

**ISLAMIC BANKING AND GROWTH OF WOMEN OWNED SMALL-SCALE  
ENTERPRISES IN GARISSA COUNTY, KENYA**

**SAHARA ABDI HAJIR  
D53/OL/GAR/26264/2015**

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,  
ECONOMICS AND TOURISM IN PARTIAL FULFILLMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION (FINANCE) OF  
KENYATTA UNIVERSITY**

**NOVEMBER, 2022**

## **DECLARATION**

This research project is my original work and has not been presented for a degree or any other award in any other University.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**SAHARA ABDI HAJIR**

**D53/OL/GAR/26264/2015**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**SCHOOL OF BUSINESS**

**Supervisor**

I confirm that the work documented in this research project was carried out by the candidate under my supervision.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**DR. JOB OMAGWA,**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**SCHOOL OF BUSINESS**

## **ACKNOWLEDGEMENT**

I would particularly wish to acknowledge the support of my supervisor, Dr Job Omagwa and my family members for their support, pieces of advice and encouragement in the development of this proposal. Their invaluable academic mentorship and intellectually stimulating discourse have enabled me to come this far. Indeed, all the support accorded which enabled me come up with this proposal is good time is highly appreciated.

## TABLE OF CONTENTS

DECLARATION .....	ii
ACKNOWLEDGEMENT .....	iii
TABLE OF CONTENTS .....	iv
LIST OF ABBREVIATIONS AND ACRONYMS .....	ix
LIST OF TABLES .....	x
LIST OF FIGURES .....	xi
OPERATIONAL DEFINITION OF TERMS .....	xii
ABSTRACT .....	xiv
<b>CHAPTER ONE</b> .....	1
<b>INTRODUCTION</b> .....	1
1.1 Background of the Study .....	1
1.1.1 Islamic Banking .....	3
1.1.2 Growth.....	6
1.1.3 Women Owned Small Scale Enterprises in Garissa County .....	9
1.2 Statement of the Problem .....	10
1.3 Objectives of the Study .....	11
1.3.1 General Objective .....	11
1.3.2 Specific Objectives .....	12
1.4 Research Hypotheses .....	12
1.5 Significance of the Study .....	13
1.6 Scope of the Study .....	14
1.7 Limitations of the Study.....	14

1.8 Organization of the Study .....	15
<b>CHAPTER TWO .....</b>	<b>16</b>
<b>LITERATURE REVIEW.....</b>	<b>16</b>
2.1 Introduction .....	16
2.2 Theoretical Review .....	16
2.2.1 Network Theory.....	16
2.2.2 Entrepreneurship Theory.....	18
2.2.3 Resource Based View Theory .....	19
2.3 Empirical Review .....	20
2.3.1 Islamic Banking Networking and Growth of Small-Scale Enterprises.....	20
2.3.2 Training on Islamic Banking and Growth of Small-Scale Enterprises .....	22
2.3.3 Access to Islamic Banking Products and Growth of Small-Scale Enterprises.....	23
2.3.4 Islamic Banking Business Support and Growth of Small-Scale Enterprises .....	25
2.4 Summary of Literature and Research Gaps.....	29
2.5 Conceptual Framework .....	30
<b>CHAPTER THREE.....</b>	<b>32</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>32</b>
3.1 Introduction .....	32
3.2 Research Design .....	32
3.3 Target Population.....	32
3.4 Sampling Design.....	33
3.5 Data Collection Instruments .....	34
3.5.1 Pilot Study .....	35

3.5.2 Validity of Research Instrument .....	36
3.5.3 Reliability of Research Instrument .....	37
3.6 Data Collection Procedure.....	37
3.7 Data Analysis and Presentation .....	38
3.8 Diagnostic Tests.....	39
3.8.1 Multicollinearity Test.....	40
3.8.2 Normality Test .....	40
3.8.3 Heteroscedasticity Test .....	41
3.9 Ethical Considerations .....	41
<b>CHAPTER FOUR .....</b>	<b>43</b>
<b>DATA ANALYSIS, INTERPRETATION AND FINDINGS.....</b>	<b>43</b>
4.1 Introduction .....	43
4.2 Response Rate.....	43
4.3 Demographic Information .....	44
4.3.1 Respondents' Age Bracket .....	44
4.3.2 Level of Education .....	44
4.3.3 Period in Business.....	45
4.3.4 Whether women are provided with enough support from Islamic financial institutions.....	45
4.4 Descriptive analysis .....	46
4.4.1 Access to banking products from Islamic financial institution .....	46
4.3.2 Islamic banking products accessed enables the business to grow .....	48
4.4.3 Training on Islamic banking.....	49

4.3.4 Attendance of Trainings and Seminars .....	50
4.3.5 Training by the Islamic bank enables the business to grow .....	51
4.4.6 Networking support provided by Islamic finance institutions.....	51
4.3.7 Business presentations, meetings or talks by mentors attendance .....	53
4.3.8 Islamic bank networks enables business to grow .....	54
4.4.9 Business support provided by Islamic finance institutions .....	54
4.3.10 Whether Islamic bank business support enabled their business to grow .....	56
4.3.1 Diagnostic Tests.....	56
4.3.1.1 Multicolinearity.....	56
4.3.1.2 Normality.....	57
4.3.1.3 Homoscedasticity .....	58
4.5 Regression Analysis.....	59
4.5.1 Islamic banking and Growth of SMEs regression model.....	59
4.5.2 The Model Fit .....	60
4.5.3 Hypotheses testing .....	61
<b>CHAPTER FIVE .....</b>	<b>65</b>
<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>65</b>
5.1 Introduction .....	65
5.2 Summary .....	65
5.2.1 Access to banking products from Islamic financial institution .....	65
5.2.2 Training on Islamic banking.....	66
5.2.3 Networking support provided by Islamic finance institutions.....	66
5.2.4 Business support provided by Islamic finance institutions .....	67

5.3 Conclusion.....67

5.4 Recommendations.....69

5.5 Contribution to Knowledge .....71

5.6 Suggestions for Further Research.....71

**REFERENCES .....72**

**APPENDICES.....76**

APPENDIX I: INTRODUCTION LETTER .....76

APPENDIX II: QUESTIONNAIRE .....77

APPENDIX III: APPROVAL FOR DATA COLLECTION.....83

APPENDIX IV: RESEARCH PERMIT .....84

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CAMCCUL</b>	Cameroon Cooperation Credit Union League
<b>GDP</b>	Gross Domestic Product
<b>KIPPRA</b>	Kenya Institute of Public Policy of Research Authority
<b>MSE</b>	Micro and Small Enterprise
<b>SIDO</b>	Small Industry Development Organization
<b>SME</b>	Small and Medium Enterprises

## LIST OF TABLES

Table 3.1: Sample Size .....	34
Table 4.1: Response Rate.....	44
Table 4.2: Respondents' Age Bracket .....	44
Table 4.3: Level of Education .....	45
Table 4.4: Period in Business .....	45
Table 4.5: Whether women are provided with enough support from Islamic financial institutions.....	46
Table 4.6: Access to banking products from Islamic financial institution .....	46
Table 4.7: Islamic banking products accessed enables the business to grow .....	48
Table 4.8: Training on Islamic banking .....	49
Table 4.9: Attendance of Trainings and Seminars .....	51
Table 4.10: Training by the Islamic bank enables the business to grow .....	51
Table 4.11: Networking support provided by Islamic finance institutions.....	51
Table 4.12: Business presentations, meetings or talks by mentors attendance .....	53
Table 4.13: Islamic bank networks enables business to grow .....	54
Table 4.14: Business support provided by Islamic finance institutions .....	54
Table 4.15: Whether Islamic bank business support enabled their business to grow .....	56
Table 4.16: Collinearity statistics .....	57
Table 4.17: Overall model summary .....	60
Table 4.18: ANOVA Model.....	60
Table 4.19: Regression Coefficients.....	61

## LIST OF FIGURES

Figure 2.1: Conceptual Framework.....	27
Figure 4.1: Histogram with normal distribution.....	58
Figure 4.2: Standardized Residuals of the Homoscedasticity Test .....	59

## OPERATIONAL DEFINITION OF TERMS

**Access to Islamic banking products** Capacity to obtain and use the various banking products provided by Islamic banks. It will be measured using number of loans accessed, amount of loans accessed.

**Growth** the time at when a woman-owned small business decides to expand and starts looking for new ways to increase its profits. Both the number of employees and the change in sales will be used to gauge this.

**Islamic Banking** refers to the simultaneous sale of banking products and insurance, most frequently through insurance sold by banks.

**Islamic banking business support** these are services provided by Islamic banks in support of crucial activities such as auditing, business monitoring, evaluation and financial reporting. It will be measured using business monitoring, records management.

**Islamic banking networking:** Opportunities provided by Islamic banks for women owned Small scale enterprises management to meet role models, mentors and

positive influencers to motivate them in their businesses. It will be measured using membership support, provision of mentors.

**Micro enterprises:**

Those businesses with less than 5 employees.

**Small Scale Enterprises**

Any form of small-scale business only needs a minimal initial expenditure. Small-scale businesses were typically defined as those with less than 50 employees. In this study, small businesses that offer things like plastics, medical supplies, and retail stores were included.

**Training on Islamic banking:**

Islamic banking institutions offer capacity building services to women-owned small businesses to help their managers be better equipped to carry out the necessary business management duties. It was assessed through seminars, workshops, and educational gatherings.

## ABSTRACT

The growth of women owned small-scale enterprises contributes to the economic development of Garissa County and by extension the entire economy at large. However, this growth could be compromised and lead to erratic growth due to harsh economic conditions such as stiff competition from established enterprises, tax policies and technological challenges. Hence, in view of this background, the study seeks to determine the effect of Islamic banking on growth of women owned small scale enterprises, to contribute more to the development of their country. The specific objectives were to establish the effect of Islamic banking networking, training, access to Islamic finance and Islamic bank's business support on the growth of women owned enterprises in Garissa County, Kenya. This study was anchored on the micro credit theory, network theory, entrepreneurship theory and resource based theory. Descriptive research design was adopted for the study. The target population was 281 women owned small scale enterprises who own small businesses in Garissa County who had received Islamic financial services from Islamic banks. The scope of the study was 2016 – 2020. This study used stratified sampling to select 74 women owned small scale enterprises. Questionnaire was utilized for data collection. Questionnaires were self-administered where drop and pick later method was applied. Analysis of data was through both descriptive statistics and multiple regression analysis. Descriptive statistics constituted mean scores, percentages, frequency distributions and standard deviations. Inferential statistics entailed determining the strength and relationship of the study variables. The study findings were presented using tables, diagrams and graphs. The study observed ethical standard of informed consent, confidentiality and anonymity. The findings indicated that banking networking  $\beta_1=0.568$ ,  $p<0.05$ , Training  $\beta_2=0.091$ ,  $p<0.05$ , Islamic banking products  $\beta_3=0.661$ ,  $p<0.05$  and Islamic banking business support  $\beta_4=0.336$ ,  $p<0.05$  were statistically significant and they affected growth of SMEs owned by women in Garissa. From the model summary, it showed that Islamic banking accounted for 66.2% variation in growth. The study therefore recommends that Islamic banks should offer more non-borrowing services like cash management, payroll management, payments, collections, and trade finance solutions to support SMEs. They should also make sure that there are monitoring services by attaching a team leader from the institution to the SMEs for close monitoring.

# CHAPTER ONE

## INTRODUCTION

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

Women who engage in economic activity gain financial independence and are better able to contribute to national development as a whole. In order to foster an atmosphere that is supportive of the establishment of women-owned enterprises, several governments throughout the world are paying at least some attention to this value and its relevance (International Labour Organization, 2014). This initiative supports the advancement of gender equality and women's empowerment as a sustainable development goal. Women still experience discrimination in their access to economic resources, employment prospects, and political participation, though, and gender disparity persists in many countries (Maziku, 2012).

Encouragement of women's participation in micro and small businesses is one method of empowering them economically (MSEs). Both qualitative and quantitative definitions of MSEs are utilized in Kenya; they are based on the firms' employee counts as well as other non-quantitative characteristics. A microenterprise is defined as having no more than 10 employees, whereas a small business is described as having no more than 11 employees (International Labour Organization, 2014). Small and micro enterprises are widely recognised to contribute to economic expansion, revenue production, and the eradication of poverty (Hassan & Mugambi, 2013). MSEs are essential because they give women the opportunity for self-employment, which enables them to reach their full potential (Nandonde & Liana, 2013). MSEs are crucial for women in particular because they offer the chance for self-employment, which allows them to fully realize their

potential (Nandonde & Liana, 2013). However, it has always been difficult for MSEs run by women to get the funding they need to survive and expand. Islamic banking has made it possible for MSEs run by women to get the finance they require for expansion and sustainability.

Despite claims to the contrary, female-owned and -operated micro companies, according to Maziku (2012), expand more slowly and are more likely to fail before their male counterparts. Increased sales over time, the hiring of more staff, the construction of new branches in other areas, and the expansion of the company' variety of activities are all signs of growth (ILO, 2014). Adoption of communications technologies and sales of goods in markets that were not initially intended are other signs of expansion (KIPPRA, 2014), Islamic banking provides the promise for a pathway towards growth for women owned MSEs.

One of the biggest difficulties MSEs still face is access to financing. Islamic financing solutions might be able to help with finding a solution to this problem. Islamic participation programs like mudarabah and musyarakah combine the assets of the lender and borrower, enabling Islamic banks to extend loans for longer periods of time to projects with higher risk-return profiles, so promoting the expansion of SMEs (Asmy et al., 2020). In addition, Yussuf (2017) notes that Islamic banking has a favorable impact on SMEs' financial performance because it enables management teams to increase financial profitability by offering entrepreneurs alternative financial products to those offered by traditional banks and by granting them equitable access to financing for the expansion of their businesses.

The rate changes made by the markets that affect commercial banks have also hampered the expansion of SMEs. Islamic banking innovations including "Murabaha," "Mudarabah," "Musharakah," and "service Ijara," which are unique to Islamic banking and have a favorable effect on the environment for SMEs, are therefore in demand. Islamic banks expedited the banking process by operating without charging interest, increasing competition within the banking industry and sparking a battle for SME clients, the largest consumer category in the market. Islamic banking is also hypothesized to have a positive influence on financial literacy among SMEs, supports SMEs' development, enables owners of SMEs to network and also accords the managers of SMEs with requisite training which enables the development and growth of the SME sector.

