

**MICROCREDIT SERVICES AND PERFORMANCE OF WOMEN OWNED
ENTERPRISES IN KILIFI COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
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MARCH, 2021

DECLARATION

I declare that this project is my original work and has never been presented in any other university for any other award. No part of this project should be produced without authority of the author or/and Kenyatta university

Signature.....

Date.....

SAUMU SIDI JULIUS
D53/OL/MSA/32376/2016

I confirm that the work in this project has been done by the candidate under my supervision

Signature..... Date

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DEDICATION

I wish to dedicate this work to my lovely mother for her undying love and for the support which has sustained me during the development of this project.

ACKNOWLEDGEMENT

I would like to express my sincere gratitude to all who helped and supported me during the process of undertaking my master studies. First of all, I thank God Almighty for His divine intervention and guidance in giving me the spirit of commitment, patience and resilience in developing and eventual production of this piece of work. I am greatly indebted to my supervisor Mr Maina Rugami who availed the required guidance and support, valuable advice, to ensure that a quality research project is developed. I am sincerely thankful.

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ABBREVIATIONS AND ACRONYMS

CBK Central Bank of Kenya

KBA Kenya Bankers Association

MFIs Microfinance Institutions

RBV Resource Based View

SPSS Statistical Package for Social Sciences

ROE Return on Equity

ROA Return on Assets

OPERATIONAL DEFINITION OF TERMS

Micro credit services	Financial services including very small loan facilities, transfer of money, micro insurance, micro leasing and savings among the extremely poor members of the society for expansion of their businesses
Performance of women owned enterprises	This occurs when sales growth and turnover combined is achieved in women owned enterprises.
Loan Facilities	These are credit facilities provided by microfinance institutions
Saving Services	This is the mobilization of resources for provision of other credit facilities to other members
Convenience of credit institution	Is the practice that ensures services offered to women owned enterprises in the market are easily accessible and sustainable.

ABSTRACT

Even though women owned enterprises are playing a crucial task in ensuring economic growth, most of them are faced with issues with commercial banks remaining adamant in advancing credit facilities. Majority of them are at micro level and have limited capability of transacting into larger institutions due to limited skills, knowledge and low accessibility to credit facilities. The main economic activities that the women are engaged in Kilifi County include small scale business/trade, bodaboda business, Mnazi tapping and casual labour. There has been a rise in the number of women owned enterprises in the County with the advent of county government system. The County Government of Kilifi has given procurement opportunities and credit to women to start or expand their businesses. The study sought to bridge the gap by finding out how Kilifi County women owned enterprises affected by microcredit services and specific objectives were to establish how performance of the women owned enterprises are influenced loan facilities, saving sources, financial literacy services and convenience of credit institutions. Dynamic capability theory of the firm and RBV theory anchored the study. 1281 Kilifi County women owned enterprises was the study population. Stratified random sampling technique was used. 296 of women owners, women partners and women managers of these registered enterprises in Kilifi County was the sample size. Both quantitative and qualitative data was obtained. To analyze qualitative data, content analysis was employed. Both inferential and descriptive statistics were employed for quantitative data covering regression analysis, standard deviations and mean. The study established that microcredit services had a positive effect on the performance of women owned enterprises in Kilifi County. The study concluded that microcredit services offered by MFIs positively and significantly influenced the performance of Kilifi County women-owned enterprises. The study recommends that the women-owned enterprises ought to be sensitized on the available microcredit services and how to access them and that the saving culture of enterprises need to be improves to enhance their capital base and performance

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Women play an important role in the growth of the economy and thus require empowerment by ensuring that they can access credit facilities conveniently for supporting their businesses. The key pillar of success and ultimate performance of women owned businesses is their accessibility to credit facilities required for running the day to day affairs (Ul-Hameed, Mohammad & Shaha, 2018). The story of most successful and developed countries can be attributed to small businesses (some of which are women owned) which are so innovative in the changing business environment. An assessment of how growth of Kenyan women owned enterprises is influenced by micro credit on by Mamun (2016) revealed that about 3 million small businesses are supported by microfinance sector. It was further noted that accessibility to micro credit positively impacts on growth and performance of enterprises especially those owned by women.

Accessibility to credit is the major constraint limiting performance of women owned enterprises. Financial institutions like commercial banks are reluctant to advance loans to these women owned enterprises because of the costs involved. To meet this gap, Microfinance institutions offer loans to customers at a relatively lower interest rate. Women owned enterprises stand to significantly benefit from accessibility to credit facilities through increased stock and sales revenues. Such enterprises are in position to take up risky projects and the higher the risks, the greater the returns in the event that the projects undertaken become successful. This observation is according to Belás, Vojtovič and Ključnikov (2016) in microenterprises and significant loan risks.

Women owned enterprises are particularly useful to low income earners involving women who are financially secluded from accessing commercial banks' financial services. In fact, microcredit service is one of the avenue and policy mechanism used by governments to empower women. In most of the countries, the financial needs of low income earners have not been fully and effectively attained by commercial banks because of strict baseline demands and requirements (Hameed, Hussin, Azeem, Arif&Basheer, 2017). Additionally, low income earners are perceived to have low credit worthiness by commercial banks arising from limited assets ownership to be pledged as collaterals. To fill these gaps, Women owned enterprises have

significantly gained attention as these services are aligned to the financing needs of women (Garg&Agarwal, 2017).

1.1.1 Micro-credit Services

Micro-credit services are financial services including very small loan facilities, transfer of money, micro insurance, micro leasing and savings among the extremely poor members of the society for expansion of their businesses (Mamun, 2016).Microcredit Services are largely functional in developing countries where small businesses have limited accessibility to financial services from commercial banks. Hameed et al. (2017) classified Microcredit Services to cover provision of credit and savings, financial intermediation services including group formation and financial literacy to impart owners of the business with skills and knowledge of managing their enterprises.

Microcredit Services are usually offered by microfinance institutions (MFIs). For the period of 2016 and 2017, there was an increase in customer deposits of these MFIs from Kshs. 2,682,308 million to Kshs. 2,937,971 respectively resulting into a 9.53% increase. For 2017, the total advances to customers by microfinance institutions stood at Kshs. 42,849 million (CBK, 2017). Thus, it can be inferred from the above CBK statistics that Microcredit Services have improved among business owners and thus positively influencing growth.

Microcredit services play an important role to women owned enterprises by enhancing accessibility to loan facilities, offering of savings services, enhancing financial literacy and conveniences. The other critical services played by Microcredit on women owned enterprises include allowing low income households and business people to access insurance, leasing and training of business owners hence creating a financially literate economy (Atmadja, Su& Sharma, 2016).The loan facilities offered are customized to the need of low income borrowers with flexible repayment terms and conditions. The interest charged on these credit facilities is relatively lower as compared to the one commercial banks charge. This enhances the growth and expansion of enterprises owned by low income individuals as the borrowed funds are used to support the operations of the businesses (Akotey&Adjasi, 2016).

Savings is the basis of investments as people invest a portion of what they have saved. Thus, microcredit services play an important role in festering savings which are used for investment

purpose among enterprises and low income people. Financial literacy is another role played by microcredit institutions (Al-shami, Razali& Rashid, 2018). This is achieved through organizing for conferences, seminars and meetings with account holders. During these seminars, important information including how to effectively manage their enterprises is passed to members. Thus, financial literacy serves to improve on skills and knowledge of the owners of small businesses besides improving on their decision making abilities (Alhassan, Hoedoafia & Braimah, 2016).

Convenience of credit institution is the planning practice that ensures services offered to women owned enterprises in the market are easily accessible and sustainable. Microcredit institutions partner with some of the enterprises to effectively serve the market hence improving on the revenues generated. Organizations exist because of the markets which comprise of the customer base (Zulfiqar, 2017). A well performing organization has a large customer base and thus market. Thus, by market convenience, Microcredit institutions directly impacts on the amount of revenues generated by women owned enterprises and thus their financial performance. Market convenience ensures that enterprise owners are able to retain their relative market shares in their industry of operation (Welsh, 2016).

1.1.2 Performance of women owned enterprises

Performance occurs when sale growth and turnover combined is achievable in women owned enterprises. To determine performance, either financial or non-financial indicators may be applied. Komppula (2013) ascertains that measurements of financial performance include profitability, return assets and return equity while organizational performance non-financial measures are employee efficiency, customer retention and customer satisfaction. Omari, Ateka, & Nyaboga (2013) posit that employees and management can know if the work they are doing is legit or not through performance.

