



Market system strategies: Antecedents to financial uptake among women-owned MSMEs in informal settlements in Kenya

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ABSTRACT

Despite the effort to increase financial inclusion, women-owned Micro, Small, and Medium-sized Enterprises (MSMEs) continue to face challenges in the uptake of financial services. Low financial uptake is strongly associated with business failure leading to low income and living standards among women entrepreneurs in marginalized areas. Market system strategies are crucial in determining businesses' level of financial uptake. The study investigated the effect of market system strategies on the financial uptake of women-owned MSMEs in the informal settlement of Nyeri County. Specifically, it investigated the effect of business readiness, financial literacy, investor relationships, and investment impact on financial uptake among women-owned MSMEs. The study variables were anchored on Ricky Griffin's model, Theory of Change, and Refinancing theory. The study used a descriptive research design, specifically a cross-sectional design. The target population was 890 women-owned MSMEs in the informal settlements of Nyeri county. Proportionate stratified and random sampling were used to obtain a sample of 275 businesses representing approximately 30% of the study population. Data was collected using structured questionnaires. A pilot test was conducted using ten individuals to test and improve the study questionnaire. Reliability was tested using Cronbach's alpha, where an alpha of 0.7 was the acceptable threshold. Regression analyses indicated that the market system strategies, business readiness, financial literacy, impact investment, and investor relationship positively and significantly affected financial uptake, with p-values lower than 0.05 alpha. The study found that businesses with better market system strategies have a higher financial uptake. Based on the findings of this study, it is recommended that policies and interventions aimed at improving financial uptake among women-owned MSMEs should focus on enhancing business readiness and financial literacy and building strong impact investment and investor relationships. The county government, NGOs, and others interested stakeholders should encourage women entrepreneurs in informal settlements of Nyeri county to seek training and support to develop their business skills and increase their understanding of financial uptake. Furthermore, the county and national governments should connect women-owned MSMEs with impact investors and establish relationships to provide funding, support, and mentorship. Finally, policymakers and stakeholders in the financial sector should consider creating an enabling environment that supports and incentivizes impact investment in MSMEs, especially those owned by women, to increase their financial uptake.

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Introduction

The world has changed rapidly over the past few decades, steered by farming, transport, industrialization, and technological innovations. Various fields have improved significantly over the years resulting in a generally improved quality of life for the global population. However, the benefits of these advancements have not been equally realized (Battilana et al., 2019). Researchers have found differences in wellness, income, education, and other quality-of-life indicators across different social and economic groups. Some groups are better placed to acquire skills and opportunities critical to success and development than others. For example, Klapper (2015) indicates that women have an average lower pay than men (Van-Oudheusden et al., 2015). Other findings suggest that women are disadvantaged in securing managerial-level jobs in the US and European countries (Izabela, 2014).

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Significant advances in Sustainable Development Goals (SDGs) cannot be realized if 50% of the global population is not involved. Dagers and Nicholls (2016) suggest that all Sustainable Development Goals (SDGs) are contingent on the fifth goal, which demands gender equity and women empowerment. When women are empowered economically, they become a significant catalyst for their communities' and countries' development. This is because they use their money by reinvesting it in their children's health, education, and nutrition for their families.

Reducing inequalities in gender-related resource issues and the improvement of the status of women is what could be referred to as smart economics. As stated by Klasen and Wink (2002) and World Bank (2014), women's participation in business lead to better living standards at the family level. Increased negotiating power does not solely benefit the women but also leads to more investment in children's education, health, and the whole family's well-being. It consequently promotes human capital for generations, creating a more suitable environment for economic development. (World Bank, 2001)

According to a report by MasterCard (MIWE, 2018), many developing counties such as Ghana, Russia, Uganda, Nigeria, South Africa, and Australia have seen an influx of women getting into entrepreneurship in recent years, especially MSMEs. The report further indicates that an estimated one hundred and sixty-three million women were starting new micro, small, and medium enterprises in about seventy-four economies in the world. The 2018 report by the Global Financial Inclusion database, the gap in credit accessibility is not limited to low-income countries. The report stated that female workers and entrepreneurs, even in established organizations in high-income countries, have a slimmer chance, 20%, of successfully accessing a loan from a financial institution.

Limited access to capital is a crucial constraint to development. In a review of 14 impact evaluations across ten countries, a study by World Bank revealed that women-involved entrepreneurs in Africa have a seemingly lower level of business capital, which includes equipment and inventories situation that is different from their male counterparts. The notion implies that there are gender differences that are related to or associated with men who gain higher profits than women. There is an evident gap in business financing in underdeveloped nations, particularly for micro and start-up businesses (Amentie et al., 2016; Fowowe, 2017). The gap in financing is generally a problem all over developing countries, including Africa, which is the least developed financially (Fowowe, 2017; Quartey, Turkson, Abor, & Iddrisu, 2017). As a result, female entrepreneurs face significant financial obstacles in managing profitable businesses.

