borrowing, none indicated borrowing very often and often, 43 (21.08%) stated being indifferent, 24 (11.76%) mentioned borrowing less often and the vast majority, 137 (67.16%) indicated the other category.

The implication of these statistics is that most of the women entrepreneurs in Rachuonyo South Sub County, unable to obtain the necessary security against the loans, hardly borrowed frequently from the commercial lending institutions, with an indication that that they could be borrowing from the exorbitant none formal community lending outfits known as shylocks. This is attributable from the large response represented by the other category, a possibility that they were not borrowing at all and if they did, then it could be from the shylocks or other informal community lenders.

#### **Influence of collaterals on access to microcredit products:**

Collaterals describe a pool of assets that an entrepreneur must avail as security upon which commensurate credit is advanced by the commercial lending institution, such that, the higher the value of the collaterals, so be the higher the loan one can obtain. Availability of collaterals therefore indicates the level of credit worth of a client and such assets must also be responsive to liquidity in cases of default. This variable was viewed against such measures as, the highest net worth, most common type of collaterals, adequacy and the level of responsiveness.

**Influence of net worth of collaterals on access to microcredit products:**

Generally, the amount of loan to be obtained from any commercial lending institution is considered against the pool of assets an entrepreneur avails as security for borrowing purposes, as this gives confidence that should the client fail to repay the loan, the assets are attached by the to the advantage of the lender. In the light of this reality, the respondents were asked to complete the questionnaire indicating the net worth of their assets availed for borrowing and their responses captured as displayed in table 4.8.

**Table 4.8: Influence of net worth of collaterals on access to microcredit products**

Net worth	Frequency	Percentage
50,000 and below	172	84.31
50,000-100,000	18	08.82
100,000-150,000	14	06.87
150,000-200,000	00	00.00
Above 200,000	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.8 indicates that of the 204 respondents who completed the questionnaire stating their net worth of assets upon which borrowing was being evaluated, 172 (84.31%) stated that their worth was 50,000/ and below, 18 (08.82%) mentioned 50,000-100,000/ and 14 (06.87%) indicated a net worth of 100,000-150,000/ and none identified with any figures above 150,000/. The implication of these statistics is that most of the women entrepreneurs in Rachuonyo South Sub County, displaying low levels of assets value, were unlikely to obtain substantial loans from the lenders. This reality was equally presenting business challenge to the financial sector which principally trades on loans and other products to grow their enterprises.

**Influence of the most common type of collaterals on access to microcredit products**

The conditions upon which lending is done are normally an establishment of financial institutions with no input of the customers, and that such conditions are likely to be more favorable to the lender than the entrepreneur. In light of this, the pool of assets availed by a client helps to cushion the lender against any loss, yet this transfers the fear of loss to the client and the response is lack of desire for borrowing. The respondents were therefore asked to complete the questionnaire indicating the common type of assets often availed for borrowing and their responses noted as displayed in table 4.9.

**Table 4.9: The most common type of collaterals on access to microcredit products**

Type of collaterals	Frequency	Percentage
House hold items	140	68.63
Business stock	40	19.61
Land title deed	24	11.76
Log book	00	00.00
Other	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.9 indicates that of the 204 respondents who completed the questionnaire disclosing the common type of assets often availed for borrowing, 140 (68.63%) indicated use of house hold items, 40 (19.61%) stated business stock and 24 (11.76%) mentioned land title deed, with none citing use of motor vehicle log book.

Implied by these statistics was that most of the women entrepreneurs in Rachuonyo South Sub County, disadvantaged by the type of assets, were encountering challenges in accessing bank loans given that the value of most of the house hold assets are generally low. Moreover, some of these household assets may have gone down in value with the passing of time and as such their level of responsiveness to liquidity had been diluted considerably. It is worth noting that just a few of the entrepreneurs were able to provide more valuable assets such as title deed, yet none indicated use of motor vehicle log book, the two items with high liquidity levels.

**Influence of adequacy of collaterals on access to microcredit products:**

It is general practice that commercial lending institutions normally put a lot of emphasis on security; assortment of liquidated assets against which the ability to borrow and repay is gauged and upon which bank loans are often advanced

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to clients. This raises the question about the adequacy of such security and in view of this, the respondents were requested to fill the questionnaire indicating the extent of their agreement that the collaterals were adequate for the loans sought and their responses are as illustrated in table 4.10.