Ekwueme, Egbunike and Onyali (2013) argue that 4 major buckets can measure organizational performance: financial viability (the extent which an institution is viable over a long and short term horizon and the duration the institution has remained profitable), relevance (the extent to which the activities of an institution are perceived by the stakeholders to be in line to their wants and needs), efficiency (an organization's ability in using its resources properly) and lastly effectiveness (If an institution is able to achieve its objective) Some of the organizational

performance's important aspects include: organizational processes and systems, organizational culture, motivated workforce and revenue generated.

1.1.3 Women Owned Enterprises in Kenya

An enterprise is a business organization that aims at generating revenue from the funds invested by owners. Generally, there has been a rise in the number of women owned enterprises across the world due to increased access to start up loans, advisory and training opportunities. For instance, in United States, over 8 million firms are women owned with an employee base of 7 million people and accounting for \$1.5 trillion of revenues generated in an economy (Alhassan, Hoedoafia&Alhassan, 2016).

In Kenya, concentration of most the enterprises owned by women are in the informal sectors that are characterized by high level of competition. As of 2016, 32.2% of licensed SMEs in Kenya were women owned, basing on the unlicensed enterprises (those in the informal sector), women owned 60.7% of them. Women owned enterprises account for 43% of income that is reported in Kenya (Chen, Chang & Bruton, 2017).

The statistics from the ministry of finance in Kilifi County (2018) indicate that there are 1281 women owned enterprises established in different sectors. Most of the enterprises owned by women are at micro level and have limited capability of transiting into larger institutions due to limited skills, knowledge and low accessibility to credit facilities. In spite of these challenges faced by women owned enterprises in Kilifi County, there exists evidence to document how microcredit can enhance performance of such business. It is against this background that this research sought to determine how interventions of Microcredit Services would result into performance of these women owned enterprises in Kilifi County.

1.1.4 Kilifi County

It is one of the six Coast region counties covering an area of 12,609.7 Km² and bordering the Indian Ocean to the east, Mombasa County to the south, Tana River County to the north, TaitaTaveta County to the west and Kwale County to the south west. It is sub-divided into 7 sub-counties: Rabai, Kaloleni, Magarini, Malindi, Ganze, Kilifi South and Kilifi North. It has 175

sub-locations, 54 locations, 54 locations, 17 divisions, 35 county wards and 7 Political Constituencies

The main economic activities that the women are engaged in include small scale business/trade, bodaboda business, Mnazi tapping and Casual labour.

There has been an increment in women owned enterprises number in the County with the advent of county government system. The County Government of Kilifi has given procurement opportunities and credit to women to start or expand their businesses. The research hence sought to establish how performance of Kilifi County women owned enterprises is affected by microcredit services.

1.2 Statement of Research Problem

Even though women owned enterprises are playing a crucial task in ensuring economic growth, most of them are faced with issues with commercial banks remaining adamant in advancing credit facilities. Majority of them are at micro level and have limited capability of transacting into larger institutions due to limited skills, knowledge and low accessibility to credit facilities (Geleta, 2016).

The government has made several efforts including formulation of effective policies, regulations and creation of a suitable operating environment, these efforts have borne significant results as far as women owned enterprises is concerned. For instance, in 2016, the CBK passed the interest capping regulation that was meant to lower the cost and affordability of access to credit facilities among commercial banks hence the growth in women owned enterprises (CBK, 2017). According to Lock and Lawton Smith (2016), Microfinance Services are the only avenues that the government can use as policy mechanisms of ensuring that more women owned enterprises access credit for better performance.

Performance of women owned enterprises can greatly improve if microcredit services are heightened to influence growth and turnover of these businesses. A research gap exists in establishing loan facility, saving services, financial literacy and convenience of the microcredit

institution effects on performance in terms of sale growth and turnover of women owned enterprises in Kilifi county.

Studies have been undertaken exploring Microfinance Services and financial performance, although in different contexts. For instance, Alhassan, Hoedoafi and Braimah (2016) looked at how microfinance influences profitability among women owned enterprises in Ghana. The key finding was that microfinance influences women owned enterprises performance. This research however focused on Ghana and not Kenya. While focusing on women owned SMEs in Tamale Metropolis, Alhassan (2016) assessed how microfinance influences their performance and a positive relationship was established. This study was however not conducted in Kenya hence creating a research gap.

Wachira (2013) in his study on how SMEs growth and development is affected by MFIs, he established that services by MFIs have created a stable environment for SMEs to thrive. MFIs provide loans which aid the SMEs in getting seed capital to expand and grow however the study did not establish how the various services apart from loans assist SMEs to perform and be competitive. Ngechu (2010) similar in his study established the SMEs are given solutions by MFIs by providing market facilitation, management skills development, literacy skills and financing but did not establish the influence it has on the enterprises performance which this research sought to find out

Thus, in as much as studies have explored Microfinance and financial performance, most of these studies however focused in different contexts in terms of counties. Other studies were done among SMEs as a whole and not specifically women owned enterprises. This created research gap that the current research sought to close through finding out how Kilifi women owned enterprises are affected by microcredit services.

1.3 Research Objectives

The main objective of the study was to find out how Kilifi women owned enterprises affected by microcredit services.

The study was anchored on the following specific objectives;

- i. To assess how Kilifi women owned enterprises are affected by loan facilities

- ii. To determine how Kilifi women owned enterprises are affected by savings services
- iii. To investigate how Kilifi women owned enterprises are affected by financial literacy services
- iv. To establish how Kilifi women owned enterprises are affected by convenience of credit institution

1.4 Research Questions

- i. What is the effect of loan services on performance of women owned enterprises in Kilifi County, Kenya?
- ii. What is the effect of savings services on performance of women owned enterprises in Kilifi County, Kenya?
- iii. What is the effect of financial literacy service on performance of women owned enterprises in Kilifi County, Kenya?
- iv. What is the effect of institution convenience on performance of women owned enterprises in Kilifi County, Kenya?

1.5 Significance of the Study

The research will benefit the Kenyan women owned enterprises management, academicians, regulatory bodies and future scholars. Through the findings, informed decisions regarding business finances will be made by the management of all women owned enterprises hence financial performance. Also, the findings will help the regulatory bodies to come up with best rules and regulations that govern microcredit institutions. The findings will be relied on by future academicians and scholars to increase literature on micro credit facilities and how they influence financial performance.

1.6 Study Scope

The study assessed Microcredit Services and how they influence performance. Specifically, the study looked at loan facilities, savings services, financial literacy and institution conveniences and how they influence performance. The study focused on Kilifi County women owned enterprises specifically.

1.7 Study Limitations

The study was limited to respondents' goodwill and freedom in answering the questions. To overcome this limitation, the researcher provided assurance to respondents that all information sought from respondents was treated with utmost confidence.

1.8 Study Organization

This project contains five chapters. Chapter one discusses the study background, the research problem statement, study questions and research objectives, the study limitations, scope and significance. Chapter two reviews the related literature. Chapter three covers the research methodology. The fourth chapter covers the research findings and discussions and the final chapter presents summary of research findings, conclusions and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Theories used in the study are discussed in this section. The past empirical studies are also reviewed with the summary showing the gaps and the conceptual framework.

2.2 Theoretical Review

The study was informed by the resource-based view theory and the dynamic capability theory.

2.2.1 Resource Based Theory

Barney (1991) formulated this theory with the aim of explaining how firms can leverage on resources to gain competitive advantage and thus performance. There are different varieties of resources in an organization which can include financial, human and technological. For sustained competitive advantage in an organization, the theory argues that the resources in place should be rare and difficult to imitate and be copied by competitors (Xie&Lv, 2016).

The theory indicates that an organization gains competitive advantage by employing a bundle of resources in its stock. The theory particularly focuses on internal resources, the strategy of the organization and the overall performance. Studies linking accessibility to microfinance consider RBV as an anchorage to identify and analyze resources at the disposal of the firm and this influences financial performances (Alvarez& Barney, 2017).

Resources in an organization can either be tangible or intangible and they can be taken through a system to be transformed into outputs. Thus, resources in an organization can be used as inputs of generation of revenues. The theory argues that the internal dynamism of the firm is an important factor when it comes to access to credit facilities from lending institutions. There is always information asymmetry provided by intermediation role of lending institutions that affects the transactions (Inman, 2016).

In order to clearly understand the credit worthiness of borrowers, most financial entity collects information of borrowers. This helps in reduction of the credit risk and thus performance of an

institution (Kyalo&Kiganane, 2018).This theory is relevant to the study because access to loans and savings can be taken as resources that help in attaining optimal performance among women owned enterprises. In other words, performance of women owned enterprise depends on resources which are best supplied by lending institutions.