### **1.1.1 Islamic Banking**

According to Qasaymeh (2011), Islamic banking is a type of banking that aims to distribute financial resources to the economy effectively using Islamic principles (shari'ah). Islamic banking development stagnated in the late 1960s and early 1970s leading to the rebirth of Islamic banking in the late 1970's following the founding of the IDB in 1974. In recent years, the Islamic finance market has expanded at an average annual rate of 15% to 20%, according to Di Mauro et al. (2013). Furthermore, they demonstrate that over 1000 Islamic financial institutions now operate in 105 different countries around the world, up from one in 1975. Additionally, according to Di Mauro and companions, at the end of 2012, Islamic banks had assets of close to USD 1.3 trillion. Islamic banks still control more than 80% of banking assets in countries like the UAE, Qatar, Iran, Saudi Arabia, and Kuwait, where they continue to dominate the financial

sector. Additionally, the South-East Asian banking sector is showing signs of dominance, especially in Malaysia.

El-Galfy and Khiyar identified nine key features that set Islamic banking apart from mainstream banking (2012). The first is the ban on riba (interest). Interest-based elements are not permitted in any financial transactions conducted by an Islamic bank. Riba Al-Naseaa, or the interest charged on money as time passes, is the most typical type of interest. The ban of unethical commercial practices is the second characteristic. This is so because Islamic banking is governed by a rigid set of moral principles. It is forbidden to finance investments in companies that engage in gambling, firms that sell pig products, alcohol, tobacco, and other such "sinful sectors."

Freedom from Al-Gharar is the third attribute of Islamic finance (excessive uncertainty). All agreements or contracts relating to finances and investments must be compliant with Islamic banking's prohibition on excessive future risk (Raza et al., 2017). Another important aspect of Islamic banking is freedom from Al-Darar (injury). This means that no party to a contract may suffer any kind of financial or social harm. According to Huda (2012), borrowers are likewise forbidden by Islamic banking from making hasty decisions that could be detrimental to their interests. This promotes wise financial decisions and extreme caution while making business decisions. Islamic finance also has the feature of connecting funding and productivity.

Islamic banks mandate that all loans be used for legal business or investment in order to increase output (Yussuf, 2017). Therefore, a crucial need for any financing granted by an Islamic bank is the productivity of the projects. Islamic finance also places a strong

premium on contract equity. Borrowers (who are seen as investors in Islamic banks) have the option to enter into or reject any transaction with relation to equity (Huda, 2012). Profit sharing is still another important aspect. According to this idea, depositors serve as the financiers and stockholders of Islamic banks, which are viewed as Mudaraba businesses. In this arrangement, the bank and the depositors split any profits from any funding (Thambiah et al., 2015). Al-Qard Al-Hassan and Zakat are the final two important characteristics. Islamic banks are required to offer their needy customers Al-Qard Al-Hassan loans, which have no interest. Every Islamic bank is required by the concept of zakat to contribute an ongoing, mandatory tax (Saba et al., 2020). This is utilized to help the underprivileged and disadvantaged members of society. This accomplishes the goal of establishing socioeconomic fairness and equity over the world (Qasaymeh, 2011).

In order to contribute more to social and economic growth, Islamic banking was founded. It offers various benefits above traditional banks, driven by the aforementioned traits and ideals. These consist of increased responsiveness to societal requirements, less moral hazard, and increased efficiency (Goaied & Sassi, 2010; Cihak & Hesse, 2008). (El-Galfy & Khiyar, 2012). El-Ghattis (2011) further points out that because Islamic banks are more focused on the profitability of the underlying assets than the creditworthiness of the borrower, they are better positioned than conventional banks. Instead of the debt-based basis of conventional banking, Islamic banking uses notions of risk and profit sharing (Dridi & Hasan, 2010). Because the risk is shared between the bank and the investor, this type of financial intermediation frees up Islamic bank borrowers to be more innovative and make profitable investments. This enables investors to take part in numerous fruitful

initiatives that advance socioeconomic growth. By forgoing the funding of any transactions and investments that can be harmful to society, Islamic banking promotes economic growth. Islamic banks use Al-Qard Al-Hassan and Zakat as two methods to help the socially underprivileged. This promotes wealth redistribution, making the globe more equitable.

### **1.1.2 Growth**

An investment strategy that is focused/concentrates on increasing the value an investor's financial assets (Ping & Donglin, 2012). Muchai (2012) emphasized the significance of understanding the multidimensional nature of growth. Consequently, descriptive and normative theory building may be misguided as a result of research that only takes into account a particular dimension or a constrained range of growth. There should be several performance measures in the research. These metrics could include well-known accounting metrics like revenue growth, market share, and profitability. Additionally, criteria like overall happiness and the owners' non-financial aims are crucial in assessing progress. This is in line with Muteru's (2013) assertion that it is important to evaluate women-owned small businesses. The indicators for growth include increase in number of investments, increase in revenue levels, number of projects and increased job opportunities (Ping & Donglin, 2012). Thus, in this study the researcher will adopt the use of revenue levels.

In the United States, 18.7% of workers between the ages of 18 and 64 were either owners, managers, or engaged in early-stage entrepreneurial activity in 2012. Thirteen million people were employed by women-owned businesses in 2013, which are those that

are 50% or more owned by women. These businesses generated \$1.9 trillion in sales. Women are six times more likely to want to launch their own enterprises than men and their numbers are growing at a faster rate (2014) Parker. Despite a notable increase in the number of businesses owned by women entrepreneurs, the bulk of these businesses are still small and have not had the same growth as their male counterparts, according to a study done in Iran by Arasti et al. (2012). Furthermore, single proprietorships are referred to as female-controlled firms more often than corporations. Different societal and environmental elements both directly and indirectly influence this variation in business growth.

Women in Tanzania are showing a growing amount of interest in creating their own enterprises, according to Nandonde and Liana (2013). Funders, governments, and the corporate sector have all shown significant support for the move to finance the expansion of female entrepreneurs. Despite these initiatives, the firms of female entrepreneurs seem to expand more slowly than those of their male counterparts. Numerous initiatives have been put in place in Tanzania to aid women's attempts to launch their own companies. Under the sponsorship of various organizations including the Small Industry Building Organization, the establishment of women's banks, lending programs, and agro processing clusters that are solely for women (SIDO). Despite receiving help from donor agencies and NGOs for more than 30 years, the majority of micro-to-small-scale businesses in the informal sector have grown and transformed as planned. In Kenya, a nation with the largest percentage of MSE entrepreneurs, with women owning 47.4% of all MSEs (KIPPRA, 2014). Additionally, enterprises associated with traditional female occupations including hair salons, restaurants, hotels, retail stores, and wholesale outlets

are often owned by women. Women frequently run smaller enterprises than men, as seen by the average number of employees in a women-owned or managed MSE being 1.54 compared to 2.1 in men-owned or managed MSEs.

In MSEs that are owned or managed by women, 86% of the workers are other women who are also owners or managers, and 4% are hired employees. According to KIPPRA (2014), only 68% of workers in MSEs owned or managed by men are also owners or managers, with the other 27% being hired employees, unpaid family members, or apprentices (KIPPRA, 2014). In addition, women frequently run MSEs that are smaller and earn less than males do. According to Mwobobia (2012), women entrepreneurs confront significant obstacles that limit their ability to thrive, including a lack of funding, discrimination, issues with the municipal council, a heavy workload, limited access to justice, and a lack of education. But for this study, desktop research was employed, and relevant books, websites, periodicals, journals, and newspapers were examined.

According to Thambiah et al. (2015), despite the fact that there have been several studies on the challenges faced by women, the current research should focus on the measures taken by governmental, non-profit, and financial entities to solve these challenges. For women entrepreneurs to succeed, it is important to identify and assess the intervention programs being used to address the challenges they face (Asmy et al., 2020). This study's goal is to ascertain the impact Islamic banking has had on the rise of female entrepreneurs in Garissa County, Kenya.

### **1.1.3 Women Owned Small Scale Enterprises in Garissa County**

Garissa County is one of the 47 counties in Kenya that were established following the adoption of the Kenyan Constitution (2010). It is located in what used to be Kenya's North Eastern Province. The overall population of the County is 623,060. This comprises a female population of 388,121 and a male population of 434,939 according to the latest population projections (Garissa County Government, 2017). The county has six constituencies which include Garissa Township, Balambala, Ijara, Lagdera, Dadaab and Fafi.

In Garissa County, World Bank (2012) noted that 62% of the working population is engaged in MSEs creating jobs ranging from roadside sellers to structured businesses groceries, with women topping the list at about 52% to 57%. Women entrepreneurs in Garissa County engage in small scale businesses to cater for family obligations in regard to providing basic needs. However, most of the women entrepreneurs in Garissa County lack formal education or training whereas most others lack business experience prior to starting their enterprises. Women entrepreneurs in Garissa County engage in many businesses including selling clothes, charcoal, milk, khat, vegetables, ghee, cereals, and engaging in tailoring, operating small hotels and traditional handicrafts (Halake, 2016). Most of the enterprises that are owned by women in Garissa County face numerous challenges including low capitalization, inadequate business knowledge and poor marketing among others. These factors have made many women owned enterprises to remain small or to wind-up.

## **1.2 Statement of the Problem**

Small businesses run by women are crucial to the expansion of Kenya's economy because they promote saving and investment. However, due to their irregular growth, all of these contributions made by women-owned small businesses to the economy could be undone. This can be explained by the existence of elements that prevent women-owned small businesses from expanding. Research on the issues limiting the expansion of women-owned small businesses has received significant attention in a variety of situations. According to empirical evidence like Wahida (2011), it is challenging for the Central Bank to classify Islamic banks as banks because they are unable to guarantee deposits or returns. Shubber (2011) in the United Arab Emirates developed a sharia advisory council that examines whether the activities sponsored by 11 Islamic banks are in compliance with its principles, despite the fact that this had restricted their accessibility.

Hove (2014) looked into how Islamic banking affected South African SMEs' performance, firm competitiveness, and entrepreneurial motivation. The results show that Islamic banking enhances both business competitiveness and entrepreneurial zeal. A study was carried out in Nigeria by Bazza, Maiwada, and Daneji to determine the impact of Islamic financing on the financial issues faced by SMEs. The study found that Islamic financing is possible as a new source of funding for the nation, even though it is insufficient and only marginally effective. Islamic banking and economic growth, especially in Nigeria, according to Lawal and Imam (2016). The study's findings showed a substantial positive association between economic growth and Islamic banking by using Islamic bank finance, FDI, and trade to examine their impact on Nigeria's GDP growth. Trade, FDI, and Islamic financing all have a big impact on economic growth. However,

all of these investigations were carried out in industrialized nations with more advanced Islamic banking. This causes contextual gaps, which makes the current study's foundation strong.

Fardosa (2016) investigated SMEs' expansion and product innovation in Islamic banking in Nairobi, Kenya. According to the report, Islamic banks' adoption of a variety of financial innovations was considerable and had a favorable impact on the expansion of SMEs. Yussuf (2017) looked into how Islamic banking affected the expansion of SMEs in Nairobi, Kenya, and discovered that it had given those businesses the opportunity to improve their financial performance. Islamic banking had offered SMEs different banking products, had ensured equitable access to credit, had customized their products for businesses and improved financial decision-making processes in SMEs which had enabled growth of the enterprises. There is limited literature linking Islamic banking (networking, training, access and business support) collectively to growth of Women owned small scale enterprises hence creating a research gap for further investigation. Therefore, this study sought to determine the effect of Islamic banking on growth of women owned small scale enterprises in Garissa County, Kenya.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of the study was to establish the effect of Islamic banking on growth of small-scale enterprises owned by women in Garissa County, Kenya.

### **1.3.2 Specific Objectives**

The study's particular goals were to:

- i. To determine the impact of Islamic banking networking on the expansion of small businesses run by women in Garissa County, Kenya.
- ii. To evaluate the impact of Islamic banking training on the expansion of women-owned small businesses in Garissa County, Kenya.
- iii. To analyse the impact that access to Islamic banking products has had on the expansion of women-owned small businesses in Garissa County, Kenya.
- iv. To measure the impact of Islamic banking business support on the expansion of women-owned small businesses in Garissa County, Kenya.

### **1.4 Research Hypotheses**

The following null hypotheses were put to the test in the study:

**H<sub>01</sub>** - In Garissa County, Kenya, networking among Islamic banks has no appreciable impact on the expansion of women-owned small businesses.

**H<sub>02</sub>** - In Garissa County, Kenya, small businesses run by women do not experience any appreciable growth as a result of receiving training in Islamic banking.

**H<sub>03</sub>** - In Garissa County, Kenya, the growth of small businesses run by women is unaffected by Islamic banking products.

**H<sub>04</sub>** - In Garissa County, Kenya, the growth of small businesses run by women is not greatly impacted by the help provided by Islamic banks.

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

The study makes the following contributions to the body of knowledge. First, both short-term and long-term interventions, particularly in the battle against poverty, will benefit from the empirical evidence on the effects of Islamic banking on the expansion of enterprises owned by women. Over the years, research findings have typically served as guides for creating policies and making decisions. The results of this study will be used as supplementary guidance by economic policy makers with reference to MSEs in Garissa County in light of this trend. This assisted decision-makers in developing meaningful alternate policy interventions that may aid micro and small businesses in achieving growth goals.

In order to design better and more successful programs, financial institutions were able to better understand their involvement in the expansion of women-owned MSEs in Kenya thanks to the study's findings. The study also identified potential areas for development in Kenya's Islamic financing services. The government will also be interested in the study's findings. The research will be used to help create specific policies that would increase the efficiency and sustainability of women-owned MSEs in Kenya. The study's findings were also helpful for female entrepreneurs looking to launch MSEs as well as potential investors in the Islamic banking industry. They thought this study was pertinent to them. Making informed decisions is now possible for potential investors thanks to the findings that shed light on the future of Islamic finance solutions and women-owned MSEs.

Finally, the findings are important because they help scholars and researchers understand the extent to which Islamic banking products have contributed to the rise of women-owned MSEs. This served as a roadmap for training and upcoming research in the field.

The study also enhanced the discussion of finance theory and practice, particularly among SMEs.

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

The current study surveyed women who run small businesses in Kenya's Garissa County. The study concentrated on business support services, training services offered by Islamic banks, access to Islamic banking products, and networking opportunities. The study was place in Garissa County, Kenya. A questionnaire was utilized to collect the data, and the target respondents were women who owned small businesses. The study's historical time frame was five years, from the year 2016 to the year 2020.