**Table 4.10: Influence of adequacy of collaterals on access to microcredit products**

Adequacy of collaterals	Frequency	Percentage
Strongly agree	00	00.00
Agree	00	00.00
Neutral	21	10.29
Disagree	65	31.87
Strongly disagree	118	57.84
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.10 reveals that out of the 204 respondents who completed the questionnaire on the extent of their agreement that the availed collaterals were adequate for the credit sought, none stated any positive agreement, 21(10.29%) were neutral, 65 (31.87%) disagreed, with 118 (57.84%) being in strong disagreement.

Implied by these statistics was that the type of collaterals that were being used to secure microcredit products among women entrepreneurs in Rahuonyo South Sub County fell too low to guarantee sufficient loans. They were therefore unable to obtain the much needed funds for running their enterprises and this was perceived as a double blow to both the women entrepreneurs and the financial sector.

**Influence of the level of collaterals responsiveness on access to microcredit products:**

In the loaning sector, the role of security against the credit desired may not just be pegged on the type and value of the collaterals a client avails, rather the final decision on the acceptance of the assets is often based on the degree of convertibility of the said assets to liquidity. In the light of this, the respondents were asked to complete the questionnaire indicating the extent to which such assets were responsive and table 4.11 illustrates their responses.

**Table 4.11: Influence of collaterals responsiveness on access to microcredit products**

Level of responsiveness	Frequency	Percentage
Very responsive	00	00.00
Responsive	00	00.00
Indifferent	26	12.75
Less responsive	112	54.90
Other	66	32.35
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.11 reveals that out of the 204 respondents who completed the questionnaire on the level of responsiveness of the availed collaterals for the credit sought, none stated any positive agreement, 26 (12.75%) were indifferent, 112 (54.90%) stated less responsive, with 66 (32.35%) stating the other category. These figures allude to the fact that most of the women entrepreneurs in Rahuonyo South Sub County, despite assembling different set of assortments of assets; these lacked responsiveness to liquidity and were therefore less likely to use such to obtain the loans desired.

**Influence of credit servicing history on access to microcredit products:**

Any financial request from a lender must be accompanied by credible credit servicing history from previous borrowings, as this information helps in gauging the credit contractual integrity of and boosts credit worth of the client. In this case, granting of a credit is based on the basic underlying assumptions, one of which is the belief that any client asking for funds, have the capacity to service such as failure to do so poses serious business risks of loss to the lending institutions. In the light of this, the variable was measured on the basis of the number of times one had borrowed, the number of lenders, the frequency of borrowing, and the challenges in servicing.

**Influence of borrowings on access to microcredit products:**

Credible history of previous credit advancement is regarded as a crucial determinant of the future credit worth of an individual client, so much such that, with a strong positive credit approval history, chances of a client qualifying for

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higher loans are very high. On the other hand, the client whose past borrowing records are replete with defaults and penalties may stand no chance, whatsoever, of accessing bank loans. In view of this eventuality, the respondents were asked to complete the questionnaire disclosing how many times they had sought bank loans and table 4.12 shows their responses.

**Table 4.12: Influence of borrowings on access to microcredit products.**

<b>Borrowings</b>	<b>Frequency</b>	<b>Percentage</b>
1 and below	142	69.61
1-5	62	30.39
6-10	00	00.00
11-15	00	00.00
Above 15	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.12 indicates that of the 204 women entrepreneurs who completed the questionnaire disclosing the number of borrowings they had done, 142 (69.61%) indicated I and below, 62 (30.39%) stated 1-5, and none indicated having borrowed above 5 times.

Implied by the statistics was that most women entrepreneurs in Rachuonyo South Sub County had hardly borrowed more than five times, as they were encountering certain difficulties in credit servicing and were therefore unlikely to increase their borrowing abilities with the money lenders.

**Influence of frequency of borrowing on access to credit facilities:**

The frequency with which one seeks credit products from the commercial lending institutions is a strong indicator of a client having built of a credible lending history with a given financial institution, since with a good previous credit rating of a client, then chances of obtaining bank loans will be high. In view of this, the respondents were requested to complete the questionnaire indicating their frequency of borrowing and table 4.13 illustrates their responses.