2.2.2 The Dynamic Capability theory of the Firm

It is based on Barney (1986) work. David Teece launched it in early 1990s. It's an RBV framework advancement which considers resources to be primary to the performance of an organization. The theory is based on the idea that resources will always be renewed by institutions in ways suiting the changes happening in a dynamic environment. The view investigates how companies can reconfigure, build and integrate their specific external or internal competencies into new competencies matching changes happening in a turbulent surrounding. Its basis is on the believe that institutions with smaller dynamic capabilities will always be outperformed by greater dynamic capabilities

Therefore, Barney (2007) posit that firm's external and internal specific capabilities' continuous renewing re-engineering and regenerating is called upon by operations in a dynamic environment so as to remain competitive. Developing and transferring dynamic capabilities is hard since they are tacit and embedded the firm's histories and relationships set that are unique. RBV highlights that dynamic capabilities are about uncertainties right tasks at the right time in reference to organizational culture, unique processes and technological opportunities and business environment prescient assessment surrounding the firm while ordinary capabilities are about doing things right. leadership skills, technology, business models and processes are strong dynamic capabilities required to effectuate transforming an organization, seizing and high-performance sensing

2.3 Empirical Literature Review

2.3.1 Loan Facilities and Performance

Accessibility to loan is the major constraint limiting performance of women owned enterprises. Financial institutions like commercial banks are reluctant to advance loans to these women owned enterprises because of the costs involved. To meet this gap, Microcredit institutions offer

loans to customers at a relatively lower interest rate. Enterprises stand to significantly benefit from accessibility to credit facilities through increased stock and sales revenues. Such enterprises are in position to take up risky projects and the higher the risks, the greater the returns in the event that the projects undertaken become successful. This observation is according to Belás, Vojtovič and Ključnikov (2016) in microenterprises and significant loan risks.

Although there are different types of loans offered by Microcredit institutions to women owned enterprises, they all serve the same purpose which is to influence performance. Loan facilities can be issued to individuals or among people working in groups. There is no requirement for collaterals in group lending. Nxumalo and Kaseeram (2017) argues although group lending is advantageous, some members may however default thus creating pressure for other members of the group to repay the amount defaulted.

Microcredit is customized to the financial needs of women enterprise owners, thus increases the ability of women owners of businesses to access loan facilities that can be used for expansion of their enterprises. Although credit may be available in the lending institution, there however exist gaps for many women owned enterprises to access the credit facilities (Lebovics, Hermes&Hudon, 2016).

2.3.2 Savings Services and Performance

As a microcredit service, saving is important to customers whose assets are relatively small so that they are able to make group and weekly savings which can be mobilized for provision of other credit facilities to other members. The amount and pattern of saving usually determine the amount of loans advanced by the lending institutions.

Most lending institutions use the amount of savings to determine the amount of loans that individuals qualify. High amount of savings can attract greater amount of loans in the vent of borrowing. Savings can also be used as collateral during borrowing of credit facilities. In the event that the borrower fails to meet the amount borrowed (default), a lending institution can freeze the amount saved until the loan advanced is cleared (Kimanzi, 2016).

People make savings for different purposes which are best described as motives for holding cash. Thus, people can make savings for to meet the present or future consumption pattern, unforeseen changes including a risk or calamity.

The frequency which women owners' saves money in financial institutions determines the size of the saving which goes a long way to influencing the amount of loans that can be granted. Savings make on a regular basis will increase the available balance and one stands to get a large loan in case of borrowing which can be used for expansion if operations of the business and thus performance of the firm. The type of account maintained by a customer informs the frequency with which savings are made. There are certain accounts where once a fixed initial amount of saving is made; there is no addition until a stated period of time (Ul-Hameed, Mohammad & Shahar, 2018).

In economic terms, savings comprise of the portion of income that is not consumed. This has an implication that an increase in savings would mean a reduction in consumption. In a firm, consumption would mean payment of expenditures that do not directly influence profitability of the business. Women owners of enterprises should therefore be careful to strike a balance between consumption of their business and what is left for saving (Mori, 2016).

2.3.3 Financial literacy Services and Performance

Financial literacy is arrangement and facilitations done to create more awareness among women enterprise owners for improved skills. Financial literacy can be attained through organization of seminars, meetings, events and conferences. Such arrangements include training and impartment of crucial skills required by women owned enterprises. For better performance of enterprises, women owners need to be trained on how best to manage finance, manage customer complaints, handle conflicts of employees and make informed decisions that drive the overall performance of an organization (Maina & Mwititi, 2016).

Capacity building is crucial among women entrepreneurs as it directly fosters mentoring and social capital that are crucial drivers of financial performance. Mentoring is ideal as it helps in ensuring the specific issues and challenges faced by women entrepreneurs are effectively solved. At the same time, most women owned enterprises are managed by people with adequate training.

Capacity building is aimed at building and increasing the women entrepreneurs' knowledge for them to solve complex issues in the environment of their operation. Most women enterprises are still at micro level which is attributed to limited skills among owners to think outside the box and make informed decisions. Most women owned enterprises require sufficient training and skills for managers and other inputs for better performance (Baltov, 2016).

To start and operate an enterprises, there are two possibilities either success or failure. Owing to their relatively smaller size, a small issue committed by the management team would adversely cost and affect the operations of the entire enterprise. Inadequate skills to plan, finance and manage these enterprises can significantly lead to their failure. Capacity building is particularly important in allowing women to network with other successful owners of the business. By borrowing examples of most successful business, it would be significant for women owned businesses to succeed (Nxumalo&Kaseeram, 2017).

Networking is a source of social capital among women owned enterprises. Social capital is an important determinant of performance of any institution. A strong social capital ensures that women owned enterprises facing challenges for example cash flow problems can effectively liaise with their friends or support and bail out. Operations of the enterprise will not be swift and smart all through the journey as there are always bad and good times. Social capital is particularly important during bad times when the operations of the business are poor including the issues with liquidity and reduced sales revenues (Heuër, 2017).

2.3.4 Convenience of credit institutions and Performance

The practice of ensuring services offered by credit institution to women owned enterprises are easily accessible and sustainable. Any organization striving to improve on its performance must increase the market share through greater customer satisfaction. Women owned enterprises are formed for specific purpose serving specifically targeted customer segments. Their performance depends how well they serve their specific customers in the markets (Terjesen, Bosma&Stam, 2016).

Most of the women owned enterprises operate at a micro level meaning they have limited access to the market. Market convenience ensures that more women owners are attended to hence the needs of these enterprises are effectively met. Convenience ensures that a broad range of services

are available to women owners for choosing which increases the level of satisfaction. Increased customer satisfaction would lead to better performance of the organization (Inman, 2016).

2.4 Research Gaps and Literature Reviewed Summary

Author	Title	Findings	current study focus	Research Gaps
Kimanzi (2016)	Access to credit facilities by women owned SMEs in Kenya	Most women owned enterprises get it hard to access financial services from lending institutions as they have limited information of effectively securing the credit facility	The effect of loans facilities from MFIs on the performance of women owned SMEs in Migori County	The study indicated the challenges that women SMEs face in access credit but didn't establish the effect it had on performance
Mori (2016)	Mentorship and performance of women entrepreneurs in Ghana	Mentoring is ideal as it helps in ensuring the specific issues and challenges faced by women entrepreneurs are effectively solved. St the same time, most women owned enterprises are managed by	Migori County women owned enterprises' Capacity building and financial performance	The study only focused on one aspect of capacity building and assess its role and not the correlation it has with performance

		people with adequate training		
Ratten (2016)	Resource-based and performance of women owned enterprises in Malaysia	The limited resources among women owned enterprises imply low customer bases which translate into low revenue generation and therefore adversely affecting financial performance	women owned enterprises' Market facilitation and performance	The study assessed the challenges that women owned enterprises face in facilitating market establishment which is hypothesized that MFIs can assist but this was not brought out
Naidu & Chand (2017)	Lending and performance of SMEs in China	Guarantee borrowing is the most effect lending model for recovery of credit	Loan facilitation and performance of women owned SMEs in Migori County	Guarantee even if indicated by the study as effect to the lender it disadvantages small borrowers who do not have sufficient collateral

				hence deterring their performance
Ul-Hameed, Mohammad &Shahar, 2018	Savings and performance of SMEs	Savings increases the creditworthiness of an SME	Migori County women owned enterprises' Savings and performance	The study did not indicate the effect of savings on performance