Financial uptake among women can be increased through market system strategies. Rizzi et al. (2010) defined market system strategies as an understanding of the fundamental causes of why businesses fail to meet their objectives with a focus on interventions that ensure lasting and large-scale economic solutions. They aim to catalyze a sustainable and significant change with a built-in momentum for replication and can be adopted beyond the beneficiaries directed to the timeframe of programs. The focus of this study was women-owned MSMEs in the informal settlements of Nyeri county. Market systems strategies were defined as internal business approaches determining financial credit uptake among MSMEs owned by women in Nyeri county. The market system strategies included in the study were business readiness, investment characteristics, and credit awareness.

MSMEs play a crucial role in developing the economy of Nyeri County, Kenya, and the country as a whole (Muathe, 2010). However, Statistics indicate that women-owned MSMEs in Kenya face numerous challenges, including limited financing access and financial institutions' lack of support. According to the World Bank (2020), only 13% of women in Kenya have access to formal financial services, compared to 28% of men. This disparity is particularly pronounced in informal settlements, where financial institutions often overlook women-owned MSMEs and lack the resources to secure the financing they need to grow and succeed.

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Previous studies on the financial uptake of MSMEs in Kenya have tended to focus on the impact of macroeconomic factors, such as interest rates (Kinyua, 2014) and inflation (Kamunge, 2014), rather than on the role of strategic management in shaping the financial outcomes of these enterprises. The gap in these previous studies is the lack of emphasis on the role of market system strategies, how market system strategies interact with each other, and the role of demographic factors such as gender and poverty on financial uptake. This study aims to address this gap by investigating the effect of market system strategies on financial uptake. Particularly, the study aimed to investigate the role of investor relationships, business readiness, financial literacy, and impact investment on financial uptake among women one women-owned MSMEs in the informal settlements of Nyeri County.

The study findings indicate how market system strategies influence financial uptake among women-owned MSMEs. The study is imperative to all players in women entrepreneurs in providing information on how business readiness, investor relationships, impact investment, and financial literacy influence financial uptake among women-owned MSMEs (Gathungu, 2018). The research findings cement the existing body of knowledge and ultimately benefit researchers, academicians, scholars, investors, and other stakeholders operating in the market systems space.

Literature Review

Theoretical Review

Despite the fact that there is not a single, widely acknowledged definition of financial inclusion, certain similar characteristics may be easily found. Regardless of the approach used, it must be acknowledged that financial inclusion pertains to the availability of formal financial services to all those requiring them at a fair cost, at an acceptable timeframe, in an adequate quantity, and in the proper forms (Bayero, 2015). According to Kodan and Chhikara (2013), even if there isn't a single definition of financial inclusion that everyone agrees on, the consensus is that it involves the ease with which those in need may obtain banking services in the right forms based on the availability of funding. Consequently, a sound financial system is necessary for the achievement of effective financial inclusion.

According to the aforementioned reasoning, a healthy financial system fulfils essential functions including providing savings, payment, credit, and risk-management services for individuals with a variety of demands. More inclusive financial systems—those that permit widespread access to suitable financial services—are likely to be advantageous to the underprivileged and other marginalized groups, especially women. For instance, having access to formal savings and credit channels may make it easier to engage in worthwhile undertakings like business or education. Without such access, people must rely on their own meagre, improvised resources to pay for their schooling or launch their own businesses, and small businesses must use their little revenues to seize promising development opportunities. According to some scholars, this may be a contributor in the ongoing income disparity and the slower rate of economic growth.

Financial economists contend that the creation of an inclusive financial sector in Africa is not only desirable but also practical, provided that the necessary institutional mechanisms are in place (Atiase et al., 2017). According to them, the world economy has an abundance of financial resources. The primary barrier to the growth of the Africa's financial sector is mainly the capacity to avail business opportunities to marginalized communities (Asongu, 2014). Less than 20% of families on the continent have access to financial services in the official banking sector, despite the global economy's plenty of financial resources (Asongu, 2017). As a result, access to finance continues to be a major obstacle to Africa's growth.

This is partially due to the undeveloped financial sectors in African nations, which are biased towards the poor, young people, and small companies (Aterido et al., 2013). Particularly on the sub-continent, the banking industry has been found to be unable or unwilling to reach out to the sizable "under/unbanked" populace, keeping some of the economies unmonetized and underproductive (Lindvert et al., 2015). Therefore, financial inclusion programs that give an expanding number of unbanked African residents access to and use of financial services constitute a crucial condition for small business growth. Usage and quality in this sense refer to the quantity and regularity with which individuals access financial resources, whereas access in this context refers to the accessibility of financial services in terms of geographical proximity and cost. By increasing financial access in this way, an economy's money supply will grow, increasing demand for the goods and services provided by small businesses and promoting their expansion (Asongu & Odhiambo, 2018). These theories have also influenced the works examined in this paper's research objectives and theoretical perspectives. These theories include the Business Refinancing Theory, the Theory of Change, and Ricky Griffin's Model.