**Table 4.13: Influence of frequency of borrowing on access to microcredit products.**

<b>Rating</b>	<b>Frequency</b>	<b>Percentage</b>
Very frequently	00	00.00
Frequently	00	00.00
Indifferent	30	14.70
Less frequently	44	21.57
Other	130	63.73
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.13 reveals that out of the 204 women entrepreneurs who completed the questionnaire indicating their frequency of borrowing, none stated borrowing frequently, 30 (14.70%) were indifferent, 44 (21.57%) stated less frequently and 130 (63.73%) indicated the other category.

Implied by these statistics is that majority of the women entrepreneurs in Rachuonyo South Sub County, having no substantial credit servicing history, had resorted to taking credit from other informal community borrowing schemes as alternative the formal banking sector.

**Influence of the number of institutions on access to microcredit products:**

Having different microcredit products from a variety of commercial lending institutions by an individual client is an indicator of the extent to which the client has developed a worthy credit servicing history. Such a client must have furnished the current lender with records of previous borrowings, which obviously must have been good for the previous banks to approve the credit products so held. The respondents were therefore asked to complete the questionnaire indicating the variety of microcredit institutions whose products were and table 4.14 illustrates their responses.

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**Table 4.14: Influence of the number of institutions on access to microcredit products**

Number of institutions	Frequency	Percentage
1 and below	184	90.20
1-2	20	09.80
2-3	00	00.00
3-4	00	00.00
Above 4	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.14 reveals that, of the 204 women entrepreneurs in Rachuonyo South Sub County who completed the questionnaire indicating the number of lenders whose microcredit products they held, 184 (90.20%) stated holding from 1 and below lender and 20 (09.80%) stated 1-2 lenders and none indicated more than 2 lenders.

These statistics give the impression that many women entrepreneurs in Rachuonyo South Sub County were experiencing serious challenges of accessing loans from the commercial lenders, as their credit servicing history was not attractive enough. However, the few with some credit rating worth talking about, were equally limited by their lack of aggressiveness in seeking bank loans to invest in their enterprises.

**Influence of challenges of credit servicing history on access to microcredit products:**

It is general practice that commercial lending institutions normally put a lot of emphasis on security; assortment of liquidated assets against which the ability to borrow and repay is gauged and upon which bank loans are often advanced to clients. Besides, the total savings held with the lender is another crucial determinant of the amount of credit to be obtained, as well as the creation of a credible credit servicing history with other lenders.

Moreover, the prevailing interest rates in the financial market also play a significant role in loan evaluation. These raise issues of the challenges clients experience whenever they seek bank loans and in view of these, the respondents were requested to complete the questionnaire indicating the extent of their agreement that they were encountering challenges as they sought credit products and table 4.15 illustrates their responses.

**Table 4.15: Challenges of credit servicing history on access to microcredit products**

Challenges	Frequency	Percentage
Strongly agree	147	72.06
Agree	33	16.18
Neutral	24	11.76
Disagree	00	00.00
Strongly disagree	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.15 reveals that out of the 204 respondents who completed the questionnaire on the extent of their agreement that they were experiencing challenges in accessing bank loans, 147 (72.06%) were in strong agreement, 33 (16.18%) agreed and 24 (11.76%) being neutral, with none indicating any form of disagreement.

The implications of these figures really paint an ugly picture of how these women entrepreneurs would increase their business capacities to create more wealth for enhanced economic development, as good business ventures thrive on credit from the commercial lending institutions, yet the basic lending requirements were presenting serious challenges to the entrepreneurs. Besides, the commercial lenders also depend on these small business enterprises to do business, yet their target market segment was steadily drifting away from the mainstream banking sector citing challenges resulting from the bank lending conditions.

**Influence of credit processing procedures on access to microcredit products:**

In the study, the researcher operated on the assumption that the credit processing procedures common among most commercial lending institutions significantly influences access to their products, in the sense that certain bureaucracies involved could prove so tedious that clients may get discouraged from such products.



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Besides, aspects of travelling involved as clients make visits to the banks, formal applications undertaken, the basic lending conditions considered and resources that would have been invested in the business transactions for additional returns, all may work as impediments to credit access. This variable was measured on the basis of duration of processing, common borrowing model, credit processing conditions and the integrity of the procedures.