2.4 Conceptual Framework

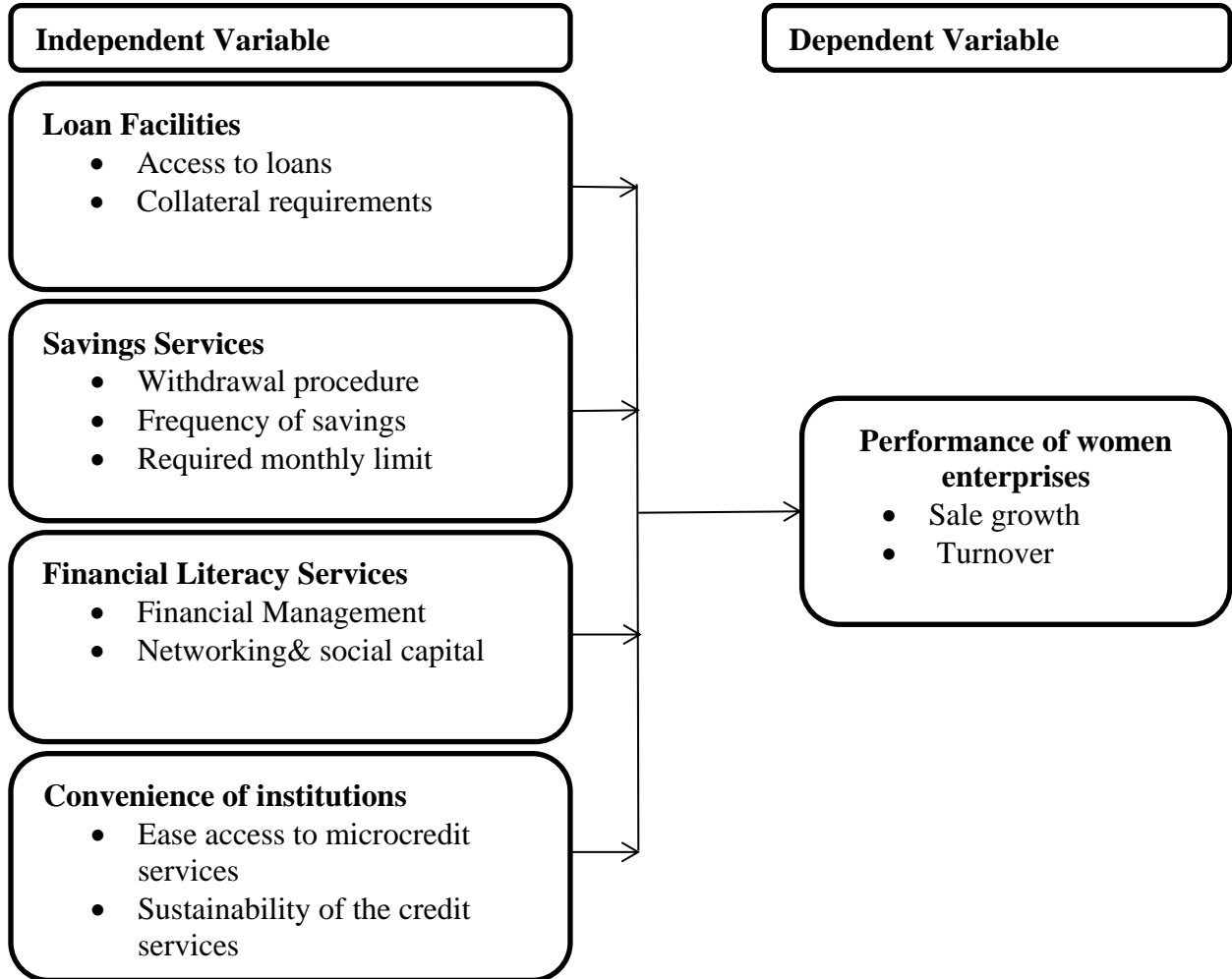


Fig. 2.1 Conceptual framework

Source: Researcher (2021)

The framework above depicts a linear relationship between dependent towards the independent variable. Dependent variable increase/decrease corresponds with an increase/decrease of the independent variable

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the research methodology under the following subsections; the research design, target population, sampling procedure and sample size, research instruments, data analysis procedures and ethical considerations.

3.2 Research Design

Research design is the framework that guides how the study is done in a logical manner. Through the study design, the researcher is better placed to collect sufficient evidence on the research questions for study objectives achievement. A descriptive research design was utilized. Yin (2017) argues that a description design is useful in giving an account of the way things are and exist in their original state. The design helps to answer questions of how, when, why and where about a given event.

3.3 Target Population

Population describes items or elements collection that attain study inclusion specified criteria. It refers to the whole group of items, individuals, objects or events that have clearly established common features which can be observed. 1281 Kilifi County women owned enterprises was the study population. The respondents were women owners, women partners and women managers of these enterprises as shown in Table 3.1.

Table 3.1: Target Population

Enterprise Category	Population	Percentage
Food and Grocery	206	16.2
Hotel and tourism	333	26.0
Electronics &Technology	107	8.4
Other services	635	49.6
Total	1281	100

Source: Kilifi County (2020)

3.4 Sampling Techniques and Sample Size

A sample is a representative proportion that is included in the study whose selection is done using clearly established sampling methods and techniques. There are two main techniques of

sampling; probabilistic and non-probabilistic sampling. Stratified random sampling technique was utilized. 296 of women owners, women partners and women managers of these registered enterprises in Kilifi County was the sample size.

The respondents were stratified. See Table 3.2;

Table 3.2: Sample Size

Category of enterprise	Population	Percentage	Sample Size
Food and Grocery	206	16.2	48
Hotel and tourism	333	26.0	77
Technology and electronics	107	8.4	25
Other services	635	49.6	146
Total	1281	100	296

Source: Kilifi County (2020)

3.5 Data Collection Instruments

Primary data was gathered with the help of questionnaires. The questionnaires were semi-structured comprising of open and close ended questions. The questionnaires subdivisions were based on the study objectives.

3.6 Reliability and Validity of the Instruments

3.6.1 Reliability of the Instruments

Reliability is the extent which results instruments measure consistent results at every successive time. To determine reliability, the researcher employed internal measures of consistency called Cronbach Alpha coefficient. An instrument's reliability is achieved by Cronbach Alpha values of 0.7 or above.

3.6.2 Validity of the Instruments

According to Robinson (2002), it is the extent of representation of the phenomenon by the obtained results. The study determined content validity where the supervisor was engaged to review the questionnaires before going to the field to collect actual data. Ambiguous and Invalid questions were removed from the questionnaire.

3.7 Data Analysis and presentation

Both quantitative and qualitative data was obtained. To analyze qualitative data, content analysis was employed. Both inferential and descriptive statistics were employed for quantitative data covering regression analysis, standard deviations and mean

The following form based on the adopted regression model;

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: Y –Financial Performance

β_0 = is y intercept or y-axis when x is 0,

$\beta_1, \beta_2, \beta_3, \beta_4$ – regression (beta) weights associated with independent variables

X_1 =loan facilities

X_2 =savings services

X_3 =financial Literacy

X_4 =convenience of institution

3.8 Ethical Considerations

The researcher got an approval letter from NACOSTI. Confidentiality of the collected data was assured by the scholar and the participants took part in the research voluntarily and their identifying details were not included. Referencing of was properly done to reduce plagiarism

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The research was to establish how Kilifi County women owned enterprises' performance is affected by micro-credit services. The specific study objectives were to establish Kilifi County women owned enterprises' performance is affected by loan facilities, savings services, financial literacy services and convenience of credit institution. Inferential and descriptive statistics were utilized in data analysis and findings presented below:

4.1.1 Response Rate

The sampled population for the study was 296 respondents who are women owner, women managers and women partners in Kilifi County, Kenya. 225 questionnaires were completed and returned out of the 296 administered. Figure 4.1 shows the results