Business Refinancing Theory

The study was based on Business Refinancing Theory, which he proposed in 1978. According to the theory, credit uptake is directly linked to the rate of capital investment. Therefore, high investment corresponds to a higher demand for refinancing due to an increased need for funds. Further, the theory stipulates that lower demand for refinancing leads to a low financial uptake when businesses fail to achieve the projected goal. The main strength of the theory is that it suggests that demand for financial uptake depends on business growth rate. This is in line with the laws of trade cycles that indicate that investment is made during the recovery stage (Muturi, 2016).

One of the strengths of Business Refinancing theory is its focus on the long-term financial viability of a business. The theory recognizes that traditional financing methods may not always provide the necessary support for sustainable growth and that a strategic approach to refinancing can be a more effective solution (Kasekende & Opondo, 2003). However, some criticisms of refinancing theory have arisen, particularly regarding its applicability to all businesses. The theory is best suited for established firms with established financial structures and may not be as relevant to start-ups or small businesses

Business Refinancing Theory is relevant to the current study as it expounds on the source of demand for financial uptake in women-owned MSMEs. The theory suggests that high demand for credit among businesses indicates growth as the venture requires more resources to satisfy customers' needs. Business Refinancing theory provides a valuable framework for understanding the potential impact of refinancing on the financial viability of these enterprises. By optimizing existing economic structures and improving cash flows, women-owned MSMEs may improve their financial uptake and achieve tremendous success in the long term.

Theory of Change

The phrase "theory of change" comes from the line of program evaluation. It describes creating a framework that stipulates the inner workings, assertions, influences, cause-effect linkages, and likelihoods of a development project or program. This framework can be

evaluated against the actual process and outcomes obtained by the intervention by collecting and analyzing performance metrics. The theory has become popular in impact investment, where investors apply it in evaluating the requirements of a proposed project and the likely outcome of the project (Van-Auken, 2001).

Applying this theory involves questioning the concept of change: Is the strategic plan correct, suitable, pertinent, and accurate? Is change occurring in the ways that intervention developers predicted? Are there any other change interactions or processes at work? Are there unanticipated players and factors that foster or inhibit change? Is there anything impeding or rendering the theory of change unproductive? How can these impediments be reduced or eliminated? These are only a few of the evaluators' concerns while investigating an intervention's theory of change. The answers to these questions help guide investors on whether the project is worth investing in and the investment required for the venture to realize the intended outcomes (Musha, 2014).

Amentie et al. (2016) noted that business owners miss vital requirements for their business when palling their resources and estimating their expected outcomes. Their study further postulated that a visual depiction of the factors helps business owners realize the critical inputs of their ventures and helps businesses appreciate the value and impact of proper management. On the other hand, Feeney and Riding (1999) indicated that evaluating business activities, inputs, and outputs has become a requirement for investors. Investors' level of detail and workability of the change theory in a business is paramount in deciding whether or not to fund the project.

The change theory is relevant to the current study as it explains the value of strategic planning and management of women-owned MSMEs, including financial management and credit uptake. The theory emphasizes identifying and evaluating a venture's inputs, process, and output in determining its success and suitability. While the owners of the businesses are likely to have little knowledge of strategic management and financing options, they can improve their planning and management level by dissecting the production factors and visualizing the linkages between inputs and outputs. Tracking business change is critical to attracting investment and credit.

Ricky Griffin Theory

Ricky Griffin is a renowned management scholar and author who developed a model to explain organizational behavior and management practices. The model was introduced in the 1980s and has been widely used and cited in management and organizational studies. The model proposes that organizational behavior and management practices are shaped by three interrelated variables: the external environment, the organization's strategy and structure, and the behavior and attitudes of individuals within the organization. According to Griffin, these variables interact to influence an organization's success or failure.

Initially, the model focused on the interplay between three key variables: the external environment, the organization's strategy and structure, and the behavior and attitudes of individuals within the organization. However, the model has been expanded to incorporate additional factors, such as cultural values and beliefs, crucial in shaping organizational behavior and management practices (Taiwo & Idunnu, 2010). In addition to incorporating new developments in the field, the evolution of Griffin's model also reflects changing societal and economic conditions (Wood, 2010). For example, the increasing importance of global economic factors has led to the recognition of the role of international markets in shaping organizational behavior and management practices. Wood (2010) also noted that the increasing use of computational models and extensive data analysis has led to a greater emphasis on the role of technology in shaping organizational behavior and management practices.