### **1.7 Limitations of the Study**

This study was challenged by language barrier as the women who are the focus of the study may fail to comprehend the questionnaire items and hence may provide unsatisfactory answers. To counter this, the researcher ensured that questionnaire items were constructed in a language that was simple to understand with no use of technical terms. Moreover, the researcher informed the respondents that any clarification on the meaning of some questions was welcome.

The study experience a challenge of language barrier as some of the respondents were not conversant with the finance terminologies in the questionnaire. To overcome this challenge, the researcher adopted two strategies. The first one was to make the language in the questionnaires simple and understandable to anyone with basic English language skills. Moreover, the study administered the questionnaire to those who were challenged

in understanding the questionnaire so as to assist them in understanding the questions and responding to them accordingly.

### **1.8 Organization of the Study**

There are five chapters in this project. The backdrop of the study, the problem statement, the aims, the research questions, the scope, the significance, the limitations, and the organization of the proposed study are highlighted in Chapter 1. The second chapter provides the conceptual framework, theoretical framework, empirical review, summary of the literature studied, and research gaps. The study's research methodology is covered in detail in Chapter 3, which includes the project's research design, target population, sampling design, sample size, data collection instrument, pilot study, data collection process, data analysis, data presentation, and ethical consideration. The field research findings, their interpretation, and debates are presented in chapter four. The summary of the facts, conclusions, and suggestions is presented in Chapter 5 as a whole.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The review of the literature, both theoretical and empirical, is presented in this chapter. Four ideas that were used to direct this investigation are presented in the theoretical review section. The literature on prior studies is evaluated in the empirical review, which was provided after that. The conceptual framework that illustrates the connection between the independent and dependent variables is also provided.

#### **2.2 Theoretical Review**

Any research study requires a theoretical framework that guided and upon which it was based. The theories guide the study in making sense of the view of the world about women entrepreneurship and the factors that come into play to influence growth of women entrepreneurs. This study was based on two theories which are micro credit theory and network theory.

##### **2.2.1 Network Theory**

Burt (1984) created network theory to describe how social networks help people build their social capital. The theory is predicated on the idea that social networks people have inside and within communities establish channels via which people can access power, notoriety, or business. Lin and Dumin (1986), who noted that people can acquire employment opportunities and business contracts through social links, provided evidence to support this idea. Flap (1991) made the further observation that networks are able to

integrate transactions in a social matrix, generating markets that network members can access.

The current study utilized the network theory since networks have long been seen as crucial to the survival and development of micro and small firms. This is due to the fact that micro and small business owners can use the organizations or networks that micro finance institutions may have to forge ties. These networks consist of advisers, mentors, and support systems (Huda, 2012). Business partners and acquaintances, membership in trade organisations, and participation in support groups are some other networks that micro- and small-business owners may find valuable. Islamic financial institutions can give female company owners ways to create networks that will be helpful for the expansion of their enterprises (Yussuf, 2017). These are important networks that have a favorable impact on the development and success of businesses. It is anticipated that small enterprises without such networks will function and expand at a slower rate (Hassan & Mugambi, 2013).

The idea also suggests that one of the greatest methods to start a business is to use informal mentoring supporting relationships. These relationships assist the new business owner in navigating the roadblocks that stand in the way of success, growth, and personal fulfilment. However, due to the drawbacks of being tiny, small firms, unlike large businesses, are frequently excluded from social networks or informal networks of information (Huda, 2012). This may help to explain why small business owners sometimes struggle to build the networks necessary for their companies to expand. The study on the networks that women-owned small companies may rely on from Islamic

banks to improve their chances for business growth will be guided by this notion (Madichie & Nkamnebe, 2010).

### **2.2.2 Entrepreneurship Theory**

Shane created the entrepreneurial theory (2005). The three steps in the theory are opportunity discovery, opportunity assessment, and opportunity decision. The theory also includes performance, self-employment, and business operations. Four operational performance indicators—survival, growth, profitability/income, and initial public offering—were given particular emphasis in this strategy (Mishra and Zachary, 2014).

Entrepreneurs who are able to perceive these chances can build or improve their businesses, which will ultimately improve their well-being. The ability of different entrepreneurs to see and seize these opportunities varies. Additionally, it is based on their ability to gather knowledge and willingness to take risks while acting on it (Shane, 2005). Personal traits affect where one finds entrepreneurship opportunities. It is made up of psychological and demographic components like motives, attitudes toward taking risks, education and training, work experiences, age, and social standing.

Opportunities are also affected by changes in the corporate environment, such as those in the financial, legal, and economic spheres (Mishra, 2015). Examples of factors that may influence the finding of an entrepreneurial opportunity include the entrepreneur's income level, the availability of capital, political stability. This theory is pertinent to the study because it demonstrates how women-owned small businesses can adjust their available entrepreneurial resources to recognize and reframe an entrepreneurial opportunity in order to develop an entrepreneurial competency through an effectuation mechanism (the

effectuation multiplier). The entrepreneurial opportunity is so reconfigured and valued more highly thanks to the effectuation multiplier. The entrepreneur has an asymmetric advantage thanks to the entrepreneurial competence that is so produced, but the competence is sufficiently developed to allow the entrepreneur to proceed to the second stage of value creation (Shane & Venkataraman, 2000).

### **2.2.3 Resource Based View Theory**

Barney established the Resource Based View paradigm in 1991. The idea presupposes that people are motivated to utilize all available economic resources and that firms make rational decisions that are influenced by an economic framework (Barney, 2016). Additionally, Resource Based View Theory benefits the company by identifying elements that lead to a firm's superior success (Locket, Thompson and Morgenstern, 2013). From a list of potential strategic factors for the mobile phone sector, resource-based view enables executives of the firm to select the most crucial strategic aspects to invest in.

The theory of the resource-based view was used in this study to assess and explain how a firm's resources and capabilities could be used to establish and retain an advantage, leading to improved financial performance among small-scale women-owned businesses in Kenya (Sheehan & Toss, 2016). What constitutes capability, according to Amit and Shoemaker (1993; Barney (2016) and Mckelvie and Davidsson (2013), are complex sets of abilities, knowledge, and experience that help a company coordinate its operations, employ resources to produce results, and manage its business operations. The resources and skills that enable the company to create above-average rates of return and higher

performance benefits are scrutinized by Resource Based View, according to Lockett, Thompsons, and Morgenstern (2013) in their study on strategic management.

The notion of Resource Based View was pertinent to this study because it helps women owned small scale firms determine whether or not certain criteria necessary for superior performance are present. This puts them in a position where they can take advantage of market imperfections to improve their performance. Women are positioned in such a way that they can pool resources to maintain their performance advantage.

### **2.3 Empirical Review**

The literature on the impact of financial services on the expansion of MSEs in general and MSEs owned by women in particular is presented in this section. Both empirical studies from other nations and Kenyan studies are presented. Financial services have been the subject of numerous studies. This section will explain the many microfinance services that make up the study's main subject.

#### **2.3.1 Islamic Banking Networking and Growth of Small-Scale Enterprises**

The factors influencing the development of small and micro enterprises dairy producers in Kenya were examined by Kamau and Ngugi (2014). Gatundu South Farmer's Dairy Co-operative Society Ltd. was the subject of the study. The study found that local businesses had trouble expanding and infrequently expanded in terms of profitability or geographic reach. According to the survey, the main obstacles were a lack of appropriate marketing channels, networks, business management abilities, and financial resources.

The goal of the current study is to determine how access to Islamic financial services affects the growth of small businesses in Garissa County, Kenya.

Tendai (2013) investigated the relationship between networks and SME performance at various stages of the life cycle. A small business in the Netherlands was the subject of the case study. The study looked at how the use of networks during the start-up and growth phases of a small business' life cycle relates to its performance. The networks that the study concentrated on were those built by financial organizations that provided microcredit facilities. The research found a connection between entrepreneurial networks and performance through the start-up and growth periods of the organization. It has been demonstrated that networks are essential for small businesses seeking information and possibilities as well as gaining access to resources and credibility. As a company progressed through the life cycle stages of start-up and growth, small business performance increased.

Memba et al. (2012) aimed to determine how venture capital affected the expansion of MSEs in Kenya. The study's target population consisted of 200 SMEs that had received venture capital funding. The MSEs came from a variety of Kenya's largest cities. A sample of 100 randomly selected SMEs from a stratified group of SMEs based on location was used to collect data utilizing a semi-structured questionnaire as the primary data collecting instrument. Using SPSS software, descriptive statistics were used to evaluate the data. Sales per year, net assets, profit per year, and the number of employees were among the factors used to gauge growth. Microcredit and networks developed by Islamic banks for MSEs were used as indicators of microfinance services. Data was examined both before and after venture capital was used. The study found that MSEs

experienced significant growth after gaining access to the networks and financing made possible by affiliation with Islamic banks. The report presented recommendations for other MSEs to follow suit in order to help the nation realize its 2030 vision. It was stated that one of the primary causes of MSEs' subpar performance in the majority of developing nations is their low access to funding networks.

### **2.3.2 Training on Islamic Banking and Growth of Small-Scale Enterprises**

Every micro entrepreneur's goal, according to Sifunjo and Mwewa's (2014) research, is to expand their companies into major corporations. Most micro-entrepreneurs employ financial services and training to increase their production and profitability in order to accomplish this. Sifunjo and Mwewa (2014) noted that while numerous studies had been conducted in Kenya on SMEs and how financial services affect them, none had specifically examined how financial services affect the expansion of SMEs. This study's goal was to determine the impact of training, micro savings, and microcredit on the expansion of SMEs in Machakos County. In order to analyse eight different company categories in Machakos County, a survey research design was used. We gathered information from 100 businesses using a structured questionnaire. The links between training and SME growth were discovered using multiple regression analysis. The findings demonstrate how training and other financial services collectively contribute favourably to the expansion of SMEs. The study did find that the training impact was not statistically significant. This can be a result of training that wasn't based on SMEs' actual needs.

Olu (2009) investigated how financial institutions affect the entrepreneurial growth of small businesses in Nigeria, which are starved for expansion and development in a stifled economy. The primary data collection tool for the study was a questionnaire. The data was presented using a table and straightforward percentages. Due to the variety of services they provide and their contribution to the growth of the economy, financial institutions were deemed to be clear tools for the development of entrepreneurship. Financial institutions have been identified as important players in the financial industry worldwide, but particularly in Nigeria. Through the services they provide and the roles they play in the economy, financial institutions have a positive impact on people, businesses, other financial institutions, the government, and the economy as a whole. This was primarily evident in the education and training programs they provided small business owners to help them navigate the challenging world of entrepreneurship.

### **2.3.3 Access to Islamic Banking Products and Growth of Small-Scale Enterprises**

Wanambisi and Bwisa (2013) investigated how financial lending affected how well businesses performed. The research involved a survey of micro and small businesses in Kenya's Kitale Municipality. The study used a descriptive survey research approach, using 1,200 MSEs that were registered in the Kitale Municipality and had been in business for at least three years as the target population. The target market was divided into uniform groups such as wholesalers, merchants, dining establishments, and service providers. The strata were randomly and proportionately selected to create a sample of 120 MSEs. Data were gathered using a questionnaire that was semi-structured. The researcher checked and coded the completed questionnaires in a computerized program,

and then they were analyzed and reported in frequency tables, pie charts, and figures. Chi square and correlation tests with a 95% level of significance were used to establish the association between financial loans and MSE performance indicators. For significant bivariate variables at the 95% significance level, a multivariate logistic regression was applied. The number of loans and MSE performance in Kitale Municipality were strongly and favorably correlated. According to the study, financial institutions should shorten the time MSEs must spend training and forming groups in order to enable quick access to bank loans. The study also suggested increasing the quantity of loans offered by financial institutions to help MSEs develop into medium-sized businesses.

Cooper (2012) evaluated how microfinance services affected the expansion of SMEs in Kenya. The research focused on 50 SMEs in Nairobi. Self-administered questionnaires were utilized by the researcher to collect data, and quantitative analysis was employed to analyse the results. The study discovered that microfinance significantly contributes to the expansion of SMEs. A significant number of SMEs were found to have access to and seek for microcredit for their businesses. According to the report, financial services had assisted firms in changing their status by boosting their sales on the way from micro to small and from small to medium-sized enterprises. The study indicated that although while SMEs have simple access to microfinance services, they still have to adhere to strict requirements when applying for loans. The study also revealed that just a small number of Nairobi's financial institutions offer training to the vast majority of SMEs. Cooper (2012) came to the conclusion that financial services significantly contribute to the expansion of SMEs in Kenya. Microfinance is essential to the expansion of SMEs in Nairobi. The report advised that the loan application standards be loosened and that

Kenya's government create a welcoming atmosphere that will enable financial institutions serving small enterprises to flourish not only in Nairobi but also in other regions of the nation.

The goal of Koech (2011) was to pinpoint the financial constraints stopping SMEs in Kenya from growing. In Nairobi's Kamukunji District, the researcher adjusted the case study technique and gave special attention to SMEs. Structured questionnaires were the main method used in the study for data collection. The data were analyzed using descriptive analysis and exploratory factor analysis in SPSS to create frequency distribution tables and percentages. Cost, capital market collateral requirements, information accessibility, capital management, and registration expenses were all considered to be obstacles to the growth of SMEs. The report suggests that in order to increase access to loans for SMEs, commercial lenders should look at reducing collateral requirements.

#### **2.3.4 Islamic Banking Business Support and Growth of Small-Scale Enterprises**

Udoka (2014) evaluated how microcredit support programs affected reducing poverty in Akwa Ibom State, Nigeria. The goal of the study was to evaluate how micro-credit programs affected the reduction of poverty in Akwa Ibom State with a focus on how they helped households and businesses grow economically and socially. The study's main goals were to ascertain how much micro-credit programs may contribute to the eradication of poverty in Akwa Ibom State and throughout Nigeria, as well as how they would affect small companies there. The questionnaire was distributed 230 times in total in order to collect enough information for the project. The Population t-test and Pearson

product moment correlation coefficient statistical model were used to filter, collect, tabulate, and statistically analyze the 200 viable samples. According to the researcher, reduction of poverty in Akwa Ibom State had not been considerably aided by microcredit programs. Another conclusion indicated that micro finance programs had made a substantial contribution to the expansion of businesses in Nigeria and Akwa Ibom State. In order to address the issues of poverty, it was advised that a suitable framework be created to monitor, analyze, and manage microcredit programs. Additionally, the support services provided by microcredit to business owners, such as providing them with business development skills and facilitating the expansion of small firms into larger ones, were laudable. According to the study, microfinance organizations should expand their services to rural areas, where the majority of the world's poor people reside.