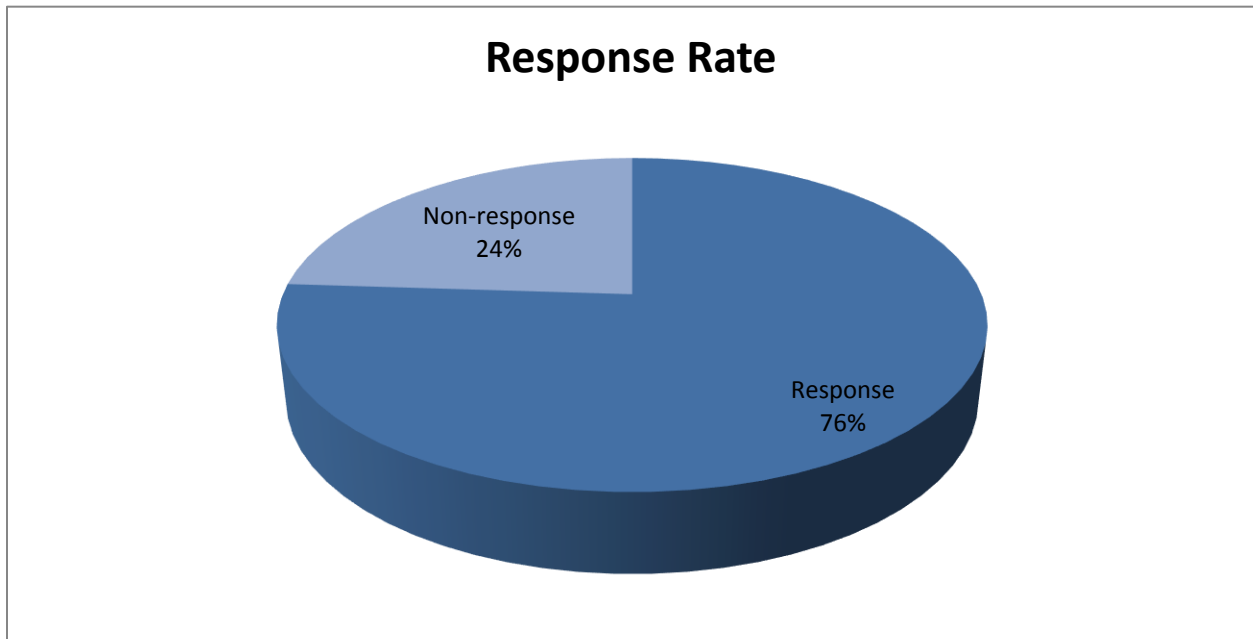


Figure 4.1: Questionnaire Response Rate

Source: Field data, 2020

Therefore 76% was the rate of response which is sufficient for this research. For a study, 70% and above sample size is considered statistically sufficient (Mugenda and Mugenda, 2013).

4.2 Demographic Background

Respondents' bio-demographic characteristics were assessed. Position in the enterprise, duration worked in the business, highest education level, and the specialty of the enterprise were the attributes assessed. The sections below show the results.

4.2.1 Position in the Enterprise

The respondents' position in Kilifi County women owned enterprises was analyzed. The results are as below;

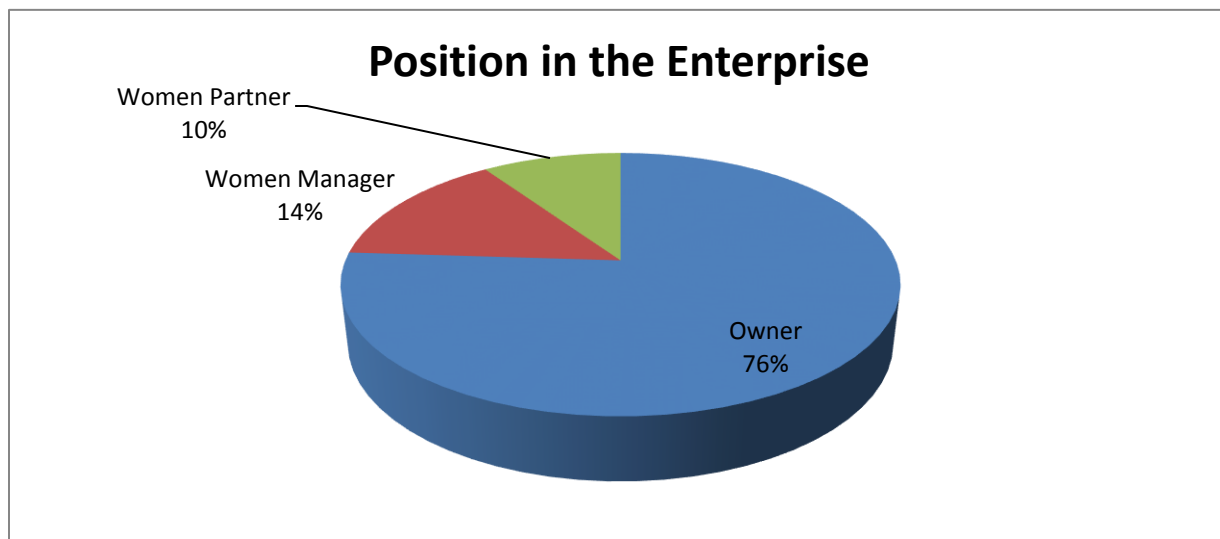


Figure 4.3: Respondents' position

Source: Field data, 2020

From the analysis, 76% of the participants were owners, 10% were women partners while 14% were women managers of the women-owned enterprises in Kilifi County. This shows that respondents majority were owners who had better understanding of the operations, financial services received and performance of the enterprises.

4.2.2 Highest education level

The respondents' education level was assessed to establish their ability to perform, deliver on their mandate, understand and complete the data collection instruments. The analysis is shown below;

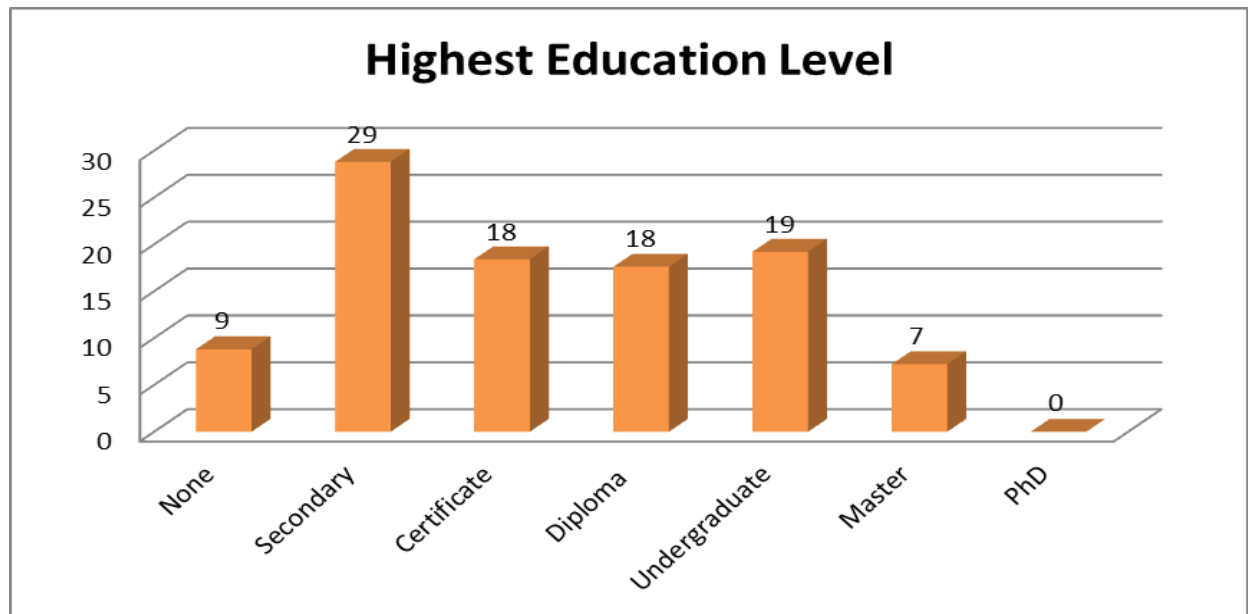


Figure 4.4: Highest education level

Source: Field data, 2020

From the analysis, 9% of the participants had no basic education, 18% were certificate holders, 18% were diploma graduates, 29% - secondary school graduates, 19% had a first degree or undergraduate, 7% were masters' degree graduates while none had a PhD. This indicated that most of the women who own or run businesses in Kilifi County are secondary school graduates. This shows that their education level is generally average with some with none. This called for close and personal administration of the data collection instruments to enable them understand and respond accordingly.

4.2.3 Period worked at the Enterprise

The duration the respondents had been in business or worked in it was assessed and results presented:

Table 4.2: Period worked in the Enterprise

Years	Frequency	Percentage
1-4 years	63	28.00
4-8 years	51	22.67

8-12 years	76	33.78
12 years and above	35	15.55
Total	225	100

Source: Field data, 2020

Based on the analysis, 1-4 years in business was at 28%, 4-8 years was 22.67%, 33.78% had been in business 8-12 yrs while more than 12 years was at 15.55%. This indicates that majority of the participants had been in the business a significantly long duration to understand the operations, microfinance services accessed and available and also the performance of the enterprises and give credible information based on the study objectives.