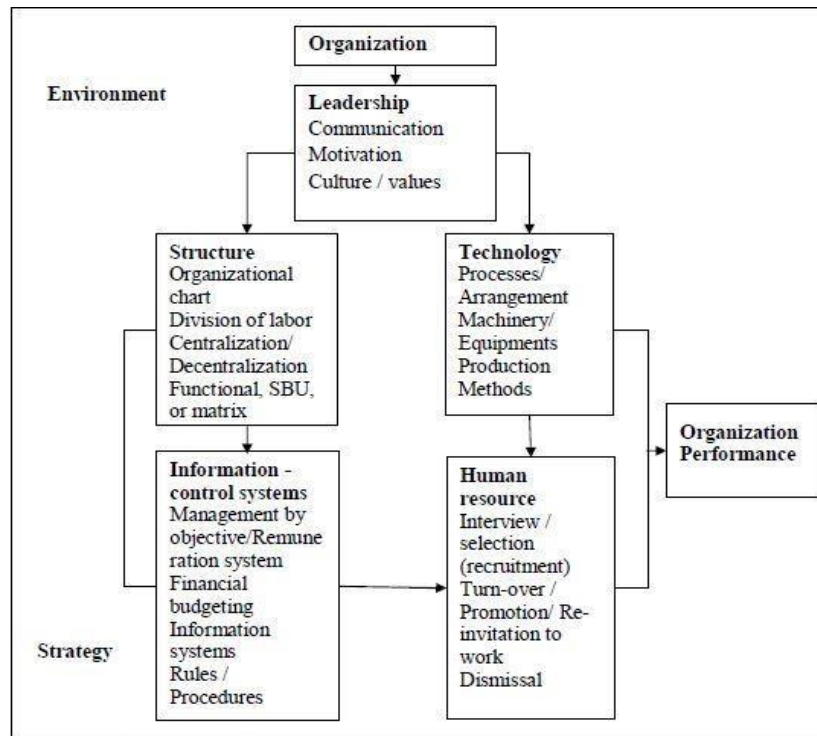


Figure 1: Ricky Griffin's Model (2007)

One of the strengths of Griffin's model is its comprehensiveness, as it considers internal and external factors that can impact the success of an organization. Additionally, the model is flexible and can be applied to organizations of varying sizes and types, making it useful for many studies (Shields, 2007). One of the main criticisms of the model is its lack of empirical support. Despite its widespread use, there has been limited empirical Research testing the model's validity, making it difficult to assess its accuracy and reliability (Zima, 2007). For example, the model provides a general framework for understanding organizational behavior and management practices but does not provide concrete guidelines for how organizations should implement these practices.

Griffin's model provides a helpful framework for understanding the factors influencing the success of Micro, Small, and Medium Enterprises (MSMEs) regarding financial uptake. By considering the interplay between external factors, such as market conditions and competition, and internal factors, such as organizational structure and behavior of individuals, researchers can gain a deeper understanding of how these factors contribute to the financial uptake of MSMEs.

Empirical Review

This literature review segment reviews the literature on investors on relationships, businesses' readiness for investment, innovative financing, and demand for equity and investor characteristics.

Investor Relationship and Financial Uptake among MSMEs

Investors have a critical role in a company's performance and expansion. Investor relations (IR) is characterized by effective communication and successful management of information flow between stakeholders and investors. Effective investor relations ensure that investors know the business's current position, objective, and strategies to reach the set goals. Research shows that investor relationships positively and significantly affect financial uptake. Businesses with better investor relationships have been studied to have a higher financial uptake and are consequently more successful.

A few studies have investigated the effect of investor relationships on financial uptake. Waari and Mwangi (2015) investigated the determinants of financial uptake in Meru County, Kenya. The study showed a positive relationship between investor relationships and financial uptake among SMEs in Kenya. Abut et al. (2016) also found that businesses with better investor relationships had a higher financial uptake among women-owned small-scale enterprises in Ghana's Wa and Jirapa districts. Oluoch (2019) investigated factors influencing microfinancing uptake among women enterprise groups in Nakuru East constituency, Nakuru county. The study's results identified investor relationships as a strong determinant of financial uptake among women-owned enterprises. Oluoch (2019) found that good investor relationships can lead to increased trust, better communication, and more favorable loan terms, all of which contribute to greater uptake of financial services.

The three studies reviewed in this sub-section provide evidence of a positive effect on investor relationships and financial uptake. The results of these studies suggest that solid investor relationships can help firms to secure investment and achieve financial growth. These findings have important implications for policy and practice. They indicate that improving investor relationships may be an

effective strategy for increasing financial uptake among small and medium-sized enterprises. The current study aims to investigate the effect of strategic management on financial uptake by evaluating the hypothesis:

H01: Investor relationships affect financial uptake among women-owned MSMEs in the informal settlements in Nyeri County.

Businesses' Readiness for Investment and Financial Uptake among MSMEs

"Investment readiness" refers to a company's ability to understand and meet the specific demands of financiers, and it is a crucial factor in determining whether a company receives capital investment (Amentie et al., 2016). Investor preparedness and investment strategy are the two significant facets of adequate investment readiness. Firms must show creditors that their companies are long-term and well-run and present articulate financial projections, investor lures, and memoranda to make a strong case for investing in the company.

Fraser et al. (2015) meta-analyses investigated factors and barriers to financial uptake among businesses. The study noted that investment preparedness determines the investment ability of enterprises that require outside funding. The failure to acquire financing indicates that most enterprises seeking external financing fell short of investment standards. Majkova et al. (2014) examined the obstacles to financing young enterprises in Slovakia. Most financiers rejected investment propositions for three main reasons: deficiencies in the marketing strategy, management, and financial concerns, such as inaccurate financial predictions. Amarteifio and Frimpong (2019) investigated the correlation between investment readiness and access to external financing among Ghanaian MSMEs. The study found that the business's growth opportunity limitation and low expectations were relevant but less frequently mentioned. Amarteifio and Frimpong (2019) noted that most participants could not build a viable revenue plan.