Research on the effects of financial institutions' support for Indian enterprises was done by Bran and Woller (2010). According to the study, business support has led to more psychological and social empowerment than economic empowerment. According to the study, small business services have a commendable effect on courage, self-worthiness, self-confidence, skill development, environmental awareness, family harmony, poverty reduction, increased rural savings, managerial competence, decision-making process, and group management. Financial engagement has been shown to significantly boost managerial abilities, psychological wellbeing, and social empowerment.

Alarape (2007) wanted to investigate the effects of small business managers or owners participating in assistance programs on the development and operational effectiveness of small businesses in Nigeria. The study was a cross-sectional analysis of the influence that small business owners' or managers' exposure to microfinance had on the operation,

performance, and growth rate of their companies. The results showed that small firms with owners and managers who had experience with microfinance programs shown superior managerial practice and grew at a greater pace in terms of gross margin than those with owners and managers who lacked superior experimental learning. This occurred as a result of financial institutions' encouragement of managers to follow professional business conduct and effective management techniques. This had the practical implication that it was necessary to strengthen small business managerial practices by exposing owners or managers to support programs in order to improve their performance and migrate to medium- and large-sized firms.

**Table 2.1: Summary of Knowledge Gaps**

<b>Authors and context</b>	<b>Objective</b>	<b>Key Findings</b>	<b>Research Gaps</b>	<b>How the current study will fill the gaps</b>
Kamau and Ngugi (2014)	To assess the factors affecting the growth of small and micro enterprises dairy farmers in Kenya.	The study established that major barriers were finance, networks, business management skills and lack of proper marketing channels.	The study was conducted in Gatundu in Kiambu County, which has differences in contextual environment to rural and far-flung areas	This study was conducted in Garissa which is a far flung and arid County
Tendai (2013)	To assess the influence of networks and performance of SMEs in Netherlands.	A significant relationship exists between growth and entrepreneurial networks	This study was conducted in Netherlands	The current study focused on women owned SMEs in Garissa County, Kenya
Memba <i>et al.</i> (2012)	To establish the impact of venture capital on growth of	MSEs made Significant growth after accessing the	The study focused on MSEs owned by both male and female	The current study only targeted MSEs owned by women

	MSEs in Kenya.	financing and networks created by associating with Islamic banks.	entrepreneurs	entrepreneurs
Sifunjo and Mwewa (2014)	To find out the effects of microcredit, micro savings & training on the growth of SMEs in Machakos County.	Training among other financial services jointly contribute positively to SMEs growth.	Study did not consider networking and business support services provided by financial institutions	Current study includes training, access to finance, business support and networking services as independent variables
Olu (2009)	To evaluate how financial institutions affect small businesses' entrepreneurial development and their desire for growth and development in Nigeria's.	Financial institutions are evident tools for entrepreneurship development due to the various services they offer and the role they play towards the growth of SMEs	This study only considered participatory access to financial services	Current study included training, business support and networking provided by Islamic banks
Wanambisi and Bwisa (2013)	To investigate how financial lending affected how well MSMEs businesses performed in Kitale Municipality, Kenya.	The number of loans and MSE performance in Kitale Municipality were strongly and favorably correlated	The study only focused on MSMEs in Kitale Municipality	The current study focused on women owned SMEs in Garissa County, Kenya
Udoka (2014)	Evaluation of how micro-credit support programs affected reducing poverty in Akwa Ibom State, Nigeria.	A suitable framework be created to monitor, analyze, and manage microcredit programs and microfinance organizations should expand their services to rural areas, where the majority of the	The goal of the study was to evaluate how micro-credit programs affected the reduction of poverty in Akwa Ibom State	Current study includes training, access to finance, business support and networking services as independent variables

---

world's poor  
people reside

---

Bran and Woller (2010)	To establish the effect of business support by financial institutions in India.	Business support has more impact on SME growth than economic empowerment.	Study only considered business support and excluded other services provided by financial institutions	Current study included training, access to finance, business support and networking services as independent variables
Alarape (2007)	To examine the impact of owners or managers of small business participating in support programs.	Small businesses whose owners had participated in micro finance programs exhibited superior performance and growth	The study was conducted in Nigeria which has different operational environment from SMEs from Kenya	Current study was conducted in Garissa County, Kenya

---

**Source: Researcher (2022)**

## **2.4 Summary of Literature and Research Gaps**

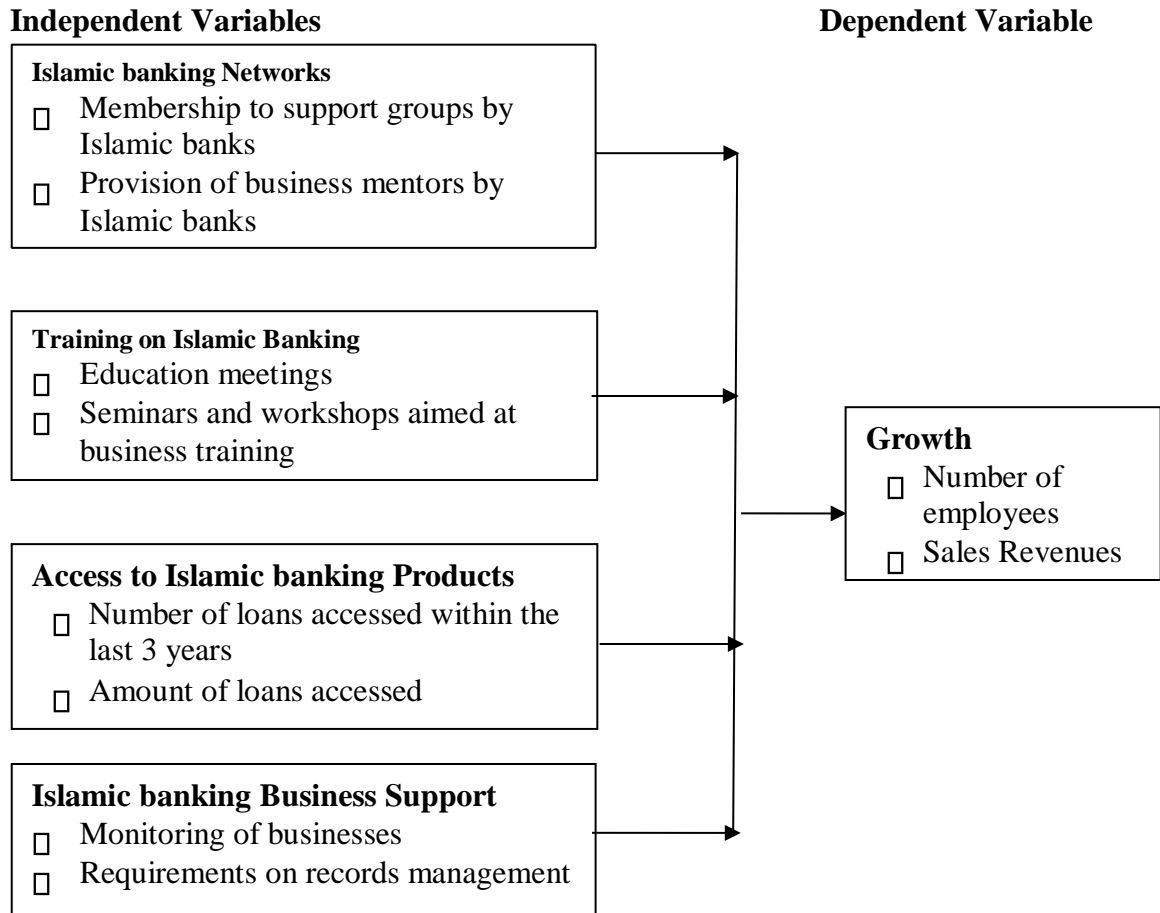
According to the studied literature, having access to financial services, training, and education in business management skills are necessary for one to be successful as an entrepreneur. One can expand and sustain their enterprises by having access to financing. Many female micro and small entrepreneurs are left with insufficient family funds as their sole option since they lack access to external finance and support services. Due to the relatively low correlation between profit and capital base, under-resourced businesses do not grow or generate large profit margins.

In Garissa County, Kenya, this study aims to determine the benefits of Islamic banking on the expansion of women-owned small businesses. Studies on the implications of

Islamic banking locally and globally have produced conflicting results. According to this, Islamic banking has varying effects on women-owned small businesses based on economic, environmental, social, political, and legal aspects. It is crucial to determine how Islamic banking has affected women-owned small businesses in Garissa County. Additionally, the majority of research on female entrepreneurs focuses on the obstacles they encounter in the workplace rather than the success of the treatments they utilize.

## **2.5 Conceptual Framework**

The theorized link between the variables under consideration is provided in this section. The objectives list networking opportunities, training, access to Islamic finance, and business support services as independent factors. The expansion of small businesses owned by women was the study's dependent variable.



**Figure 2.1: Conceptual Framework**

**Source: Researcher (2022)**

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter, the approach used to carry out this investigation is presented. This contains the sample size, sampling method, study population, and research methodology that were used. The chapter also discusses the instrumentation, including processes for data collection and ethical considerations, as well as testing for validity and reliability. The chapter also includes the data analysis techniques.

#### **3.2 Research Design**

A design of study is the framework or overarching plan of action that describes the methodologies and strategies for acquiring the data necessary to address the research questions, according to Verschuren, Doorewaard, and Mellion (2010). A research design includes how the study is set up, how the data are gathered, and how they are analyzed. Study researchers assert that in order to create the research design, important decisions must be taken based on the supplied justification (Creswell, 2013). The study used a descriptive research design since it wanted to characterize the current situation (Kombo & Tromp, 2014). The quantitative responses of the respondents on the relevant variables allowed the researcher to comment and draw conclusions.

#### **3.3 Target Population**

Target population refers to the group of entities, units or individuals from which the sample might be drawn (Gillham, 2008). The target population of this study was 281

women owned small scale enterprises in Garissa County, who were registered by the county government and who have received various services from the banks providing Islamic financing (Garissa County Government, 2021). These are women entrepreneurs who have been registered to engage in various businesses in Garissa County: they include those selling shoes, charcoal, clothes, groceries, eateries, food hawking, welding, handicrafts and such other small businesses. All registered SMEs owned by women in Garissa County regardless of size and who have received services from Islamic banks will be considered in the study. The relevant data required for the study was provided by the study's target population of SMEs owned and operated by women in Garissa County.

### 3.4 Sampling Design

The study applied stratified random sampling to select women owned small-scale enterprises in Garissa County, Kenya. Sample for the study was computed using the formula by Coolican (2004). A significance level of 5% was selected to ensure that errors from sampling were minimized.

N

$$n = \frac{N}{1 + N e^2}$$

In the formula; N = population n = sample size e = error margin (0.1).

$$n = \frac{281}{1 + 281 (0.1)^2}$$

$$= 74 \text{ Women owned small scale enterprises}$$

**Table 3.1: Sample Size**

<b>Bank</b>	<b>Target Population</b>	<b>Sample Size (Women owned small scale enterprises)</b>
Gulf African Bank	86	23
First Community Bank	88	23
KCB bank	107	28
<b>Total</b>	<b>281</b>	<b>74</b>

**Source: Researcher (2022)**

Therefore, the sample was made up of 74 small businesses owned by women that were chosen via stratified sampling from a list provided by the several Islamic banks in Garissa County. Purposive sampling was used to select respondents from each woman-owned small business in Garissa County, Kenya. One respondent (the proprietor/manager) was chosen from each of the 74 women-owned small businesses. Consequently, there were 74 responses in the sample.

### **3.5 Data Collection Instruments**

The questionnaire used in this study served as the data gathering tool. A questionnaire, according to Gillham (2008), is a written form comprising questions that subjects or research participants are intended to answer. The use of a questionnaire was made possible by its affordability, the ease with which the data could be collected, and the ease with which the subjects could provide standardized responses for analysis. After

reviewing the literature on financial institutions and how they affect the growth of women entrepreneurs, the questionnaire was created. The survey was divided into five sections. The first section asked general inquiries about the respondents and their companies, while the other four sections focused on the four research questions. Interval scales, in this case the Likert scale, were the main scales of measurement used for this investigation.

Because 5-point Likert scale questions can be utilized with interval scales, the questionnaire featured closed-ended questions that included them (Kothari, 2004). The surveys were written with an eye toward clarity and succinctness. Oppenheim (2000) noted that for a questionnaire to have a high response rate the questions should be few and the design should necessitate little effort on the part of the responders. Although the questions were brief enough to promote full responses from the respondents, they were precise enough to get the necessary data. To make sure it is suitable for data collection, the draft questionnaire was validated for reliability and validity before being turned into the study's final questionnaire.

### **3.5.1 Pilot Study**

A pilot study was conducted on the research instruments prior to data collection. This was done in the neighbouring Wajir County on five small businesses run by women. The reason Wajir was chosen is that its people, culture, and terrain are comparable. In the pilot test, participants were asked to comment on how well they understood the items and how much work it took to complete the surveys. The final questionnaire was modified in accordance with the suggestions made by the pilot test participants. The pilot study's goal

was to increase the research tools' reliability and validity. Additionally, it enabled the researcher to become comfortable with the research tools. The purpose of piloting is to inform the researcher of any issues with the surveys (Mugenda & Mugenda, 1999). Before actually distributing the questionnaires, the researcher will resolve any shortcomings that may occur.

### **3.5.2 Validity of Research Instrument**

Validity, according to Robson (2002), is a measurement of how accurately and usefully the tool's data reflect the variable. Validity also relates to whether complete access to informants' knowledge and meanings is made possible. The questionnaire was examined for face validity and content validity, two different types of validity. The level at which the questionnaire was evaluating the variables linked to Islamic banking and its impact on the expansion of women-owned small businesses is referred to as content validity in this study. This was verified by the supervisor, who made sure that all the factors affecting the growth of women-owned small businesses were taken into account. The amount to which the questionnaire in this scenario is pertinent and well-designed to cover the issues under study, according to Robson's (2002) further observation, is referred to as face validity. Further evidence of the questionnaire's relevance and suitability for the task is provided by its face validity. The supervisor evaluated this case's face validity using the pretesting results and the supervisor's observations.