**Influence of the integrity of processing on access to microcredit products:**

In the commercial lending halls, it is common observation that many clients seeking microcredit products, having insufficient borrowing capacity, encounter several challenges to credit access as a result of complex processing procedures whose integrity remain sophisticated and often done in the best interest of the lender.

Besides, the clients are also required to go through several contractual forms, whose language prove beyond the grasp of many who blindly sign without proper understanding, only to regret later should there be a default of some nature. On this account, the respondents were asked to complete the questionnaire stating the extent to which they agreed or disagreed that the bank credit processing procedures had integrity concerns and table 4.16 illustrates their responses.

**Table 4.16: Influence of the integrity of processing on access to microcredit products.**

Concerns	Frequency	Percentage
Strongly agree	122	59.80
Agree	52	25.49
Neutral	10	04.91
Disagree	12	05.88
Strongly Disagree	08	03.92
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.16 reveals that, out of the 204 women entrepreneurs in Rachuonyo South Sub County who completed the questionnaire indicating the extent of agreement or disagreement that loan processing procedures had integrity concerns, 122 (59.80%) were in strong agreement, 52 (25.49%) agreed, 10 (04.91%) were neutral, 12 (05.88%) disagreed and 08 (03.92%) were in strong disagreement.

Implied by these statistics is that most women entrepreneurs in Rachuonyo South Sub County believed that the integrity of loan processing procedures remained unclear to the clients, as most of the times punitive measures are evoked upon defaults and hardly disclosed during lending. This general feeling had been so deep rooted in the thoughts of most of the women entrepreneurs who associate bank loans with punitive confiscation of the property of the clients.

**Influence of duration of credit processing on access to microcredit products:**

In this study, the researcher assumed that the duration taken in the entire credit processing, ranging from making formal application, availing guarantors, surrendering security items, all through to loan disbursement had significant influence on access to the microcredit products. In this respect, the respondents were asked to complete the questionnaire stating their level agreement that the length of time of credit processing significantly influences access to microcredit products and table 4.17 illustrates their responses.

**Table 4.17: Influence of duration of credit processing on access to microcredit products.**

Length of time	Frequency	Percentage
Strongly agree	168	82.35
Agree	36	17.65
Neutral	00	00.00
Disagree	00	00.00
Strongly disagree	00	00.00
<b>Total</b>	<b>184</b>	<b>100.00</b>

Table 4.17 reveals that, of the 204 women entrepreneurs in Rachuonyo South Sub County who completed the questionnaire disclosing their level of agreement that the length of time for credit processing had significant influence on access to microcredit products, 168 (82.35%) stated their strong agreement and 36 (17.65%) agreed, with none stating any form of disagreement.

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The implication is that, majority of the women entrepreneurs in Rachuonyo South Sub County, expressed serious concerns on the duration of time the lenders often take before loan disbursement and this discouraged many of the from seeking bank loans, instead resorting to the informal community lending schemes, despite these being more expensive.

### Influence of lending model on access to microcredit products:

In order to improve access to credit facilities from commercial financial institutions, banks have to evaluate the ability to repay and in this case clients are often required to obtain guarantors with superior credit rating. In this context, the respondents were asked to complete the questionnaire indicating their most preferred borrowing arrangement and table 4.18 illustrates their responses.

**Table 4.18: Influence of lending model on access to microcredit products.**

Distribution channels	Frequency	Percentage
Personal lending	163	79.90
Group lending	41	20.10
Employer Guarantee	00	00.00
Community consultation	00	00.00
Other	00	00.00
<b>Total</b>	<b>204</b>	<b>100.00</b>

Table 4.18 reveals that, out of the 204 women entrepreneurs who completed the questionnaire indicating their most commonly used borrowing model in Rachuonyo South Sub County, 163 (79.90%) stated personal lending model and 41 (20.10%) stated group lending model and none indicated other lending models.

Implied is that majority of the women entrepreneurs, lacking the necessary loan security for borrowing, often used personal lending model with just a few taking to group guarantors, since this was a strategy of making the process of credit processing less bureaucratic in the sense that when others are involved, processing gets more sophisticated.