The studies indicate a significant effect of business preparedness on financial uptake. However, none of the studies were conducted on the target population, MSMEs in Kenya, specifically informal settlements of Nyeri county. The business did not consider business readiness as a market strategy. The current study aims to address these gaps by evaluating the hypothesis:

H02: Businesses' readiness affects financial uptake among women-owned MSMEs in Nyeri County, Kenya.

Financial Literacy and Financial Uptake among MSMEs

Financial literacy is becoming increasingly important today due to the increased financial market complexity and availability of various financial products. Financial literacy directly impacts financial uptake, which is individuals' and households' usage of financial services and products. Financial literacy is critical in ensuring that individuals make informed decisions when managing their finances for higher financial uptake and greater financial stability.

Gathungu (2018) analyzed the impact of financial literacy on financial uptake in a sample of businesses in Nairobi County, Kenya. The findings showed that enterprises with higher levels of financial literacy were more likely to use financial services and products, including savings accounts, credit cards, and investment products. Lusimbo (2016) investigated the predictor of financial uptake among MSMEs in the Kakamega Central sub-county and its effect on financial growth. The findings showed that firms with more financial literacy were more likely to use financial services and products, including bank loans, overdrafts, and investment products. A similar study by Fanta and Mutsonziwa (2021) found that SMEs with higher levels of financial literacy were better equipped to manage their finances effectively, leading to higher profits and lower debt levels. For example, a firm that understands the importance of budgeting and cash flow management is more likely to make informed decisions about allocating resources.

The reviewed literature indicates that financial literacy affects financial uptake among SMEs. While two of the studies used samples from Kenya, none of the studies considered the effect of gender and financial background on financial uptake. The studies also did not consider financial literacy as a market strategy. The present study aimed to fill the gaps by evaluating the following assertion.

H03: Financial literacy affects financial uptake among women-owned MSMEs in the informal settlements in Nyeri County, Kenya.

Impact Investment and Financial Uptake among MSMEs

Impact investing capital has grown tremendously over time and is expected to be worth more than 800 billion dollars by the decade (Battilana et al., 2020). The objective of impact investing is to deliver social and economic value. (Scholtens & Sievänen, 2013). Impact investing's efficacy is determined by the ventures' socioeconomic achievement, intimately linked to the investee companies (Weber, 2016). The current understanding of impact investing is still low, with much Research focusing on the principle and its various typologies. Despite the advancement of knowledge in impact investing, researchers have yet to investigate impact investment's effect on financial uptake.

Gregory (2016) identifies several hazards in the impact investing sector that could reduce financial results. For example, the focus on social benefits heightened risks associated with predicted investment rewards. Likewise, impact investors' increased emphasis on social rewards while focusing on investment rewards raises outward legitimacy problems. Agrawal and Hockert (2019) examined managing conflicts between impact investors and business owners. The results contributed to better comprehending the impact financing process, especially regarding difficulties like matching impact investing and investee social business objectives. Agrawal and Hockert posited that, contrary to venture capital, impact financing is driven by an investee's potential to generate social benefit,

which is crucial in the cross-interaction between investor and entrepreneur. In the same way, professional experience is vital in for-profit financing; concentration in the humanitarian sector is essential for alignment and profits.

The empirical Review indicates that no studies have directly investigated the effect of impact investment on financial uptake. Current studies have reviewed the main goals of impact investors and their disconnect with investees that may contribute to low financial uptake. The studies have also considered the effect of gender and financial background on financial uptake. The studies do not consider financial literacy as a market strategy. The present study aimed to fill the gaps by evaluating the following hypothesis.

H04: Impact investment affects financial uptake among women-owned MSMEs in the informal settlements in Nyeri County, Kenya.

Research Methodology

This study utilized a descriptive research design, specifically a cross-sectional design (Van-Oudheusden, 2015). The study's target population was women-owned MSMEs in the informal settlements of Nyeri County, Miiri Njoguini, and Gitero. According to the Nyeri County report in 2021 by the department of business licensing, there were 890 women-owned MSMEs in the informal settlements. The business formed the target population of the study. Proportionate stratified and simple random sampling techniques were used to select participants. Stratified sampling was used as the three informal settlements formed natural strata due to its efficiencies. The benefits of stratified sampling over other methods include increased precision and reduced sampling error compared to simple random sampling (Muturi, 2016). First, a list of registered MSMEs in the informal settlement from the Nyeri county government's annual report was obtained (Kamunge, 2014). Each business was assigned a unique identifier from 1 to 890. The sample size was then calculated using Taro Yamane's formula. A random number generator was used to select 275 MSMEs from three informal settlements with a sampling factor of 0.03089 (30.89%) of the target population.