### **3.5.3 Reliability of Research Instrument**

According to Coolican (2004), reliability is the capacity of a test to generate comparable responses or outcomes following repeated administration. The questionnaire must be trustworthy in order for the responses obtained by it to be trustworthy, as it will be evaluating Islamic banking and its impact on the expansion of women-owned small businesses in Garissa County. The Cronbach alpha, which evaluates the internal consistency of the responses, was used to determine the reliability of the surveys. If the questionnaire items are credible, a Cronbach alpha of 0.7 or above is required (Kurpius & Stafford, 2006).

### **3.6 Data Collection Procedure**

Data collection started after the design of the final questionnaire. The first step was to print 74 questionnaires. This was followed by physically visiting the banks and requesting the names of women who had sought financing from the banks. Secondly, the researcher visited Garissa Town and talked to the women entrepreneurs that were targeted one by one. Those women who accepted to participate in the study were issued with the questionnaire. A date of collecting the filled questionnaire from the respondents was agreed. Moreover, respondents were asked whether they are conversant with the items and those respondents who indicated to have poor comprehension of the items were assisted in filling the questionnaires. This process continued until all the 74 questionnaires were issued. After the date of collecting the questionnaires arrived, the researcher again visited the town and located all the respondents who were issued with questionnaires. Those who had not filled the questionnaires were given more time.

Follow-up was done through telephone or through any other means that had been agreed between the researcher and the respondent. However, this only continued until all or a reasonable number of questionnaires were collected.

### **3.7 Data Analysis and Presentation**

Following the field collection of the surveys, data processing began. In order to transform data into information that can be helpful, data analysis entails analysing, cleaning, coding, and changing the data (Babbie, 2011). In this study, the procedure included going over the questionnaires that were gathered to make sure they were filled out accurately and completely. Only correctly and completely completed surveys were used in the data analysis. Following a thorough examination of the surveys, the replies were coded and entered into analysis-aiding software. The analysis made use of both descriptive and multiple regression techniques.

Multiple regression coefficients and Pearson's correlation coefficients served as the inferential statistics. A multiple regression model was employed to measure the effect of each predictor variable on the dependent variable, allowing the researcher to discover the direction and strength of the correlations between the study variables. The significance level for all tests in this study was set at 0.05 (95% confidence level). Each response received a numerical value made up of a numerical code. The following illustrates the model that was used to link the variables;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 +$$

Where, Y = Growth

$\beta_0$  = Constant  $\beta_1$  = Coefficients

$X_1$  = Islamic banking networks

$X_2$  = Training on Islamic banking

$X_3$  = Access to Islamic banking products

$X_4$  = Islamic banking business support

$\epsilon$  = Error term

Tables, figures, and graphs were used to present the results for both the descriptive and inferential statistics. This made it possible to visually portray the data, which enhanced the significance of the result.

### **3.8 Diagnostic Tests**

The study employed numerous regression models that made use of the fundamental regression hypotheses that needed to be tested prior to the actual analysis. These diagnostic tests, which were conducted as described below, included normality tests, multicollinearity checks, and homoscedasticity tests.

### **3.8.1 Multicollinearity Test**

The investigation of multicollinearity involves examining the connection between a study's independent variables. The absence of a significant association between two or more independent variables is another way to describe it. Multiple regression analysis suffers from multicollinearity in almost every aspect, especially if the correlation between the independent variables is large (Aczel, 2009). It was decided to use the Variance Inflation Factor (VIF) to test for multicollinearity. The size of the VIF was then used to determine the degree of multicollinearity.

Sosa-Eacudero (2009) states that if the VIF is equal to 1, there is no link, there is moderate correlation if the VIF is higher than 5 but less than 10, and there is significant correlation if the VIF is larger than 10. VIF should be less than 3, according to the general rule of thumb (Kutner, Nachtsheim & Neter, 2004).

### **3.8.2 Normality Test**

The normalcy test is an addition to the graphical normality evaluation (Elliott & Woodward, 2007). Given that multiple regression analysis served as the primary method for data analysis in this study, the assumption of normality in the distribution of the data was presumptively applicable. The Shapiro-Wilk test, which is appropriate when the sample size is between 3 and 2,000, was employed in this study to assess for normality.

The Shapiro-Wilk test compares the sample's findings to a group of findings that are evenly spaced out and share the same mean and standard deviation. Because the sample's distribution does not significantly depart from a normal distribution, a non-significant result from the test ( $p > 0.05$ ) indicates that the distribution is most likely normal. On the

other hand, the distribution in question is regarded as non-normal if the test is significant ( $p < 0.05$ ) (Field, 2009). Dummy variables or another technique would be employed in this situation to successfully remove the observations (outliers).

### **3.8.3 Heteroscedasticity Test**

Homoscedasticity is the presumption that, regardless of the value of X, Y values have equal standard deviations around the population regression line. Heteroscedasticity does exist, though, if the variations are uneven. However, since the findings of the traditional least square regression coefficients are unaffected by heteroscedasticity, one may still undertake regression analysis (Saunders et al., 2009).

### **3.9 Ethical Considerations**

Different ethical issues were taken into account in this investigation. This will involve results disclosure, informed consent, confidentiality, and voluntary participation. The researcher made sure that no respondent was pushed into participating in the study against their will by false representation or the offer of benefits (Coolican, 2004). Respondents were fully informed of the goal and necessity of the study in order to entice them to participate. Any lingering doubts or queries were addressed. Everyone's position was honored, including those who didn't wish to participate.

Regarding informed consent, the researcher made sure that each participant provided their approval after being fully informed of the uses of the data and the categories of data that would be obtained. It was lawfully gained consent. In terms of secrecy, the researcher ensured that the data was only utilized for academic reasons and that the

participants' privacy was protected (Robson, 2002). To ensure privacy, no individual data about responders was obtained. The dissemination of the results came last. The researcher ensured that the data was correct and that the comments of the respondents had an impact on the outcomes. The study also met with the ethical guidelines for research that Kenyatta University set.

## CHAPTER FOUR

### DATA ANALYSIS, INTERPRETATION AND FINDINGS

#### 4.1 Introduction

The empirical findings and outcomes of the application of the variables utilizing the methods indicated in chapter three are presented in this chapter. In particular, the data analysis was built around clear goals, where trends were looked at, explained, and implications were drawn. Before the chapter analyzes the research variables, it begins with a preliminary analysis of the data. Response rate, descriptive statistics outlining the respondents' characteristics, descriptive statistics outlining the study variables, and inferential statistics make up this chapter's structure.

#### 4.2 Response Rate

The term "representativeness" describes how well the sample used in the questionnaire research compares to the target population (Saunders, Lewis & Thornhill, 2007). The response rate reached after questionnaires had been distributed is shown in Table 4.1 below to demonstrate the representativeness. When compared to the recommendations of Saunders, Lewis, and Thornhill (2007), who suggested a 30–40% response rate, Sekaran (2003), who also suggested that the response rate should be in excess of 30%, and Mugenda and Mugenda (2003), who suggested that the response rate should be above 50%, the study's response rate of 91.89%, as shown in Table 4.1, was deemed adequate. The information gathered was deemed sufficient for analysis because it exceeds the guidelines provided by the many experts indicated above.

**Table 4.1: Response Rate**

<b>Response rate</b>	<b>Frequency</b>	<b>Percent</b>
Returned	68	91.89%
Unreturned	6	8.11%
<b>Total</b>	<b>74</b>	<b>100%</b>

### **4.3 Demographic Information**

This section of the study provides background data about the respondents, including their age, highest educational attainment, and length of time in company.

#### **4.3.1 Respondents' Age Bracket**

The findings showed that 7(10.3%) of the respondents were aged between 18yrs – 25 yrs, 7(10.3%) were aged between 26-35yrs, 21(30.9%) were aged between 36-45yrs, 20(29.4%) were aged between 46-55yrs and 13(19.1%) were aged above 45yrs as shown in Table 4.2

**Table 4.2: Respondents' Age Bracket**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18 - 25 years	7	10.3
26 – 35 years	7	10.3
36 - 45 years	21	30.9
46 – 55 years	20	29.4
Above 45 years	13	19.1
<b>Total</b>	<b>68</b>	<b>100.0</b>

#### **4.3.2 Level of Education**

The findings showed that 20(29.4%) of respondents did not finish primary education, 13(19.1%) had acquired primary education, 14(20.6%) of the respondents had secondary

education, 7(10.3%) of the respondents had a certificate, 7(10.3%) had diploma and 7(10.3%) had acquired Bachelor's degree as shown in Table 4.3

**Table 4.3: Level of Education**

		Frequency	Percent
Valid	Did not finish primary	20	29.4
	Primary	13	19.1
	Secondary	14	20.6
	Certificate	7	10.3
	Diploma	7	10.3
	Bachelor's Degree	7	10.3
	Total	68	100.0

#### 4.3.3 Period in Business

The findings showed that 7(10.3%) of respondents had practise business for 3 years and below, 20(29.4%) gad being in business for 3-5yrs, 20(29.4%) of the respondents had being in business for 6-8 yrs., 14(20.6%) of the respondents had practised business for 9-11 yrs., and 7(10.3%) had practised business for over 11 years as shown in Table 4.3

**Table 4.4: Period in Business**

		Frequency	Percent
Valid	Below 3 years	7	10.3
	3 – 5 years	20	29.4
	6 – 8 years	20	29.4
	9 - 11 years	14	20.6
	Above 11 years	7	10.3
	Total	68	100.0

#### 4.3.4 Whether women are provided with enough support from Islamic financial institutions

The findings showed that 48(70.6%) of respondents had agreed that women are provided with enough support from Islamic financial institutions while 20(29.4%) of the respondents were against the statement as shown in Table 4.3.

**Table 4.5: Whether women are provided with enough support from Islamic financial institutions**

		Frequency	Percent
Valid	Yes	48	70.6
	No	20	29.4
Total		68	100.0

#### 4.4 Descriptive analysis

##### 4.4.1 Access to banking products from Islamic financial institution

**Table 4.6: Access to banking products from Islamic financial institution**

Statement	Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Mean
	F	%	F	%	F	%	F	%	F	%	
Women in business have been able to access many loans from Islamic financial institutions for the last five years	13	19.1	20	29.4	14	20.6	14	20.6	7	10.3	3.26
Women in business get loans from Islamic financial institutions which have enabled them to expand their business.	14	20.6	26	38.2	14	20.6	7	10.3	7	10.3	3.49
Women business do not encounter stringent loan conditions when accessing loans from Islamic financial institutions.	13	19.1	20	29.4	7	10.3	21	30.9	7	10.3	3.16
The loans repayment conditions women businesses get are friendly and supportive for the business	14	20.6	33	48.5	7	10.3	7	10.3	7	10.3	3.59
Women entrepreneurs have not encountered any form of discrimination when accessing loans from any Islamic financial institution	14	20.6	41	60.3	7	10.3	6	8.8	0	0	3.93

According to the results in the table above, 48.5% of respondents agreed with the claim that over the past five years, women in business have had easy access to many loans from

Islamic financial institutions, while 20.6% were neutral and 30.9% disagreed. In terms of whether loans from Islamic financial institutions have helped women entrepreneurs expand their businesses, 58.8% of respondents said yes, 20.6% said no, and 20.6% said they were neutral. When seeking loans from Islamic financial institutions, women business owners do not face strict loan terms, according to 48.5% of respondents, 10.3% of them were neutral, and 41.2% were opposed.

The majority of respondents, 69.1%, agreed that the loan payback terms received by women-owned enterprises are favorable and helpful to their operations, while just 20.6% disagreed and 10.3% were undecided. Eighty-nine percent of respondents agreed that women business owners have never faced prejudice while applying for loans from Islamic financial institutions, while 10.3% were neutral and 8.8% disagreed but not strongly. The high median of the data suggested that the majority of respondents responded favourably to the statement. The claim that women entrepreneurs have never encountered any bias while requesting for loans from Islamic financial institutions obtained the greatest degree of agreement, with a mean score of 3.93. The findings are in line with those of Mauro et al. (2013), who found that Islamic finance only encourages transactions that are connected to the actual economy, making it more responsive to the economy. By taking part in Al-Qard Al-Hassan and Zakat, Islamic banks also ensure that people who are underprivileged in society are uplifted.

### 4.3.2 Islamic banking products accessed enables the business to grow

The findings showed that 55(80.9%) of respondents had agreed that the Islamic banking products they accessed from the Islamic bank enabled their business to grow while 13(19.1%) of the respondents were against the statement as shown in Table 4.7

**Table 4.7: Islamic banking products accessed enables the business to grow**

---

		Frequency	Percent
Valid	Yes	55	80.9
	No	13	19.1
	Total	68	100.0

---

#### 4.4.3 Training on Islamic banking

**Table 4.8: Training on Islamic banking**

Statement	Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Mean
	F	%	F	%	F	%	F	%	F	%	
The Islamic finance institutions have arranged various seminars which have helped small businesses	13	19.1	34	50.0	7	10.3	7	10.3	7	10.3	3.57
The Islamic finance institutions provides educational meetings which provides small businesses with required know-how	14	20.6	33	48.5	7	10.3	7	10.3	7	10.3	3.59
Islamic finance institutions provide workshops which help business managers and owners to be more skilled in managing their business.	7	10.3	48	70.6	6	8.8	7	10.3	0	0	3.81
This business has benefited from business advice offered by Islamic finance institutions	13	19.1	41	60.3	7	10.3	7	10.3	0	0	3.88
The Islamic finance institutions offers business discussion forums where owners and managers learn more about business management	21	30.9	34	50.0	6	8.8	7	10.3	0	0	4.01

According to the results, 69.1% of respondents agreed that Islamic finance institutions had organized seminars that had benefited small firms, while 10.3% disagreed and 20.6% were in favour of the claim. In contrast to the 20.6% who disagreed and the 10.3% who were neutral, 69.1% of respondents agreed that Islamic financing institutions offer educational meetings that give small firms the necessary knowledge. The majority of

respondents (80.9%) agreed that Islamic financing institutions offer workshops to help business managers and owners become more adept at running their companies, while 8.8% disagreed and 10.3% were undecided.

On whether the business has benefited from business advice offered by Islamic finance institutions, 79.4% of the respondents are in agreement with the statement while 10.3% were neutral on their statement as 10.3% did not agree with the statement. 80.9% of the respondents supported that the Islamic finance institutions offers business discussion forums where owners and managers learn more about business management, 8.8% were neutral as 10.3% were against the statement.

According to the aforementioned statistics, a large majority of respondents gave favourable responses, as shown by high means. With a mean score of 4.01, the statement that offers business discussion forums where owners and managers can learn more about business management was the most widely agreed-upon. These results are corroborated by Yussuf's (2017) findings, which show that Islamic banking improves SME financial performance by allowing management teams to increase financial profitability and providing SME managers with the necessary training to support the expansion and development of the SME sector.