## 5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

### Summary of findings:

The researcher, in an attempt to present the summary of the study findings, organizes these in line with the major objectives that informed the work, beginning with the demographic aspects, cost of credit, collaterals, credit servicing history and credit processing procedures.

### Demographic characteristics of the respondents:

Such demographic characteristics that were believed to be of significant influence to the study include, age, marital orientation, level of education, area of business operations and the length of time in entrepreneurship. The researcher held an assumption that age differences of the respondents would be of great significance to the study on the reality that unemployment had escalated in the country, so much such that, the youthful individuals were encountering challenges of being absorbed in formal employment and would often turn to entrepreneurship for livelihood. Age variations could also indicate business sustainability since elderly entrepreneurs; with much experience having acquired substantial business skills were likely to dominate the world of business. In view of this, the study revealed that age was actually a determiner of entry into entrepreneurship among women entrepreneurs in Rachuonyo South Sub County as it took a normal curve in the age distribution, with relatively few younger and elderly ones taking part in business, while more middle aged women being the majority. This was because most of these women entrepreneurs had to provide for the up keep of their families, hence took to entrepreneurship as alternative to formal employment.

Decision to take any commercial loan is regarded as a risk taking venture that is generally the cornerstone for higher returns in entrepreneurship and married entrepreneurs bearing the greatest responsibility for the family upkeep are believed to be much bolder in risk-taking than single persons. On the basis of marital orientations, the findings revealed that majority of the women entrepreneurs engaged in business in Rachuonyo South Sub County, being married should have been expected to aggressively source for business funds from the microcredit institutions.

This was because of the great family burden they had to carry and having gone the business way, they could not obtain other sources of livelihood, but entrepreneurship. On the flipside, the single entrepreneurs lacking the motivation for entrepreneurship as many still crave for formal employment, were few in these ventures and the ones who were involved were mostly those out of school given that this was generally a school going caliber.

On the level of education of an entrepreneur, the researcher held the assumption that this would significantly influence access to microcredit products, given that education would make them be more informed about the most attractive financial products that were being offered by the commercial lending institutions. Furthermore, educated entrepreneurs were expected to have acquired substantial knowledge and skills in entrepreneurship and would be much more willing to obtain credit products from the lenders. In the light of this, the study established that most women entrepreneurs in Rachuonyo South Sub County had a mere basic level of education at secondary and below and hence were likely to be challenged even in managing those enterprises, leave alone credit obtained from the banks. Moreover, such revelations are also indicative of the common belief that the business domain was still being viewed as a field of practice and experience that did not attract highly educated people. It should also not escape attention that some significant percentage of the women entrepreneurs had tertiary and University level education and could give hope that in the face of glaring unemployment in the country, other educated lot was already taking up entrepreneurship as an alternative income generating activity for survival.

#### **Influence of cost of credit on access to of microcredit products:**

The cost of credit generally makes it intricate for low income entrepreneurs to access funds from financial institutions, especially when their net credit rating is also low. In this study, the cost of credit was measured on the extent to which it influenced access, number microcredit products held, common loan cycle and frequency of borrowing. In examining the influence of the cost of credit on access to microcredit products, opinion of the respondents rated on this was considered significant. This was because most people often cite credit pricing as an impediment to borrowing, as well as the possibility of the existence of other hidden charges against the amount borrowed. The study therefore established that the vast majority of women entrepreneurs in Rachuonyo South Sub County, unable to obtain credit products from the micro finance institutions, believed that the cost of credit was a significant impediment to credit access.

The number of products held by an entrepreneur, either from the same bank or different banks, points to the credit rating of the entrepreneur and an indicator that such individuals have attractive credit history that lenders consider for credit evaluation. In view of this, the findings revealed that credit rating of an entrepreneur takes into consideration such factors as credit servicing history and the general ability to repay, most of the women entrepreneurs in Rachuonyo South Sub County were unable to service more than one product from the lenders. On the flipside, the few who were in possession of more than one product represent those mature entrepreneurs who had been in business for a relatively long duration of time whose ventures had withstood the test of time.