Table 1: Distribution of Sample Size

Strata	population	sampling factor	sample	Proportion
Miiri	290	0.308989	90	32.58%
Njoguini	297	0.308989	92	33.37%
Gitero	303	0.308989	94	34.04%
Total			275	100.00%

Source: Researcher (2023)

The study used close-ended questionnaires close-ended questions were used to collect quantitative data. The use of questionnaires contributed reliability and validity of the study's findings, as the data collected was uniform and structured. (Fowowe, 2017). Before data collection, A pilot study was used to test the feasibility and practicality of research instruments before the full-scale investigation was implemented. The reliability of the questionnaire was tested using Cronbach's alpha, as shown in *Table 2*. All the measures were reliable, with Cronbach's alphas above 0.7 (Mason and Harrison (2014).

Table 2: Reliability Test

Measure	Items	Cronbach's Alpha
Investor relationships	4	0.781
Impact investment	3	0.725
Business readiness	4	0.801
Financial literacy	4	0.754
Financial uptake	4	7.490
Overall	19	0.768

Sources: Data (2023)

A multiple linear regression model was applied to test the effect of market system strategies on financial uptake.

$$1. Y_1 = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + e$$

where Y_1 =: Financial uptake uptake

X_1 = Investor relationships.

X_2 = Business readiness for investment.

X_3 = Financial literacy.

X_4 = Impact investment

e = Regression error.

Findings and Discussion

The section comprised statistics used to infer or generalize the target population, in this case, women-owned MSMEs in the informal settlements of Nyeri county. The correlation and multiple linear regression analyses and ANOVA are presented in the section.

Correlation Analyses

The table presents the association between market system strategies, investor relationships, business readiness, impact investment and financial literacy, and financial uptake.

Table 3: Correlation Analyses

Correlations		Investor relationships	Business Readiness	Financial literacy	Impact investment	financial uptake
Investor relationships	Pearson Correlation	1	.360**	.052	-.138*	.643**
	Sig. (2-tailed)		.000	.411	.030	.000
	N	248	248	248	248	248
Business Readiness	Pearson Correlation	.360**	1	.281**	-.088	.337**
	Sig. (2-tailed)	.000		.000	.167	.000
	N	248	248	248	248	248
Financial literacy	Pearson Correlation	.052	.281**	1	.157*	.349**
	Sig. (2-tailed)	.411	.000		.013	.000
	N	248	248	248	248	248
Impact investment	Pearson Correlation	-.138*	-.088	.157*	1	.361**
	Sig. (2-tailed)	.030	.167	.013		.000
	N	248	248	248	248	248
financial uptake	Pearson Correlation	.643**	.337**	.349**	.361**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	248	248	248	248	248

Sources: Data (2023)

Table 3 shows a correlation analysis of the four independent variables (financial literacy, impact investment, investor relationships, and business readiness) and the dependent variable (financial uptake). Investor relationships had a strong positive and significant correlation with financial uptake. The result was similar to those of Abut et al. (2016). Individuals with higher financial literacy were more likely to have a higher financial uptake through participation in the financial markets and making informed decisions. Financial uptake has a positive and significant correlation with business readiness. The result is supported by Fraser's et al. (2015) study, which found that small businesses with higher business readiness had a higher financial uptake and were more likely to grow their businesses. Investor relations have a strong and positive correlation with financial uptake.

The result aligns with Lusimbo's (2016) finding that businesses with better investor relations, especially those with trust, will likely attract and consume more financing. The study noted that investor relationships influence investor decisions. The study also found a positive and significant correlation between impact investment and financial uptake. The finding is similar to that of Battilana et al. (2020), who found businesses with social impact attracted and consumed more financing as investors achieved financial and social returns. The study noted that impact investment businesses have equal or higher returns than other businesses.

Multiple Regression Analysis

A multiple regression model was run to test the significance of the effect of market system strategies on financial uptake.

Table 4: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.827 ^a	.684	.679	.33314

a. Predictors: (Constant), Financial literacy, Investor relationships, Impact investment, Business Readiness

Sources: Data (2023)

The model had a coefficient of determination (R-squared) of 0.684, indicating a good model fit. Strategic management of market factors (financial literacy, investor relationships, impact investment, and business readiness accounted for 68.4% of the variation in financial uptake. Twenty-one percent of the variation in financial uptake was unaccounted for by the independent variables in the model.

Table 5: ANOVA

ANOVA						
Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	58.311	4	14.578	131.348	.000 ^b
	Residual	26.969	243	.111		
	Total	85.280	247			

Source: Data (2023)

The model's analyses of variance indicated that the combined effects of independent variables were significant predictors of financial uptake, $F = 251.336$, $p < .01$, at 0.05 significance level. There was enough evidence to reject the null hypothesis and conclude that strategic market factors (financial literacy, investor relationships, impact investment, and business readiness) are significant determinants of financial uptake among women-owned MSMEs in Nyeri county.