#### **4.3.4 Attendance of Trainings and Seminars**

The findings showed that 7(10.3%) of respondents agreed that they have never attended any training/seminars, 20(29.4%) attended once, 13(19.1%) of them said twice, 21(30.9%) said thrice and 7(10.3%) agreed on four times as shown in Table 4.6.

**Table 4.9: Attendance of Trainings and Seminars**

		Frequency	Percent
Valid	None	7	10.3
	One	20	29.4
	Two	13	19.1
	Three	21	30.9
	Four	7	10.3
	Total	68	100.0

**4.3.5 Training by the Islamic bank enables the business to grow**

The findings showed that 48(70.6%) of respondents agreed that trainings/seminars by the Islamic bank enabled their business to grow while 20(29.4%) of the respondents were against the statement as shown in Table 4.10.

**Table 4.10: Training by the Islamic bank enables the business to grow**

		Frequency	Percent
Valid	Yes	48	70.6
	No	20	29.4
	Total	68	100.0

**4.4.6 Networking support provided by Islamic finance institutions****Table 4.11: Networking support provided by Islamic finance institutions**

Statement	Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Mean
	F	%	F	%	F	%	F	%	F	%	
Islamic finance institutions enable membership to support groups which help the business in creating networks	14	10.6	33	48.5	7	10.3	14	20.6	0	0	3.69
Islamic finance institutions have linked the	7	10.3	34	50.0	7	10.3	20	29.4	0	0	3.41

---

business to professional support networks that assist the business in its growth	Islamic finance institutions	7	10.3	27	39.7	7	10.3	20	29.4	7	10.3	3.10
sponsor talks for small business owners by successful entrepreneurs	Islamic finance institutions	7	10.3	27	39.7	6	8.8	21	30.9	7	10.3	3.09
motivate formation of groups which allow small business to create networks among themselves	Islamic finance institutions	7	10.3	27	39.7	7	10.3	20	29.4	7	10.3	3.10
arrange mentorship programmes by scholars or people who are successful in business												

---

The results showed that while 10.3% were neutral and 20.6% did not support allowing membership in support groups that aid businesses in developing networks, 59.1% of respondents supported this idea. 60.3% of the respondents agreed, 10.3% were neutral, and 29.4% disagreed that the Islamic financing institutions had connected the company to professional support networks that helped the company thrive. 50.0% of respondents agreed that Islamic financing institutions should host speeches by successful entrepreneurs for small business owners, while 10.3% disagreed and 39.7% opposed the

idea. 50.0% of respondents agreed with the statement that Islamic financial institutions encourage the development of groups that enable small businesses to form networks among one another, 8.8% disagreed, and 42.2% were neutral. 50.0% of respondents agreed that Islamic banking institutions should set up mentorship programs with academics or successful businesspeople, while 10.3% opposed and 39.7% were undecided.

The statement agreed by majority of the respondents was that Islamic finance institutions enable membership to support groups which help the business in creating networks with highest mean of 3.69. These results are consistent with those of Nandonde & Liana (2013), who discovered that Islamic banking has made it possible for women-owned MSEs to have access to the money they require for company expansion through support networks.

#### **4.3.7 Business presentations, meetings or talks by mentors attendance**

The findings showed that 13(19.1%) of respondents agreed that they gave never attended any business presentations, meetings or talks by mentors, 14(20.6%) attended once, 7(10.3%) of them said twice, 20(29.4%) said thrice and 14(20.6%) agreed on four times as shown in Table 4.12.

**Table 4.12: Business presentations, meetings or talks by mentors attendance**

		Frequency	Percent
Valid	None	13	19.1
	One	14	20.6
	Two	7	10.3
	Three	20	29.4
	Four	14	20.6
Total		68	100.0

#### 4.3.8 Islamic bank networks enables business to grow

The findings showed that 28(41.2%) of respondents agreed that Islamic bank networks enabled their business to grow while 40(58.8%) of the respondents were against the statement as shown in Table 4.13.

**Table 4.13: Islamic bank networks enables business to grow**

		Frequency	Percent
Valid	Yes	28	41.2
	No	40	58.8
	Total	68	100.0

#### 4.4.9 Business support provided by Islamic finance institutions

**Table 4.14: Business support provided by Islamic finance institutions**

Statement	Strongly agree		Agree		Neutral		Disagree		Strongly disagree		Mean
	F	%	F	%	F	%	F	%	F	%	
Islamic bank provides me with monitoring services for the business to ensure the business is progressing well	7	10.3	34	50.0	6	8.8	14	20.6	7	10.3	3.29
Islamic banks provide business advice which benefit the business	14	20.6	35	51.5	6	8.8	7	10.3	6	8.8	3.64
Islamic bank provide support in ensuring effective management of the business	7	10.3	19	27.9	14	20.6	21	30.9	7	10.3	2.97
Islamic bank requires the business to keep good records	7	10.3	47	69.1	7	10.3	7	10.3	0	0	3.79
Islamic bank supports business	14	20.6	41	60.3	6	8.8	7	10.3	0	0	3.91

According to the results above, 7 (or 10.3%) of the respondents strongly agreed that an Islamic bank offers me monitoring services to make sure my firm is doing successfully. 34 people, or 50.0%, agreed with the statement as well, while 6.8% were neutral, 14.6% opposed, and 7.3% strongly disagreed. 14 (20.6%) of the respondents highly agreed that Islamic banks offer business advice that is beneficial to businesses, 35 (51.5%) agreed, 6 (8.8%) disagreed, and 7 (10.3%) strongly disagreed with the statement. 7 (10.3%) of the respondents strongly agreed that Islamic banks should support efforts to ensure efficient business administration, 19 (27.9%) agreed, 14 (20.6%) disagreed, 21 (30.9%) disagreed, and 7 (10.3%) strongly disagreed. When asked if the Islamic bank required the company to maintain proper records, 7 (10.3%) of the respondents strongly agreed, 47 (69.1%) agreed, and 7 (10.3%) were neutral. Of the 7 (10.3%) who disagreed, none strongly disagreed. 41 (60.3%) of the respondents agreed, 6 (8.5%) were neutral, and 7 (10.1%) disagreed, but none of the respondents strongly disagreed, with 14 (20.6%) of the respondents strongly agreeing that Islamic banks assist business owners and managers in growing their companies.

The majority of respondents strongly agreed with the statement that an Islamic bank requires the company to maintain accurate records, with a mean score of 3.79. The results of Maziku (2012), who established that Islamic banking is theorized to have a good influence on financial literacy among SMEs, help the development of SMEs, allow

SMEs' owners to network and retain their records with the necessary training, confirm these conclusions.

#### **4.3.10 Whether Islamic bank business support enabled their business to grow**

The findings showed that majority of the respondents agreed that that Islamic bank business support enabled their business to grow as they were 48(41.2%) while 20(29.4%) of the respondents were against the statement as shown in Table 4.15.

**Table 4.15: Whether Islamic bank business support enabled their business to grow**

		Frequency	Percent
Valid	Yes	48	70.6
	No	20	29.4
Total		68	100.0

#### **4.3.1 Diagnostic Tests**

The data assumptions were established before a regression analysis was run. Ignoring the regression analysis assumptions, according to Antonakis & Deitz (2011), results in inaccurate validity estimations. The size and significance of the effects of numerous independent factors on a dependent variable are frequently estimated using multiple regression models (Neale, Eaves, Kendler, Heath, & Kessler, 1994). During this investigation, the following multiple regression assumptions were taken into account: normality, homoscedasticity, and multicollinearity.

##### **4.3.1.1 Multicollinearity**

The presumption that the independent variables are uncorrelated is known as multicollinearity (Keith, 2006). Researchers' ability to distinguish between the impacts of factors decreases when more variables overlap (correlate). The diagnosis was made using

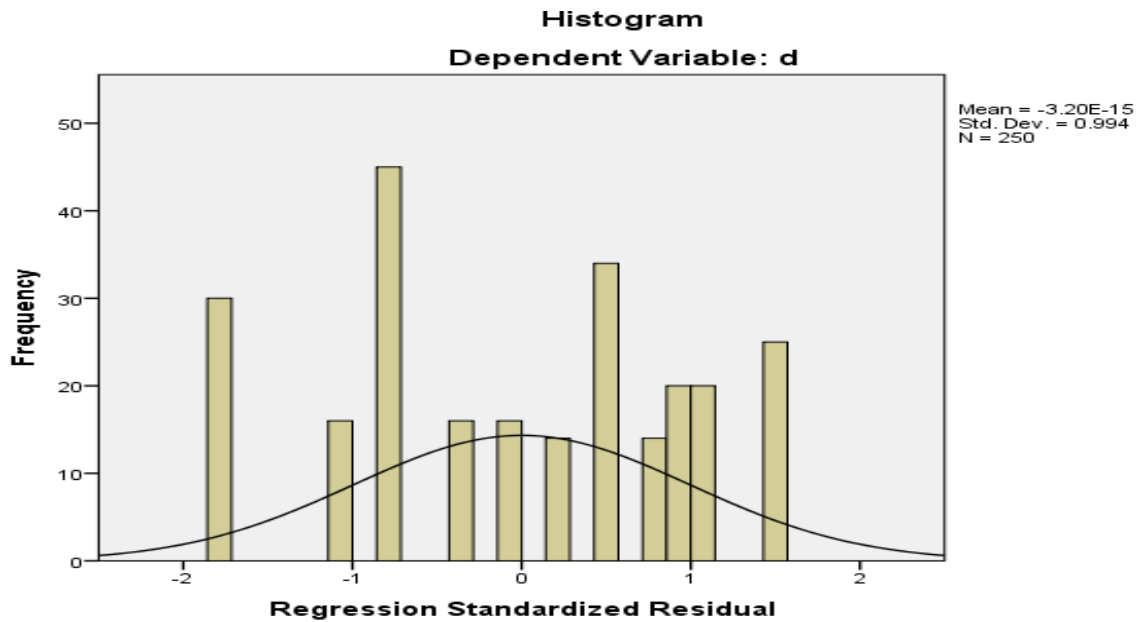
statistics based on tolerance and variance inflation factors (VIF). The tolerances of the three constructions ranged from 0.482 to 0.767, according to the findings of the multicollinearity test in Table 4.13. The range of VIF scores was 1.30 to 2.07 We may infer that there was no collinearity for this model because the VIF values are all below 10 and the tolerance statistics are all significantly above 0.2 (Bowerman & O'Connell, 1990). The variance that each independent factor contributed to was significantly independent. The results demonstrated that the explanatory variables lacked multicollinearity. According to Table 4.16, it was determined that the multicollinearity supposition had been satisfied.

**Table 4.16: Collinearity statistics**

	Tolerance	VIF
1 (Constant)		
Banking products	.909	1.103
Training	.876	1.141
Networking support	.922	1.084
Business support	.845	1.115

#### 4.3.1.2 Normality

Multiple regressions presume that the distributions of the variables are normal (Darlington, 1968; Osborne & Waters, 2002). Due to the fact that errors are regularly distributed, a plot of the residual values will resemble a normal curve (Keith, 2006). The researcher verifies this presumption by visually examining normality plots, as seen in Figure 4.1 (Osborne & Waters, 2002).



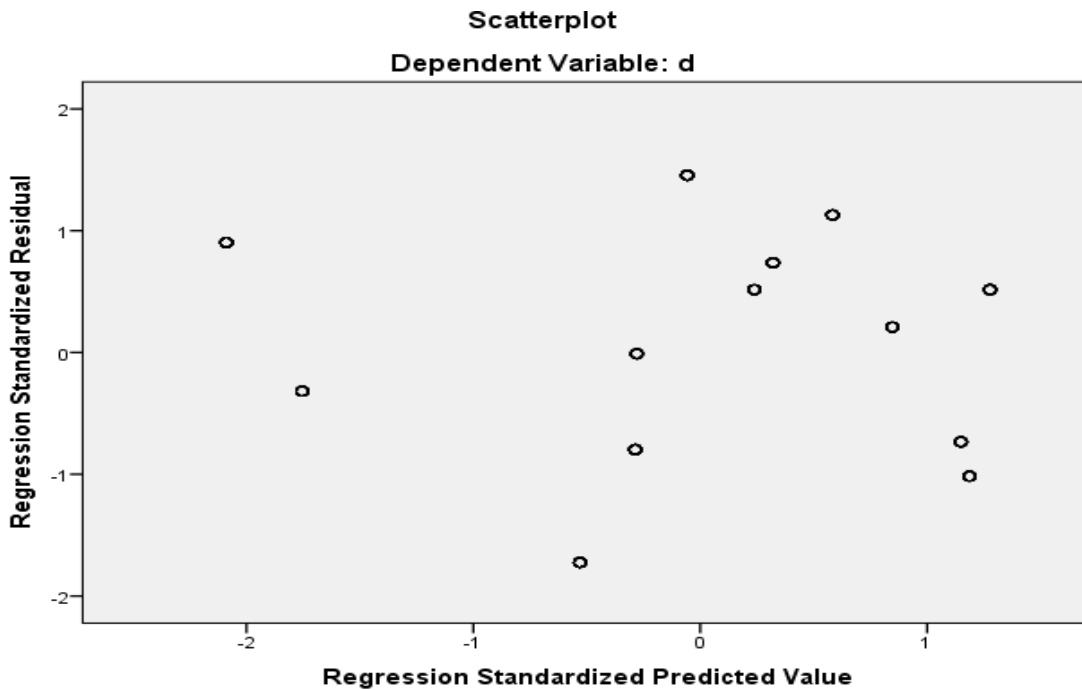
**Figure 4.1: Histogram with normal distribution**

The researcher knew what values to predict because the assumption was based on the normal distribution's form (Keith, 2006). Histograms are bar graphs of the residuals that display distribution as a histogram with a normal distribution from the SPSS program.

#### 4.3.1.3 Homoscedasticity

The homoscedasticity assumption states that the error variance is constant at all independent variable levels (Osborne & Waters, 2002). By visually analyzing a plot of the standardized residuals versus the standardized expected value of the regression, homoscedasticity was identified (Osborne & Waters, 2002). It was determined whether there was homoscedasticity using the normalized residual scatter plot. The majority of the scores should be gathered near to the zero (0), or middle, point, according to Huizingh's prediction from 2007. Figure 4.3's findings demonstrate that standardized residuals had an almost 0 value and a rectangular distribution. Given that the variance of

the residuals for the scores of the dependent variable was the same, it may be inferred that homoscedasticity was not a problem.