4.2.4 Specialization

The area that the businesses specialized in was also established. The findings are in the pie chart below;

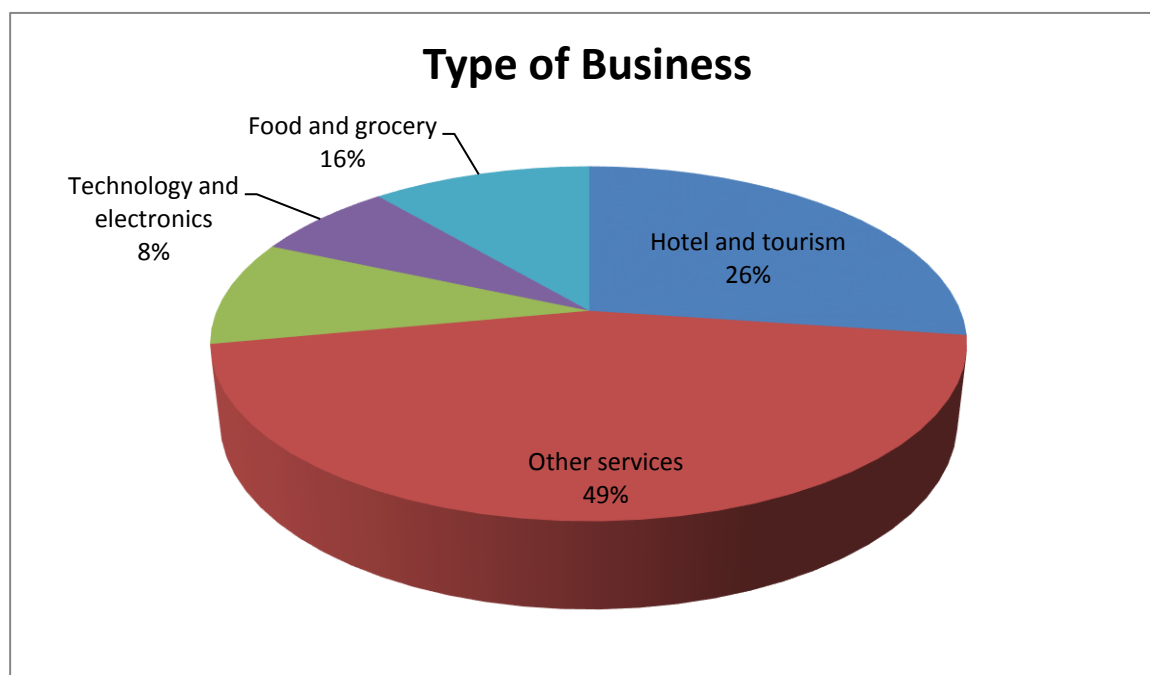


Figure 4.5: What the business deals with

Source: Field data, 2020

It was established that 16% of the women owned enterprises dealt in grocery and food, 26% on hotel and tourism, 8% dealt in technology and electronics and 49% are other services. Most of the women-owned enterprises were other services. This indicates that most of the businesses were informal and small scale.

4.3 Descriptive Findings

The extent of availability and access to the four microcredit services by women-owned enterprises in Kilifi County is described. This was to culminate to their effect on performance of the enterprises.

4.3.1 Loan Facilities and Performance

The first objective of the study was to establish how Kilifi County women owned enterprises are affected by loan facilities. The participants were required to indicate their extent of agreement or disagreement with the statements below regarding loan facilities offered by microfinance institutions and how they relate with performance of women owned enterprises on 1-5 scale where 5 strongly agree and 1= strongly disagree. The results are illustrated below;

Table 4.3: Loan facilities and firm performance

Statements	Mean	Std. Dev
Microcredit are flexible to issue loans to me using my cash flow from business	3.52	0.814
Microcredit is able to support my business with loans at a lower interest rate compared to banks	3.41	0.649
Loans from Microcredit have helped me increase my stocks	3.69	
Loans from Microcredit have helped me increase my sales revenue	3.88	0.698
Loans from Microcredit have helped me increase my business into new areas	2.89	0.719
Microcredit institutions have customized their loans to my business needs	2.57	0.825
Loan facilities have facilitated the growth of my business	3.71	0.811

Field data, 2020

The participants agreed to a significant degree that the microcredit institutions in Kilifi County are flexible to issue loans to them using their cash flow from business, loans from the institutions have helped them increase their stocks, sales revenue and growth of their businesses as illustrated a of 3.52, 3.69, 3.88 and 3.71 respective mean. The respondents further to a moderate extent agreed that the microfinance institutions are able to issue loans to the enterprises using business cashflow, the microfinances are able to support the businesses with loans at a lower interest rate compared to banks, loans from microfinance institutions have helped the enterprises to expand to new areas and that the institutions have customized their loans to the business needs of the enterprises as illustrated by a 2.55, 3.41, 2.89 and 2.57 respective mean. This illustrates

that the microfinance institutions to a significant extent provided loan facilities to the women-owned enterprises in Kilifi County which served to improve stocks, revenue and general growth of the businesses. The loan facilities were customized to fit the needs of the enterprises.

The study established that credit facilities provision by the microfinance institutions helped in improving the seed and addition capital to the enterprises, facilitated their market share development, productivity and growth. The firms accessed the institutions for loans to service their orders and also to help them acquire auxiliary services.

4.3.2 Savings Services and Performance

Participants rated the following statements regarding savings facilities offered by microfinance institutions and how they relate with performance of women owned enterprises on enterprises on 1-5 scale where 5 strongly agree and 1= strongly disagree. The results are illustrated below;

Table 4.4: Savings Services and Women Owned Enterprises' performance

Statements	Mean	SD
Microcredit has taught me the importance of savings	3.61	0.805
Savings with Microfinance offer me an opportunity to borrow loans	3.58	0.779
The pattern of my savings in the microfinance determine the loan advances I can be allowed	3.89	0.681
My savings in the microfinance have been used as collateral for loans	3.71	0.824
My frequency of deposits in the Microfinance determine the size of a loan I can access s from my Microfinance bank	3.52	0.794
Savings services offered by our microfinance bank have enabled me set aside some funds for the future of my business	3.51	0.833
Saving services have enabled me distinguish between short term and long term savings	3.05	0.856
Saving services have enabled me strike a balance between consumption and business growth	2.89	0.871

Field data, 2020

The participants were in agreement that the microfinance institutions have taught them on the importance of savings, the savings with the institutions offer them an opportunity to borrow loans, the pattern of their savings in the microfinance institutions determine the loan advance they can be allowed, their savings are used as collateral for loans, the frequency of deposits in

the institutions determines the amount of loan they can access and that savings services offered by the institutions have enabled the respondents to set aside some funds for the future of their businesses as illustrated by a of 3.61, 3.58, 3.89, 3.71, 3.52 and 3.51 respective mean. The respondents were however neutral on whether the savings services available have enable them to distinguish between short term and long term savings and also strike a balance between consumption and business growth as shown by 3.05 and 2.89 respective mean. This indicated that to a higher degree the women owned enterprises accessed savings services from microfinance institutions in Kilifi County and understood their importance which enabled them to access loans, make financial institutions and control their performance. Savings enabled the enterprises to improve their performance through improved access to credit, capital and financial management.

4.3.3 Financial Literacy Services and Performance

The study further tried to establish how Kilifi County women owned enterprises performance are affected by financial literacy services. The participants indicated the extent of their agreement or disagreement with each of the below statement regarding financial literacy services offered by microfinance institutions and their relation with women owned enterprises' financial performance on 1-5 scale where 5 strongly agree and 1= strongly disagree. The results are illustrated below;

Table 4.5: Financial Literacy and Performance Women-owned enterprises

Statements	Mean	Std. Dev
Our Microcredit bank holds regular trainings on financial management for us in groups	3.25	0.801
Our Microcredit bank has taught us the importance of keeping books of account for our businesses	2.79	0.711
Our Micro services has taught us the importance of saving cash with the Bank	3.05	1.249
Our Microcredit Bank has taught us the importance of working together in groups to access credit facilities	3.59	0.655
Our Microcredit has taught us the importance of customer service	2.93	0.799
Our Microcredit has taught us how to make informed decisions that drive	3.57	0.824

the overall performance		
Our microcredit institution has trained us on strategic plan implementation	2.69	0.698
Our microcredit institution taught us the importance of networking with other business people from other regions	2.77	0.779

Field data, 2020

Participants were neutral or in agreement to a moderate extent the micro credit institution hold regular trainings on financial management for the respondents in groups, the institutions have taught them the importance of keeping books of account for their businesses, the institutions have taught them on the importance of savings, customer service, how to handle customer complaints, handling employee conflicts, making informed decisions, strategic plan evaluation, monitoring, implementation, formulation, financial management and networking as seen by a 3.25, 2.79, 3.05, 2.93, 2.58, 2.71, 3.06, 2.69, 3.04, 3.44 and 2.77 respective mean. The respondents further agreed that the microfinance institutions have taught the respondents on the important of working together to access credit facilities and the microfinance institutions have taught them how to make informed decisions that drive the overall performance as indicated by a mean of 3.59 and 3.57 respectively. It illustrates that the microfinance institutions in Kilifi County had significantly provided financial literacy services to a moderate extent through trainings, saving culture, customer service, decision making and strategic management which led to improved performance of the women-owned enterprises in Kilifi County.