Table 6: Coefficients

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.266	.178		1.494	.137
	Investor relationships	.443	.026	.664	17.052	.000
	Business Readiness	.076	.044	.071	1.748	.008
	Impact investment	.281	.025	.423	11.411	.000
	Financial literacy	.212	.036	.228	5.956	.000

Source: Data (2023)

Table 5 shows a summary of the coefficients of the regression model that predicted debt financing uptake. The regression model was: Financial uptake = $-0.266 + 0.443$ investor relationships + 0.076 business readiness + 0.281 impact investment + 0.212 financial literacy. Investor relationship had a coefficient of 0.443 with a p-value of 0.00, indicating the factor was a significant predictor of financial uptake at a 0.05 significance level. The coefficient was positive, which indicated that an increase in the strength of investor relationships led to an increase in financial uptake. An increase in the strength of investor relationships by one unit led to an increase in financial by 0.443 units.

The finding is supported by Waari and Mwangi (2015), who investigated the correlation between investor relationships and debt financing among MSMEs in Meru County. The study found that firms with a transparent image and close relationships with their investors had a high financial uptake. The study attributed the relationship to a good public image created when companies show honest dedication to their stakeholders, leading to more sales and better financing options. Waari and Mwangi also noted that proactive investors guide businesses to success through their input on strategic management of market factors leading to better financing standing of their businesses.

The results also align with Abut et al. (2016), who found that women-owned MSMEs in Ghana that had better relationships with their investors also had higher credit market participation. The study noted that businesses with strong and open relationships with their investors found it easier to secure funding for projects, expansions, and other business initiatives. This is because investors are more likely to have confidence in the company's management team and its ability to deliver on its promises. In addition, businesses with good investor relationships may also benefit from lower interest rates on loans, as investors may be willing to lend money at more favorable terms. Ultimately, by maintaining strong relationships with investors, businesses increase their financial uptake, build a strong reputation in the market, and position themselves for long-term success.

Business readiness had a coefficient of 0.076 with a p-value of 0.008 that was significant at a 0.05 significance level. Business readiness had a significant effect on financial uptake. The variable's coefficient was positive, which indicated an increase in business readiness by one unit was associated with an increase in financial uptake by 0.076 units. The result aligns with Fraser et al. (2015) findings, who also found that business readiness was a crucial determinant of financial uptake in their meta-analyses. In their study, Fraser et al. found that poorly prepared businesses failed to convince an investor. The businesses failed to demonstrate a clear path or strategy for converting investments into profit while accounting for operational costs. Fraser's et al. also found that businesses with poor business readiness, in most cases, failed to outcompete other firms and recorded low income. Therefore, such businesses

have poor credit ratings leading to poor financial uptake., MSMEs with little business readiness have a lower financial uptake than business-ready ones.

The finding was also supported by Amarteifio and Frimpong's (2019) study, which found Ghana's SMEs with high business readiness had a better financial uptake. The Research indicated that business readiness is a critical factor that influences the financial uptake of a business. Businesses with a better level of preparedness were more equipped to handle market fluctuations, mitigate risks, and capitalize on opportunities. It allowed the businesses to operate with greater efficiency, effectiveness, and productivity, increasing their revenue and profits. In contrast, businesses that lacked readiness were more vulnerable to economic shocks, customer demands, and operational challenges, leading to financial losses and instability. Such businesses had lower creditworthiness and, subsequently, a lower financial uptake.

Impact investment also had a positive coefficient of 0.281 with a p-value of 0.000. Therefore, impact investment significantly predicts financial uptake at a 0.05 significance level. An increase in the social and environmental impact of the business by one unit was associated with a 0.281 increase in financial uptake. The finding is similar to those of Battilana et al. (2020), who noted that financial institutions had realized the value of impact investment where most have set aside funds dedicated to investment with financial and social gain. The study posited that businesses that aim to create social and environmental benefits are more likely to be financed and receive strategic support from financial institutions.

Financial literacy had a coefficient of 0.212, indicating a positive effect on financial uptake. The coefficient of the p-value of 0.00 indicated that financial literacy was a significant determinant of financial uptake at a 0.05 significance level. An increase in financial literacy by one unit was associated with a 0.212 increase in financial uptake among the MSMEs. The results align with those of Gathungu (2018) who found that financial literacy was a significant factor in determining financing uptake among MSMEs in Nairobi County. Business owners who were more aware of their financing options in the market and knew how to structure their companies to be in lucrative financial positions had more access to financing than those who were unaware. The study noted that financial education and exposure were critical financial literacy and uptake determinants.

Lusimbo (2016) also supported the assertion that financial literacy positively affected financial uptake in a study that involved businesses in Kakamega County. The study noted that businesses with more financial literacy were more likely to have a higher financial uptake because they possessed the knowledge and skills required to make informed financial decisions. Financially literate businesses can understand and interpret financial data, track their cash flows, manage their expenses, and make investment decisions that align with their long-term financial goals. A high level of financial literacy allows businesses to identify potential financial risks and opportunities and take proactive steps to manage them. In contrast, businesses with limited financial literacy may struggle to understand financial statements, mismanage their finances, and miss out on profitable opportunities. Ultimately, businesses prioritizing financial literacy are better equipped to sound, objective financial decisions.