**Figure 4.2: Standardized Residuals of the Homoscedasticity Test**

#### **4.5 Regression Analysis**

A multiple regression analysis was also performed to examine the statistical relationship between the variables (independent and dependent). The multiple regressions for the study were coded, entered, and computed.

##### **4.5.1 Islamic banking and Growth of SMEs regression model**

###### **Model summary**

To investigate the association between the variables, a multiple regression model was applied. The R<sup>2</sup> showed the index of SME growth variability that takes Islamic banking into consideration. According to the model, Islamic banking accounts for 66.2% of the

variation in SME growth ( $R^2 = .662$ ). The model's Islamic banking predictor successfully captured the heterogeneity in SMEs' growth.

**Table 4.17: Overall model summary**

R	R square	Adjusted R Square	Std. Error of the Estimate
.885 <sup>a</sup>	.662	.659	.22959

#### 4.5.2 The Model Fit

The analysis of variance was used to test whether the model could significantly fit in predicting the outcome than using the mean as shown in (Table 4.19).

**Table 4.18: ANOVA Model**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.747	3	3.916	5.452	.000 <sup>b</sup>
	Residual	15.022	136	.110		
	Total	26.769	139			

There is a substantial correlation between Islamic banking and growth, as indicated by the regression model's significance ( $F=5.452$ ,  $p$  value  $=0.000$ ). As a result, disprove the null hypothesis that there is no meaningful connection between Islamic banking and economic development.

In order to assess the study's assumptions, the coefficients for Islamic banking as an independent variable were also derived from the model. To determine whether Islamic banking is significantly influencing the model, the t-test was utilized as a measurement. Estimates of the  $t$ -value and the contribution of each predictor to the model were provided

in Table 4.18. Banking networks, education, products, and assistance all exhibited positive coefficients, indicating a favorable link with growth.

According to the results, the t-test including  $\beta$ -values was significant, and Islamic banking as a predictor had a substantial impact on the model. The coefficients findings demonstrated the anticipated parameter's significance in connection to the independent components. The study's findings showed a strong correlation between Islamic banking and growth, with banking products having the greatest influence.

#### 4.5.3 Hypotheses testing

The goal of the study was to determine whether there was a causal relationship between Islamic banking and the expansion of small businesses. The researcher attempted to determine its impact (networking, training, products, and business assistance on growth) based on the four independent study variables (dependent variable).

**Table 4.19: Regression Coefficients**

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	6.771	.494		13.71	.000
	Banking networks	0.568	.100	0.497	5.68	.000
	Training	0.091	.053	0.113	1.717	.001
	Banking products	0.661	.164	0.900	4.03	.000
	Business support	0.336	.125	0.289	3.15	.000

a. Dependent Variable: growth

The four research hypotheses that served as the study's compass were;

**H<sub>01</sub>** Networking does not significantly impact on the expansion of women-owned small businesses in Garissa County, Kenya.

The results of the study showed that Islamic banking networking has a substantial beneficial impact on growth ( $p$  value = 0.000,  $\beta=0.568$ ). Since the  $p$ -value was less than 0.05, as indicated in table 4.19, this hypothesis was rejected. As a result, an increase in Islamic banking networking leads to an increase in the growth of SMEs by 0.568. According to the study, networking significantly impacted women. The majority of Islamic banks struggle with the branding and marketing of SME products because the majority of SMEs are unaware that such products are offered by their banks, as revealed by Alhafi (2015) in the report titled "SMEs Opportunities for Islamic Banks." Islamic banks are well-equipped to support SMEs, but they haven't been able to do so properly. With the right emphasis and efficient use of these processes, products, and services, Islamic banks may capitalize on this huge potential.

**H<sub>02</sub>** Training does not significantly impact the growth of women-owned small businesses in Garissa County, Kenya.

As demonstrated in Table 4.19, the study's findings indicated that training had a favourable, statistically significant impact on growth ( $\beta=0.091$  and  $p$  value=0.001). As a result, a unit increase in training causes a growth rise of 0.091, rejecting Hypothesis H02 as well. The results of the study encourage the use of training as a means of enhancing the growth of SMEs because, according to Alam (2015), a lack of financial knowledge is

typically accelerated by ignorance of the various Islamic financial services and products provided by various Islamic financial institutions. Given how complicated Islamic financing models are, the majority of women running SMEs are typically uninformed of the various Islamic financial solutions that can meet their demands. If training is encouraged among women, they will be able to comprehend and improve their SMEs.

**H<sub>03</sub>** Islamic banking products does not significantly affect the growth of small businesses run by women in Garissa County, Kenya.

The results of the study showed that Islamic banking products had a significant beneficial impact on growth (p value = 0.000, =0.661). Since the p-value was less than 0.05, as indicated in Table 4.19, the study rejected Hypothesis H<sub>03</sub>; as a result, a unit increase in business products will result in an increase in growth index of 0.661. These results demonstrated that banking products, such as loans, credits, and asset finance, are crucial to the expansion of SMEs. A business owner's ability to make the most use of their resources and use bank loans effectively depends on their ability to acquire financial knowledge. The study's findings also demonstrate that there are a number of products available in Islamic banking that are designed to meet the needs of various clients.

**H<sub>04</sub>** Support for Islamic owned businesses does not significantly impact on the growth of women-owned small businesses in Garissa County, Kenya.

According to the study's findings, Islamic banking business support had a substantial beneficial impact on growth (p value = 0.000, =0.336). As a result, an increase in Islamic banking business assistance will result in an increase in the growth index of 0.336 per

unit. Hypothesis H04 was also disproved since the p-value was less than 0.05, as indicated in Table 4.19. According to Gronroos' (2014) findings, the stronger the link between small enterprises and the bank, the better performance, the findings proved that banking support is crucial for the growth of SMEs. Islamic bank financings are anticipated to have an impact on enhancing SME wellbeing in addition to business performance. In order to increase performance in carrying out operations of manufacturing to marketing their products in order to achieve growth in assets and profitability, it is expected that venture capital or infrastructure of SMEs be fulfilled in facilities after receiving Islamic bank financing.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

The summary of the review's findings is presented in this section. In addition, it includes the review's conclusions and recommendations in light of its findings. The chapter also includes ideas for further research that have been suggested. The study's four main objectives—investigating Islamic banking and the expansion of SMEs owned by women in Garissa Town, and summarizing its findings were achieved.

#### **5.2 Summary**

The study examined the impact of Islamic banking on the expansion of women-owned small businesses in Kenya's Garissa County. The study had four main goals: to determine the impact of Islamic banking networking on the growth of small-scale businesses owned by women; to evaluate the impact of Islamic banking training on the growth of such businesses; to assess the impact of access to Islamic banking products on the growth of such businesses; and to determine the impact of Islamic banking business support on the growth of such businesses. 68 people provided information for the findings.

##### **5.2.1 Access to banking products from Islamic financial institution**

According to the study's findings about access to Islamic banking products, women in business have been able to obtain numerous loans from Islamic financial institutions over the past five years. These loans have also allowed women in business to expand their enterprises. The study also found that women-owned businesses do not experience strict

loan terms when applying for loans from Islamic financial institutions, that the loan repayment terms they receive are favourable and helpful to their businesses, and that women-owned businesses have not experienced any discrimination when applying for loans from any Islamic financial institution.

The results showed that Islamic financial networking has a favourable, considerable impact on growth. The growth of SMEs is clearly impacted by networking, and women who are registered and receiving loans and other products have an advantage in knowing more about new items being released, which helps them improve their enterprises.

### **5.2.2 Training on Islamic banking**

The study indicated that there was a positive significant effect of training on growth and rejected the null hypothesis based on training as an objective. The survey also found that Islamic financial institutions organized a number of seminars that benefited small businesses, provided educational meetings that gave those enterprises the knowledge they needed, and offered workshops that helped managers and owners become better at running their companies. The study discovered that the company has benefited from business guidance provided by Islamic financial institutions, which also provide forums where owners and managers can learn more about managing a firm.

### **5.2.3 Networking support provided by Islamic finance institutions**

According to network support provided by Islamic financial institutions, the study discovered that these organizations allow membership in groups that aid in the formation of networks for businesses, have connected businesses to professional support networks

that aid in their expansion, and sponsor talks by successful entrepreneurs for small business owners. The study discovered that Islamic financial institutions encourage the development of groups that enable small businesses to build networks among one another and set up mentorship programs by academics or successful businesspeople. The study also found, as seen by the results, that networking assistance has a major impact on growth.

#### **5.2.4 Business support provided by Islamic finance institutions**

On business support provided by the Islamic banking the study established that Islamic bank provides the respondents with monitoring services for the business to ensure the business is progressing well also provide business advice which benefit the business and provide support in ensuring effective management of the business. The study finally established that the Islamic bank requires the business to keep good records and supports business owners and managers on how to grow their businesses.

### **5.3 Conclusion**

Based on the study findings, it was evident that banking products, training, network support and business support had significant effect on the growth of women owned SMEs.

From the findings the study concluded that banking network has a significant effect on the growth of SMEs. The study showed that in a way networking bring different women together with mentors and other individuals who know more and better about the organization. Also joining small groups whereby mentors can be called to address them

support network and can easily be reached by the banking management. From the formation of small groups the women can feel secured motivated and encouraged even when the business is not performing and given advice on ways of improving it. For the business to maintain its growth the study concluded from the findings that the Islamic finance institutions have enable membership to support groups, they have linked the business to professional support networks. Also motivate formation of groups and arrange mentorship programmes for the women.

The study further assessed the effect of training on growth of small-scale enterprises owned by women in Garissa County. The study concluded that there was a significant effect of training on the growth of SMEs, training played a role in enhancing the growth of women especially as many women were not learned hence could be taken for training and made aware of the importance of Islamic banking. The study also concluded that Islamic finance institutions have offered training to women through various seminars, educational meetings, business discussion forums, business advice and workshops which provide the women with the required know-how.

The study also concluded that there was a significant effect of Islamic banking products on growth of small scale enterprises owned by women in Garissa County. The study concluded that banking products are important when it comes to women owned SMEs as it has enable women access many loans which have enabled them to expand their business. From the banking products women have limited the challenges they encounter accessing loans also the loans repayment conditions to women businesses have being made friendly and supportive which is done without any form of discrimination. As shown by the findings banking products inform of capital financing, asset financing,

loans and advice are necessary for the businesses to grow, if one get access of the products will improve the business.

The study finally concluded that there was a significant effect of Islamic banking business support on growth of small scale enterprises owned by women in Garissa County, Kenya. The study concluded that support was offered to the women through monitoring the business to ensure its progressing well also providing business advice and providing support to ensure effective management of the business. The study also concludes that the Islamic bank ensures the business keep good records which will help them monitor the progress of the business and monitor the losses and profits.

#### **5.4 Recommendations**

According to the study's findings, it is advised that the Islamic banking sector conduct door-to-door outreach efforts and campaigns to inform women of the benefits of each banking product in order to ensure that they use it. Additionally, banking management needs to re-evaluate loan payback terms and make them more welcoming and encouraging for women. According to the report, one of the issues that needs to be resolved in order to use Islamic financing solutions for SME growth is information. The government can assist Islamic banks in identifying potential SMEs by serving as a strategic partner. This would help reduce the asymmetry of information. Furthermore, SMEs could actively replace the many banking products provided by the Islamic banking system to accelerate their growth.

Islamic financial institutions have set up a number of trainings, but management needs to conduct more in order to reach more women. They ought to hold discussions with

women in small groups to explain or educate them about the value of Islamic banking to their enterprises. They ought to do more workshops, conferences, and seminars. Training is essential for a successful implementation of Islamic financing since it not only helps small businesses overcome their current financial obstacles but also helps financiers find solutions to a wide range of issues that arise while providing funding to these enterprises.

According to the report, Islamic banking should promote the establishment of small groups like chamas and occasionally bring chamas together to learn more about one another. For the ladies to learn more from successful groups or people, the banking institutions should also welcome them. Most SMEs lack enough knowledge of finance and management, practical business skills, and knowledge of laws and regulations that affect their operations. Additionally, SMEs should choose wisely and sensibly when it comes to Islamic banking solutions in order to expand their network. Along with provisions for SME-specific debit cards with limits, internet banking and mobile banking services should also be taken into consideration. A team leader from the organization should be linked to the SMEs for close supervision by the Islamic bank to ensure that there are monitoring services. To ensure efficient operation of the firm, the bank ought to be available at all times to offer business guidance and assistance

The report also urges the government to create strong regulations to support the expansion of Islamic banks in Kenya, as this will aid the country's economy by encouraging savings and the mobilization of SMEs.

## **5.5 Contribution to Knowledge**

This study helps to clarify the connection between Islamic banking and the expansion of SMEs. However, it highlights the need for additional study on this potential paradigm change in banking and finance. This study may help decision-makers see growth as a new school of thinking in banking and finance by concentrating on the expansion of SMEs and how it is impacted by Islamic banking. Additionally, this research may provide practitioners and researchers (such as decision-makers and finance managers) with adequate guidelines on how to assess if incorporating growth in finance management helps or hinders the development of their firms. Additionally, the chosen empirical studies' highlighted gaps and limitations, combined with the methodology used in this study, give a suitable foundation for pertinent works in the future.

## **5.6 Suggestions for Further Research**

The goal of the study was to determine whether Islamic banking had any impact on the expansion of women-owned small businesses in Kenya's Garissa County. But the study took into account four independent factors (Islamic banking networking, training, access to Islamic banking products, and Islamic banking business support), which were responsible for 65.9 percent of the variation in the growth of small businesses run by women. The report recommends additional research to determine the factors influencing women's access to financial institution services. Additionally, other research ought to examine the factors separately and the difficulties that women-owned SMEs face as they try to grow.