Delving into the details, an indicator of the ability of an individual entrepreneur to access substantial amount of credit from the commercial lending institutions resides in the loan cycle upon which advanced funds are serviced. This is because small loans that require low ability are normally serviced over a short duration, while higher sums go for longer repayment cycles. The study established that most women entrepreneurs in Rachuonyo South Sub County, having low borrowing ability, were just holding short loans from the lenders. This reality paints a grim picture that even the commercial lending institutions operating in those areas, lacking serious clients for their products in the current form, must act with speed to formulate other products matching the needs of these business operators, lest they fold up.

#### **Influence of collaterals on access to microcredit products:**

Availability of collaterals indicates the level of credit worth of a client and such assets must also be responsive to liquidity in cases of default. This variable was viewed against such measures as, the highest net worth, most common type of collaterals, adequacy and the level of responsiveness. Normally, the amount of loan to be obtained from any commercial lending institution is considered against the pool of assets an entrepreneur avails as security for borrowing purposes, as this gives confidence that should the client fail to repay the loan, the assets are attached to the advantage of the lender. The findings revealed that most of the women entrepreneurs in Rachuonyo South Sub County, displaying low levels of assets value, were unlikely to obtain substantial loans from the lenders. This reality was equally presenting business challenge to the financial sector which principally trades on loans and other products to grow their enterprises.

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The conditions upon which lending is done are normally an establishment of financial institutions with no input of the customers, and that such conditions are likely to be more favorable to the lender than the entrepreneur. In light of this, the pool of assets availed by a client helps to cushion the lender against any loss, yet this transfers the fear of loss to the client and the response is lack of desire for borrowing. The study established that most of the women entrepreneurs in Rachuonyo South Sub County, disadvantaged by the type of assets, were encountering challenges in accessing bank loans given that the value of most of the house hold assets are generally low. Moreover, some of these household assets may have gone down in value with the passing of time and as such their level of responsiveness to liquidity had been diluted considerably. It is worth noting that just a few of the entrepreneurs were able to provide more valuable assets such as title deed, yet none indicated use of motor vehicle log book, the two items with high liquidity levels.

Commercial lending institutions normally put a lot of emphasis on security; assortment of liquidated assets against which the ability to borrow and repay is gauged and upon which bank loans are often advanced to clients. On this, the findings revealed that the type of collaterals that were being used to secure microcredit products among women entrepreneurs in Rachuonyo South Sub County fell too low to guarantee sufficient loans. They were therefore unable to obtain the much needed funds for running their enterprises and this was perceived as a double blow to both the women entrepreneurs and the financial sector.

**Influence of credit servicing history on access to microcredit products:**

Granting of a credit is based on the basic underlying assumptions, one of which is the belief that any client asking for funds, have the capacity to service such as failure to do so poses serious business risks of loss to the lending institutions. In the light of this, the variable was measured on the basis of the number of times one had borrowed, the number of lenders, the frequency of borrowing, and the challenges in servicing.

Credible history of previous credit advancement is regarded as a crucial determinant of the future credit worth of an individual client, so much such that, with a strong positive credit approval history, chances of a client qualifying for higher loans are very high. On the other hand, the client whose past borrowing records are replete with defaults and penalties may stand no chance to access bank loans. The findings revealed that most women entrepreneurs in Rachuonyo South Sub County had hardly borrowed more than five times, as they were encountering certain difficulties in credit servicing and were therefore unlikely to increase their borrowing abilities with the money lenders.

The frequency with which one seeks credit products from the commercial lending institutions is a strong indicator of a client having built of a credible lending history with a given financial institution, since with a good previous credit rating of a client, then chances of obtaining bank loans will be high. However, the study established that majority of the women entrepreneurs in Rachuonyo South Sub County, having no substantial credit servicing history, had resorted to taking credit from other informal community borrowing schemes as alternative the formal banking sector.

These raise issues of the challenges clients experience whenever they seek bank loans and in view of these, In the light of such realities, the findings really paint an ugly picture of how these women entrepreneurs would increase their business capacities to create more wealth for enhanced economic development, as good business ventures thrive on credit from the commercial lending institutions, yet the basic lending requirements were presenting serious challenges to the entrepreneurs. Besides, the commercial lenders also depend on these small business enterprises to do business, yet their target market segment was steadily drifting away from the mainstream banking sector citing challenges resulting from the bank lending conditions.