Conclusions

The present study investigated the effect of market system strategies on the financial uptake of women-owned MSMEs in the informal settlement of Nyeri. The study specifically evaluated the effect of investor relationships, business readiness, financial literacy, and investment impact on the target population's financial uptake. The study results indicate that women-owned MSMEs with better marketing strategies are likely to have a higher financial uptake than those with poor market system strategies.

The study also found that investor relationship significantly affects financial uptake among women-owned MSMEs in Nyeri. Businesses with stronger relationships characterized by a free flow of information between owners and investors also had higher financial uptake. Based on the reviewed literature and results, investor relationships strongly affected financing uptake, where investors were more willing to invest in businesses they were connected to regardless of risk or payment timelines. Investors are also more willing to help businesses they are connected to and well aware of to take financing through providing collateral or giving financial advice. The results indicate that strong investor relationships increase the likelihood of obtaining financing.

The study found that business readiness significantly affects financial uptake among women-owned MSMEs in the informal settlements of Nyeri. Businesses that were business ready had a higher financial uptake. Such businesses were aware of the market, and financial facilities had sufficient tools to run their business successfully and were attracted to more debt and equity financing. The results show that MSMEs that are more prepared and have a strong business plan, financials, and market knowledge are more likely to secure financing from equity and debt sources. The finding shows the importance of business readiness in financial uptake.

The study also found that impact investment significantly affects financial uptake among women-owned MSMEs in Nyeri. There was a positive effect of impact investment on financial uptake among women-owned MSMEs. The findings suggest that impact investment can be crucial in addressing women-owned MSMEs' financing gap by providing them access to the capital they might not otherwise have obtained. However, it is essential to improve investor relationships to fully realize the potential of impact investment to support the growth of women-owned MSMEs. This can be achieved by increasing transparency and communication between investors and entrepreneurs and providing targeted support and training to help women-owned MSMEs effectively present their business models and growth potential to potential investors.

Finally, the study found that financial literacy has a significant impact on the uptake of financial uptake among the sampled businesses in Nyeri. The results indicate that financially literate women-owned MSMEs are more likely to access and utilize financing options to grow their businesses. There is a need for financial literacy programs and initiatives that aim to empower women-owned MSMEs with the knowledge and skills needed to navigate the financial system and access the capital they need to grow their businesses. Additionally, improving investor relations through education and communication may lead to more opportunities for financing and growth for these businesses. Overall, this study emphasizes the importance of financial literacy in promoting the growth and development of women-owned MSMEs in Nyeri and highlights the need for further Research in this area.

Policy Implications

The county government and interested parties should provide more financial management and investment training based on the finding that market system strategies significantly affect financial uptake among women-owned MSMEs in Nyeri. It is imperative to improve financial uptake among women-owned MSMEs in the county. Training will help these women entrepreneurs make informed decisions about financing options and increase financing uptake. Consequently, the businesses are likely to grow and improve the quality of life standards in the informal settlement due to higher financial uptake.

. The county government and interested NGOs should organize training seminars to educate women entrepreneurs in the county impact investment opportunities. The implication is based on the finding that incorporating impact investment positively affects financial uptake. As indicated in the literature review, one problem deterring financial uptake via impact investment is the impact scale, where investors look for investments with a large measurable social impact. The government could organize businesses with similar social impact goals into groups to attract more investors. Increasing financial uptake through developing impact investment among women can stir growth and create positive change in the community.

Thirdly the county government can help increase business readiness by creating a suitable environment for business through developing transport infrastructure and enhancing security. The implication is based on the finding that incorporating impact investment positively affects financial uptake. The government could also organize networking forums and mentorship opportunities to enhance business readiness. These initiatives can help improve the overall business operations and financial management of women-owned MSMEs, leading to increased financial uptake.

Finally, the Research found investor relationships affect financial uptake among women-owned MSMEs in Nyeri county as such the county government should launch awareness campaigns to educate women-owned MSMEs on the importance of building strong relationships with investors and provide them with tools and resources to help them establish these relationships. This could include workshops and training sessions on communicating effectively with investors and negotiating investment deals. Improving financial uptake through enhancing investor relationships can contribute to MSME growth and success in the county

Limitations and Future Research

The study used self-reported data to measure financial uptake and market systems strategies. This could lead to bias as some respondents may underreport their financial uptake and overreport their strategies. Future Research should use more objective measures such as data from financial institutions, or objective tests to evaluate measures such as financial literacy. The use of a non-generalizable sample also limited the study. The study used a sample of women-owned MSMEs in informal settlements of Nyeri county. The sample cannot be generalized to women-owned businesses in the country. MSMEs in informal settlements of Nyeri county have a unique economic environment that is different from other MSMEs in the country. Future Research should study the effect of market system strategies on all categories of MSMEs. Moreover, there is a potential sampling bias as some of businesses in the informal settlement are not registered by the county government and were therefore not included in the study.

Future research studies should study the predictor of digital financing uptake among women led MSMEs given the potential of the lending space, its capacity to surmount access barriers in the lending and its overall impact on the financing market.

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