4.3.4 Convenience of Credit Institutions and Performance

Further the respondents indicated the extent of their agreement or disagreement with each of the below statements regarding Convenience of Credit Institutions offered by microcredit institutions and how they relate with performance of women owned enterprises on 1-5 scale where 5 strongly agree and 1= strongly disagree. The results are illustrated below;

Table 4.6: Convenience of credit institutions and Performance of Women-owned enterprises

Statements	Mean	Std. dev
Microcredit services has made it ease for my business to access loans	3.59	0.796
Microcredit services have enabled me to sustain my business through tough times	2.89	0.855
Microcredit services has enabled my business to met its sales goal	3.88	0.806

efficiently		
Marketing services have enabled me serve more customers in my business	3.02	0.822

Field data, 2020

The study participants agreed that the microcredit services have enable them promote their businesses in different forums, the services have enabled them get their products to new markets that they were not able to supply before, they have enabled them to get more products to markets that they were serving, the market sustainability services offered by the MFIs have increased their revenue generation capabilities as illustrated by a of 3.59, 3.88, 3.56 and 3.79 respective mean. The reaction was neutral on if the microcredit services offered by MFIs have enabled them to advertise their businesses, marketing services offered by the MFIs have enabled them differentiate their product offerings from those of their competitors and to serve more customers in their business as illustrated by 2.89, 2.91 and 3.02 respective mean. It was hence established that convenience offered by the credit institutions in the region like facilitation, marketing services and advertisement have significantly improved performance of the women-owned enterprises in Kilifi County.

4.3.5 women owned enterprises' Performance

Kilifi County women-owned enterprises' performance was the study's dependent. Respondents were required to indicate their agreement level with the statements below on their businesses performance on 1-5 scale where 5 strongly agree and 1= strongly disagree. The results are illustrated below;

Table 4.7: Performance of women owned enterprises

Statements	Mean	Std. Dev
Total Sales growth for my business has been increasing every year for the last five years	3.51	0.799
The net turnover for my business has been increasing over the last five years	3.66	0.846

Field data, 2020

The study established that women owned enterprises performance in Kilifi County has been growing over the last five years in terms of net turnover and sales as illustrated by a 3.51 and 3.66 respective mean.

4.4 Inferential Statistics

Inferential statistics was conducted to establish how Kilifi County women owned enterprises are affected by microcredit services. The sections below indicate the Regression Coefficients, ANOVA and Model Summary findings.

4.4.1 Model Summary

Adjusted determination coefficient and determination coefficient results are indicated in Table 4.8.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.877 ^a	.863	.851	1.51223

Source: Field data, 2020

A strong positive correlation between variables was indicated by a 0.877 correlation coefficient. Dependent variable changes can be explained by (loan facilities, savings services, financial literacy services and convenience of credit institutions) as indicated by 0.851 adjusted determination coefficient R² that changes to 85.1%. Other factors beyond the current study scope can explain the 14.9% residual.

4.4.2 ANOVA

ANOVA at 95% significance level was carried out by the study. F_{Critical} and $F_{\text{Calculated}}$ results are in Table 4.9.

Table 4.9: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	832.104	35	23.774	14.0583	.000 ^b
Residual	321.311	190	1.6911		
Total	1153.415	225			

From the results, F_{Critical} was 6.5241 and $F_{\text{Calculated}}$ was 14.0583, hence $F_{\text{Calculated}} > F_{\text{Critical}}$ (14.0583 > 6.5241), this indicates that, for the study, the overall regression mode was significant. $0.000 < 0.05$ was the p value which indicates that Kilifi County women-owned enterprises' performance was influenced significantly by at least one variable.

4.4.3 Coefficients of Regression

In establishing how firm performance was influenced by individual variables, regression coefficient was used and results shown in Table 4.10.

Table 4.10: Regression Coefficients

Model	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	
(Constant)	6.245	0.721		2.781	.000
Loan facilities	0.828	.142	.134	9.155	.000
Savings sources	0.811	.134	.204	11.379	.000
Financial literacy services	0.797	.120	.261	10.419	.000
Convenience of credit institutions	0.806	.171	.247	11.275	.000

The resultant equation was

$$Y = 6.245 + 0.828X_1 + 0.811X_2 + 0.797X_3 + 0.806X_4$$

Where: X_1 = Loan facilities

X_2 = saving sources

X_3 = financial literacy services

X_4 = convenience of credit institutions

The study established that Kilifi County women owned enterprises' performance will be at 6.245 if all the variables are held constant. All other factors held constant enterprise performance would be at 0.828 with a unit increment in loan facilities. Other factors held constant enterprise performance will be increased by 0.811 by a unit increment in saving sources. Other factors held constant enterprise performance will be 0.797 with a unit improvement in financial literacy services. Other factors are held constant, enterprise performance would be at 0.806 with a unit increment in credit institutions' convenience. The results showed that loan facilities, savings services, financial literacy services and convenience of credit institutions had a p value of $0.000 < 0.05$ indicating that Kilifi County women owned enterprises' performance was influenced significantly by microcredit services. This agrees with Mori (2016) who posits that performance of enterprises is significantly influenced by microfinance services

4.4.4 Reliability Test

Cronbach Alpha coefficient was used in ascertaining research instrument reliability. Computation of a Cronbach alpha was done and determined the overall coefficient. The results are in Table 4.1.

Table 4.10: Reliability Test

Variable	Item Numbers	Cronbach Alpha
Loan facilities	5	0.841
Savings sources	5	0.802
Financial literacy services	5	0.797
Convenience of credit institution	5	0.813
Average Cronbach Coefficient		0.8133

Source: Field data, 2020

It was evident that loan facilities as the first independent variable had a 0.841 Cronbach coefficient; savings sources had 0.802. Financial literacy services at 0.797 and credit institution's convenience at 0.813. 0.813 was the average Cronbach coefficient which is more than 0.7 proving reliability of the research instruments. Cronbach (1951) supports this by stating that a 0.7 or above Cronbach alpha is an indication of sufficient reliability of research instruments

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The section outlines summary of the findings; conclusion and recommendations and provides further study suggestions.

5.2 Summary of the Findings

The main objective of the study was to find out how Kilifi County women owned enterprises affected by microcredit services and specific objectives were to establish how performance of the women owned enterprises are influenced loan facilities, saving sources, financial literacy services and convenience of credit institutions. A strong positive correlation between variables was indicated by a 0.877 correlation coefficient and a 0.851 adjusted determination coefficient R^2 that changes to 85.1%

5.2.1 Loan Facilities and Women owned enterprises' performance

It was established that Kilifi County women owned enterprises performance was positively influenced by loan facilities. The participants were in agreement that the microcredit institutions are able to issue loans to the enterprises using business savings as collateral, the microcredit are able to support the businesses with loans at a lower interest rate compared to banks, loans from microfinance institutions have helped the enterprises to expand to new areas and that the institutions have customized their loans to the business needs of the enterprises. This indicates that the microfinance institutions provided loan facilities to the women-owned enterprises in Kilifi County which served to improve stocks, revenue and general growth of the businesses. The loan facilities were customized to fit the needs of the enterprises. The study established that the microfinance institutions providing credit facilities helped to improve the seed and addition capital to the enterprises, facilitated their market share development, productivity and growth. The firms accessed the institutions for loans to service their orders and also to help them acquire auxiliary services.

5.2.2 Savings Sources and Women owned enterprises Performance

It was established that Kilifi County women owned enterprises performance was positively influenced by savings sources. Microcredit institutions have taught them on the importance of savings, the savings with the institutions offer them an opportunity to borrow loans, the pattern of their savings in the microfinance institutions determine the loan advance they can be allowed, their savings are used as collateral for loans, the frequency of deposits in the institutions determines the amount of loan they can access and that savings services offered by the institutions have enabled the respondents to set aside some funds for the future of their businesses. The respondents were however neutral on whether the savings services available have enable them to distinguish between short term and long term savings and also strike a balance between consumption and business growth. This indicated that to a significant extent the women owned enterprises accessed savings services from microfinance institutions in Kilifi County and understood their importance which enabled them to access loans, make financial institutions and control their performance. Savings enabled the enterprises to improve their performance through improved access to credit, capital and financial management.