**Influence of credit processing procedures on access to microcredit products:**

The researcher operated on the assumption that the credit processing procedures common among most commercial lending institutions significantly influences access to their products, in the sense that certain bureaucracies involved could prove so tedious that clients may get discouraged from such products.

This variable was measured on the basis of duration of processing, common borrowing model, credit processing conditions and the integrity of the procedures.

It is common observation in the banking halls that many clients seeking microcredit products, having insufficient borrowing capacity, encounter several challenges to credit access as a result of complex processing procedures whose

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integrity remain sophisticated and often done in the best interest of the lender. Besides, the clients are also required to go through several contractual forms, whose language prove beyond the grasp of many who blindly sign without proper understanding, only to regret later should there be a default of some nature.

**Conclusions:**

Making conclusions from the findings of the study, it is crucial to confidently report that the key study variables that informed this work, in a great measure, were found to have had significant influence on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County. The cost of credit took the form of charges and all those levies that generally make it intricate for low income entrepreneurs to access funds from financial institutions.

The cost of credit was therefore noted to influence access to microcredit products among women entrepreneurs in Rachuonyo South Sub County on the basis that the number of microcredit products borrowed, the number of lenders whose products were held, rate of interest reviews and the frequency of borrowing by the clients were found to considerably influence access to microcredit products. In view of this, the women entrepreneurs in Rachuonyo South Sub County, being disadvantaged by the exorbitant cost of credit, often resorted to other informal community lending schemes for borrowing purposes.

The pool of assets availed as security against the required credit was also established to have significant influence on access to microcredit products, in the sense that such collaterals measure the credit worth of an individual entrepreneur. The variety of collaterals, lending conditions and responsiveness of the collaterals were noted to have significant influence on access to microcredit products, as in the event of default, the lender can easily convert them into liquidity. The study concludes that the women entrepreneurs in Rachuonyo South Sub County, unable to avail substantial collaterals, experienced challenges in accessing loans from the banks.

The researcher further noted that the credit servicing history of the client measured on the basis of the records of borrowing, the type of products held, status of servicing, frequency of borrowing and the institutions borrowed from had significance influence on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County. It was noted that when credit servicing history is credible, then the confidence of the lender is enhanced to advance the credit to the client.

Finally, the study concludes that credit processing procedures, viewed on such dimensions as, basic lending conditions, people involved approval duration and documentations involved significantly influenced access to microcredit products among women entrepreneurs in Rachuonyo South Sub County.

**Recommendations:**

From the study findings, proposes certain vital recommendations for policy formulation and further research.

**Recommendation for policy formulation:**

From the study findings, the researcher recommends crucial strategies worth adoption by the major stakeholder groups in the domain of small business ventures and the financial sector in an attempt to obtain leverage symbiosis for growth. In the light of this, both the central government and the county government should formulate legislations that strengthen the growth of small business entrepreneurs through rolling out soft loans and enhance access of the same to such entrepreneurs.

Besides, microcredit institutions and the entire mainstream banking sector should also develop affordable credit products tailored to suite the financial requirements of small business entrepreneurs, thereby discouraging the growth of informal community loaning schemes, commonly referred to as shylocks that generally exploit their clients. Furthermore, the credit processing procedures should also be made much simpler, basic lending conditions be revised in tandem with the borrowing requirements of the clients and the possible consequences on defaults be clarified, as well as made less punitive.

Moreover, the commercial lending sector should develop in house training policies geared towards equipping the beneficiaries with personal financial management skills to ensure that credit advanced to the clients are put to the intended use. Lastly, the government in its desire to deal with issues of unemployment and poverty eradication should formulate training policies that integrate knowledge of entrepreneurship at all levels of learning, as this sector promises to create more opportunities for economic prosperity.

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### Recommendation for further Research:

The study recommends the following areas for further research study:

1. What is the influence of social issues on access to microcredit products among women entrepreneurs in Rachuonyo South Sub County?
2. What are the key factors influencing the proliferation of informal community loaning schemes in Rachuonyo South Sub County?
3. Is there a significant similarity in challenges of access to microcredit products among women entrepreneurs in Rachuonyo South Sub County and other regions in Kenya?
4. How can the mainstream banking sector strategize to discourage the growth of the informal community loaning schemes that charge exorbitant interest on their products?

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