5.2.3 Financial Literacy Services and Women owned enterprises Performance

The study established that Kilifi County women owned enterprises performance was significantly influenced by financial literacy services. Agreement was to a moderate extent that the MFIs hold regular trainings on financial management for the respondents in groups, the institutions have taught them the importance of keeping books of account for their businesses, the institutions have taught them on the importance of savings, customer service, how to handle customer complaints, handling employee conflicts, making informed decisions, strategic plan evaluation, monitoring, implementation, formulation, financial management and networking. The respondents further agreed that the microfinance institutions have taught the respondents on the important of working together to access credit facilities and the microfinance institutions have taught them how to make informed decisions that drive the overall performance. This indicates that the microfinance institutions in Kilifi County had significantly provided financial literacy services to a moderate extent through trainings, saving culture, customer service, decision making and strategic management which led to improved performance of Kilifi County's women-owned enterprises.

5.2.4 Convenience of Credit Institutions and Performance of women-owned enterprises

It was discovered that Kilifi County women owned enterprises performance was positively influenced by convenience of credit institutions. It was evident that microcredit services have enabled them promote their businesses in different forums, the services have enabled them get their products to new markets that they were not able to supply before, they have enabled them to get more products to markets that they were serving, the market sustainability offered by the MFIs have increased their revenue generation capabilities. The respondents were neutral on whether the microfinance services offered by MFIs have enabled them to advertise their businesses, marketing services offered by the MFIs have enabled them differentiate their product offerings from those of their competitors and to serve more customers in their business. The study therefore indicated that convenience offered by the credit institutions in the region like facilitation, marketing services and advertisement have significantly improved performance of Kilifi County's women-owned enterprises.

5.3 Conclusions

The study concluded that Kilifi County women owned enterprises performance was significantly and positively influenced by microcredit services offered by MFIs. Kilifi County women owned enterprises performance was significantly influence by financial literacy services.

The study established that Kilifi County women owned enterprises performance was positively influence by savings sources. It was also established that the women owned enterprises' performance was positively influenced by loan facilities. Furthermore, the research established that convenience of credit institutions positively influenced Kilifi County's women-owned enterprises performance.

5.4 Recommendations

That the women-owned enterprises ought to be sensitized on the available microcredit services and how to access them and that the saving culture of enterprises need to be improves to enhance their capital base and performance.

The study's further recommendation is that regulatory agencies and the government ought to come up with regulations and policies that favorable in promoting the microcredit sector and growth of women owned enterprises.

5.5 Suggestions for Further Studies

The main objective of the study was to find out how Kilifi County women owned enterprises affected by microcredit services, future study should be undertaken on other factors. 0.851 was the adjusted determination coefficient R² that changes to 85.1% hence factors beyond the current study scope that be focused by future scholars can explain the 14.9% residual.

In the study, the researcher had a feeling that further research was needed in some issues as this study's limitations and scope could not permit their study. A further research establishing how SME performance is influenced by business skills should be carried out.

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APPENDICES

Appendix I: Questionnaire

PART A: BACKGROUND INFORMATION

- 5 Please tick your Gender Male Female Other
- 6 What is your position in this enterprise /Business?
 Owner Manager
 Other (Please Specify) _____
- 7 What is your highest level of Education?
 Certificate Diploma First Degree
 Masters PhD
- 8 How long have you worked at this enterprise /Business?
 1- 4years 4-8 years 8- 12 years
 12 years and above
- 9 What area does this business deal in?
 Food Grocery Technology
 Electronics
 Other (Please Specify) _____

SECTION B: LOAN FACILITIES AND PERFORMANCE

10 Below are several statements regarding loan facilities offered by microfinance institutions and how they relate with financial performance of women owned enterprises. Kindly indicate the extent to which you agree or disagree with each on a scale of 1-5 where 1= strongly disagree and 5 strongly agree.

Statements	1	2	3	4	5
Our Microcredit are flexible to issue loans to me using my cash flow from business					
Our Microcredit is able to support my business with loans at a lower interest rate compared to banks					

Loans from Microcredit have helped me increase my stocks					
Loans from Microcredit have helped me increase my sales revenue					
Loans from Microcredit have helped me increase expand my business into new areas					
Our Microcredit institution has customized its loans to my business needs					
Loan facilities have facilitated the growth of my business					

- 11 In general, how would you describe the contribution of microcredit provision of loans to the performance of your business?

SECTION C: SAVINGS SERVICES AND PERFORMANCE

- 12 Below are several statements regarding savings facilities offered by microfinance institutions and how they relate with financial performance of women owned enterprises. Kindly indicate the extent to which you agree or disagree with each on a scale of 1-5 where 1= strongly disagree and 5 strongly agree.

Statements	1	2	3	4	5
Our Microcredit has taught me the importance of savings					
Savings with Microcredit offer me an opportunity to borrow loans					
The pattern of my savings in the microfinance determine the loan advances I can be allowed					
My savings in the microcredit have been used as collateral for loans					
My frequency of deposits in the Microfinance determine					

the size of a loan I can access from my Microfinance bank					
Savings services offered by our microcredit bank have enabled me set aside some funds for the future of my business					
Saving services have enabled me distinguish between short term and long term savings					
Saving services have enabled me strike a balance between consumption and business growth					

- 13 In general, how would you describe the contribution of microcredit provision of savings services to the performance of your business?

SECTION D: FINANCIAL LITERACY SERVICES AND PERFORMANCE

- 14 Below are several statements regarding financial literacy services offered by microfinance institutions and how they relate with financial performance of women owned enterprises. Kindly indicate the extent to which you agree or disagree with each on a scale of 1-5 where 1= strongly disagree and 5 strongly agree.

Statements	1	2	3	4	5
Our Microcredit Bank holds regular trainings on financial management for us in groups					
Our Microcredit has taught us the importance of keeping books of account for our businesses					
Our Microcredit has taught us the importance of saving cash with the Bank					
Our Microcredit Bank has taught us the importance of working together in groups to access credit facilities					
Our Microcredit has taught us the importance of customer service					

Our microcredit has taught us how to handle customer and employees complaints					
Our microcredit institution has trained us on strategic plan formulation and implementation					
Our microcredit institution has trained us on financial management					
Our microcredit institution has us network with other business people from other regions					

15 In general, how would you describe the contribution of financial literacy services to the performance of your business?

SECTION E: Convenience of Credit Institutions and Performance

16 Below are several statements regarding convenience of credit institutions offered by microfinance institutions and how they relate with performance of women owned enterprises? Kindly indicate the extent to which you agree or disagree with each on a scale of 1-5 where 1= strongly disagree and 5 strongly agree.

Statements	1	2	3	4	5
Microcredit services has made it ease for my business to access loans					
Microcredit services have enabled me to sustain my business through tough times					
Microcredit services has enabled my business to met its sales goal efficiently					
Marketing services have enabled me serve more customers in my business					
Marketing services offered by microfinance have increased my revenue generation capabilities					

17 In general, how would you describe the contribution of convenience of institution services to the performance of your business?

SECTION F: PERFORMANCE

18 Below are several statements on performance of businesses. Kindly indicate the extent of your agreement with each in as far as your business is s=concerned. Use a scale of 1-5 where 1- strongly disagrees and 5 - strongly agree.

Statements	1	2	3	4	5
Total Sales growth for my business has been increasing every year for the last five years					
The net turnover for my business has been increasing over the last five years					

THE END

THANK YOU TAKING PART IN THE STUDY

Appendix II; Kenyatta University Authorization Letter.



KENYATTA UNIVERSITY GRADUATE SCHOOL

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Our Ref: D53/ OL/MSA/32376/2016

DATE: 8th August, 2019

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

**RE: RESEARCH AUTHORIZATION FOR SAUMU SIDI JULIUS – REG. NO. D53/
OL/MSA/32376/2016**

I write to introduce Mr. Saumu Sidi Julius who is a Postgraduate Student of this University. He is registered for M.B.A degree programme in the **Department of Business Administration**.

Mr. Saumu intends to conduct research for a M.B.A Project Proposal entitled, “**Microcredit Services and Performance of Women Owned Enterprises in Kilifi County, Kenya**”.

Any assistance given will be highly appreciated.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'E. Kimani'.

**PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL**

EM/nn

AppendixIII: NACOSTI Research License

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 657576	Date of Issue 07/November/2019
RESEARCH LICENSE	
	
<p>This is to Certify that Ms.. Saumu Julius of Kenyatta University, has been licensed to conduct research in Kilifi on the topic: MICROCREDIT SERVICES AND PERFORMANCE OF WOMEN OWNED ENTERPRISES IN KILIFI COUNTY, KENYA for the period ending : 07/November/2020.</p>	
License No NACOSTI/P/19/2563	
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THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is Guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014

CONDITIONS

1. The License is valid for the proposed research, location and specified period
2. The License any rights thereunder are non-transferable
3. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research
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5. The License does not give authority to transfer research materials
6. NACOSTI may monitor and evaluate the licensed research project
7. The Licensee shall submit one hard copy and upload a soft copy of their final report (thesis) within one of completion of the research
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