## REFERENCES

- Arasti, Z., Rezayee, S. O., Zarei, B., & Panahi, S. M. S. (2012). A Qualitative Study on Environmental Factors Affecting Iranian Women Entrepreneurs' Growth Orientation. *Journal of Management and Strategy*, 3 (2), 39 – 49.
- Arasti, Z., Rezayee, S. O., Zarei, B., & Panahi, S. M. S. (2012). A Qualitative Study on Environmental Factors Affecting Iranian Women Entrepreneurs' Growth Orientation. *Journal of Management and Strategy*, 3 (2), 39 – 49.
- Babbie, E. (2011). *The Practice of Social Research*, 13<sup>th</sup> Edition. Belmont: Wadsworth Thomson.
- Bazza, M. I., Maiwada, B. F., & Daneji, B. A. (2014). Islamic financing: a panacea to small and medium scale enterprises financing problems in Nigeria. *European Scientific Journal*, 10(10), 432 – 444.
- Burt, R. S. (1984). Network Items and the General Social Survey. *Social Networks*, 6, 293 - 339.
- Cesaroni, F. M. & Sentuti, A. (2014). Women and family businesses: When women are left only minor roles. *The History of the Family*, 19 (3), 358 – 379.
- Coolican, H. (2004). *Research methods and statistics in psychology*. London: Hugh Coolican.
- CountryWatch. (2014). *Kenya: 2014 country review*. Houston: CountryWatch.
- Creswell, J. (2009). *Research Design; Qualitative and Quantitative and Mixed Methods Approaches*. London: Sage.
- Fisher, E., Reuber, R., & Dyke, L. (1993). A Theoretical Overview and Extension of Research on Sex, Gender and Entrepreneurship. *Journal of Business Venturing*, 8 (2), 25 – 41.
- Flap, H. D. (1991). The Strength of Weak Ties: A Network Theory Revisited. *American Journal of Sociology*, 91, 481- 510.
- Gillham, B. (2008). *Developing a questionnaire* (2nd ed.). London: Continuum International Publishing Group Ltd.
- Hakim, C. (2000). *Work-lifestyle choices in the 21st century: Preference theory*. Oxford: Oxford University Press.
- Hassan, I. B. & Mugambi, F. (2013). Determinants of growth for women owned and operated micro enterprises: The case of Garissa, Kenya. *International Journal of Business and Commerce*, 2 (7), 45-55.

- Hove, P. (2014). The Impact of Islamic Banking on Entrepreneurial Motivation, Firm Competitiveness and Performance in South African Small and Medium Enterprises. *Mediterranean Journal of Social Sciences*, 5(15), 165 – 174.
- Ibrahim, F. (2016). Product innovation in Islamic banking and growth of SMEs in Nairobi. A Master of Business Administration Project, University of Nairobi.
- ILO. (2014). *Institutional and policy assessment of factors affecting women entrepreneurs in micro and small enterprises in Hargeisa and Mogadishu*. Mogadishu: ILO.
- International Labour Organization. (2008). Factors affecting Women Entrepreneurs in Micro and Small Enterprises in Kenya. Addis Ababa: ILO Regional Office for Africa.
- Karanja, P. & Bwisa, H. M. (2013). Factors that Influence Entrepreneurial Success among Women Groups: A Case Study of Makuyu Division. *International Journal of Academic Research in Economics and Management Sciences*, 2 (1), 33 – 46.
- Kenya Institute for Public Policy Research and Analysis. (2014). *Kenya economic report 2013: Creating an enabling environment for stimulating investment for competitive and sustainable counties*. Nairobi: KIPPRA.
- Kothari, C. R. (2004). *Research methodology: methods and techniques, 2<sup>nd</sup> ed.* New Delhi: New Age International Publishers.
- Kurpius, S. E. & Stafford, M. E., (2006). *Testing and measurement: A user-friendly guide*. Thousand Oaks: Sage.
- Lin, N. & Dumin, M. (1986). Access to Occupations Through Social Ties. *Social Networks*, 8, 65-85.
- Madichie, N. O. & Nkamnebe, A. D. (2010). Micro-credit for microenterprises? A study of women “petty” traders in Eastern Nigeria. *Gender in Management: An International Journal*, 25 (4), 301 – 319.
- Maziku, N. O. (2010). Micro-credit for microenterprises? A study of women “petty” traders in Eastern Nigeria. *Gender in Management: An International Journal*, 25 (4), 301 – 319.
- Mordi, C., Simpson, R., Singh, S. & Okafor, C. (2010). The role of cultural values in understanding the challenges faced by female entrepreneurs in Nigeria. *Gender in Management: An International Journal*, 25 (1), 5 - 21.
- Moss-Racusin, C. A., & Rudman, L. A. (2010): Disruptions in women’s self-promotion: the backlash avoidance model. *Psychology of Women Quarterly*, 34, 186-202.

- Muchui, D. (2016). County rolls out programme to train women entrepreneurs. Daily Nation, July 17.
- Mugenda, O. and Mugenda, A. (2003). *Research methodology: qualitative and quantitative techniques*. Nairobi: Acts Press.
- Munshi, S., Munshi, A., & Singh, V. P. (2011). A Study on Trends Visible in Women Entrepreneur in India and Globally. *Asia-Pacific Journal of Management Research and Innovation*, 7 (3), 155 - 166.
- Mwania, A. (2015). Factors influencing the performance of women entrepreneurial ventures in Kongowea Market, Mombasa County, Kenya. Master of Arts Project, University of Nairobi. Sherifat, Y. O. (2013). Gender differentials in factors affecting performance of small-scale enterprises in Lagos state – Nigeria. *Innovative Issues and Approaches in Social Sciences*, 6 (2), 21 – 39.
- Mwobobia, F. M. (2012). The Challenges Facing Small-Scale Women Entrepreneurs: A Case of Kenya. *International Journal of Business Administration*, 3 (2), 112 – 121.
- Nandonde, F. A. & Liana, P. J. (2013). Analysis of Women Small Scale Entrepreneurs Practices during Business Negotiations in Tanzania Agribusiness. *Journal of Language, Technology & Entrepreneurship in Africa*, 4 (2), 54 – 66.
- Okafor, C. & Amalu, R. (2010). Entrepreneurial Motivations as Determinants of Women Entrepreneurship Challenges. *Economic Sciences*, 62 (2), 67 – 77.
- Oppenheim, A. N. (2000). *Questionnaire design, interviewing and attitude measurement* (New ed.). London: Continuum International Publishing Group Ltd.
- Otoo, M., Ibro, G., Fulton, J. Lowenberg-Deboer, J. (2012). Micro-Entrepreneurship in Niger: Factors Affecting the Success of Women Street Food Vendors. *Journal of African Business*, 13 (1), 16 – 28.
- Parker, B. J. (2014). A Conceptual Framework for Developing the Female Entrepreneurship Literature. *Journal of Research on Women and Gender*, 1 (2), 169-190.
- Paul, K. P., Nyaga, J., & Karoki, J. M. (2013). An evaluation of legal, legislative and financial factors affecting performance of women micro entrepreneurs in Kenya. *European Journal of Business and Management*, 5 (8), 16 – 26.
- Paul, K. P., Nyaga, J., & Karoki, J. M. (2013). An evaluation of legal, legislative and financial factors affecting performance of women micro entrepreneurs in Kenya. *European Journal of Business and Management*, 5 (8), 16 – 26.

- Ramadani, V. (2014). The Woman Entrepreneur in Albania: An Exploratory Study on Motivation, Problems and Success Factors. *Journal of Balkan and Near Eastern Studies*, 21 (1), 1-18.
- Robson, C. (2002). *Real world research: A resource for social scientists and practitioner-researchers*. Oxford: Blackwell.
- Rudman, L. A. (1998). Self-promotion as a risk factor for women: The costs and benefits of counterstereotypical impression management. *Journal of Personality and Social Psychology*, 74, 629-645.
- Sagwe, J., Gicharu, S., & Mahea, T. (2011). *A study on youth and women entrepreneurs' preparedness in Kenya: A case study of the Kenya youth enterprise development fund and Kenya women enterprise fund beneficiaries using the TRISTART business evaluation tool*. Nairobi: Kenya Institute of management.
- Sharafizad, J. (2011). Determinants of business networking behaviour of women in small businesses. *Small Enterprise Research*, 18:2, 158-160.
- Sherifat, Y. O. (2013). Gender differentials in factors affecting performance of small-scale enterprises in Lagos state – Nigeria. *Innovative Issues and Approaches in Social Sciences*, 6 (2), 21 – 39.
- Thomas, G. (2011). *How to do your Case Study: A Guide for Students and Researchers*. Thousand Oaks: Sage.
- World Bank (2012). *Engendering Development through Gender Equality in Rights, Resources & Voice*. Nairobi: World Bank.
- Yussuf, A. (2017). Effect of Islamic banking on growth of small medium enterprises in Nairobi: A case study of First Community Bank. Master of Business Administration Project, United States International University-Africa.

## APPENDICES

### APPENDIX I: INTRODUCTION LETTER

**Sahara Abdi Hajir  
C/o Kenyatta University,  
P.O. BOX 43844 – 00100  
Nairobi, Kenya.**

Dear Respondent,

**RE: COLLECTION OF RESEARCH DATA**

I'm a student at Kenyatta University studying a Master of Business Administration in Finance. I must conduct research for a management report project and submit it. My study's focus is on "Islamic banking and the expansion of SMES owned by women in Garissa County, Kenya."

I want to gather information using the linked questionnaire. One of the responders in the study mentioned above is you. Please respond to the questionnaire in the most objective manner possible to participate in this research, as I humbly ask you to do. Your response will be extremely helpful, will be treated in the strictest of confidence, and your identity will never be used in my report.

Your assistance and timely response will be greatly valued.

**Yours Faithfull,**

Sahara Abdi Hajir

**APPENDIX II: QUESTIONNAIRE**

**SECTION A: GENERAL INFORMATION**

1. Please indicate your age category.

- |                |                          |               |                          |
|----------------|--------------------------|---------------|--------------------------|
| 18 - 25 years  | <input type="checkbox"/> | 26 – 35 years | <input type="checkbox"/> |
| 36 - 45 years  | <input type="checkbox"/> | 46 – 55 years | <input type="checkbox"/> |
| Above 45 years | <input type="checkbox"/> |               |                          |

2. Please indicate your highest educational qualification.

- |                        |                          |                  |                          |
|------------------------|--------------------------|------------------|--------------------------|
| Did not finish primary | <input type="checkbox"/> | Primary          | <input type="checkbox"/> |
| Secondary              | <input type="checkbox"/> | Certificate      | <input type="checkbox"/> |
| Diploma                | <input type="checkbox"/> | Bachelors Degree | <input type="checkbox"/> |

Postgraduate degree

3. Please indicate how long you have been in this business.

- |                |                          |              |                          |
|----------------|--------------------------|--------------|--------------------------|
| Below 3 years  | <input type="checkbox"/> | 3 – 5 years  | <input type="checkbox"/> |
| 6 – 8 years    | <input type="checkbox"/> | 9 - 11 years | <input type="checkbox"/> |
| Above 11 years | <input type="checkbox"/> |              |                          |

4. a) In Garissa County, do you think women are provided with enough support from Islamic financial institutions?

- Yes  No

b) Please explain your answer above.....

5. What kind of business do you engage in \_\_\_\_\_

**SECTION B: ACCESS TO ISLAMIC BANKING PRODUCTS**

1. Please indicate your agreement with the following statements on access to banking products from Islamic financial institutions and how it has affected your business.

Statement	1	2	3	4	5
Women in business have been able to access many loans from Islamic financial institutions for the last five years					
Women in business get loans from Islamic financial institutions which have enabled them to expand their business					
Women business do not encounter stringent loan conditions when accessing loans from Islamic financial institutions					
The loans repayment conditions women businesses get are friendly and supportive for the business					
Women entrepreneurs have not encountered any form of discrimination when accessing loans from any Islamic financial institution					

2. Has the Islamic banking products you have accessed from the Islamic bank enabled your business to grow

Yes  No

Kindly explain your answer above.

---



---



---



---

3. How have the Islamic banking products helped you in your business?

---



---

### **SECTION C: TRAINING ON ISLAMIC BANKING**

Please indicate the level of agreement to the following statements on training on Islamic banking that is provided by Islamic finance institutions to your business.

Statement	1	2	3	4	5
The Islamic finance institutions have arranged various seminars which have helped small businesses					
The Islamic finance institutions provides educational meetings which provides small businesses with required know-how					

Islamic finance institutions provide workshops which help business managers and owners to be more skilled in managing their business					
This business has benefited from business advice offered by Islamic finance institutions					
The Islamic finance institutions offers business discussion forums where owners and managers learn more about business management					

1. How many trainings or seminars have you or any employee of the business attended in the last 5 years that was sponsored by Islamic finance institutions?

- None                One
- Two                Three
- Four                Five
- Above 5

2. a) Has the training by the Islamic bank enabled your business to grow

- Yes                No

b) Please explain your answer above.....

4. How have the training by the Islamic bank helped you in your business?

---



---



---

**SECTION D: ISLAMIC BANKINGS NETWORKS**

Indicate the level of agreement to the following statements on networking support provided by Islamic finance institutions.

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Islamic finance institutions enable membership to support groups which help the business in creating networks					

Islamic finance institutions have linked the business to professional support networks that assist the business in its growth					
Islamic finance institutions sponsor talks for small business owners by successful entrepreneurs					
Islamic finance institutions motivate formation of groups which allow small business to create networks among themselves					
Islamic finance institutions arrange mentorship programmes by scholars or people who are successful in business					

1. How many business presentations, meetings or talks by mentors have you or any employee of the business attended in the last 5 years that was sponsored by Islamic finance institutions institution?

- None      [ ]      One      [ ]
- Two      [ ]      Three      [ ]
- Four      [ ]      Five      [ ]
- Above 5      [ ]

2. a) Has the Islamic bank networks enabled your business to grow

- Yes      [ ]      No      [ ]

b) Please the your answer above.....

4. How has the Islamic bank networks helped you in your business?

---



---

**SECTION E: ISLAMIC BANK BUSINESS SUPPORT**

1. Indicate the level of agreement as to the following statements on business support provided by Islamic finance institutions.

Statement	1	2	3	4	5
-----------	---	---	---	---	---

Islamic bank provides me with monitoring services for the business to ensure the business is progressing well					
Islamic banks provide business advice which benefit the business					
Islamic bank provide support in ensuring effective management of the business					
Islamic bank requires the business to keep good records					
Islamic bank supports business owners and managers on how to grow their businesses					

2.a) Has the Islamic bank business support enabled your business to grow

Yes [ ] No [ ]

b) Please the your answer above.....

3. What kind of support is provided by your Islamic bank?

---



---



---

4. How has the Islamic bank business support helped you in your business?

---



---

**SECTION F: GROWTH**

Provide the average estimates in figures for each year.

<b>Financials</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Annual total revenues (in Kenya Shillings)						
Number of employees (average for the year)						

**'Thank you'**

## APPENDIX III: APPROVAL FOR DATA COLLECTION



KENYATTA UNIVERSITY  
GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 15<sup>th</sup> September, 2022

TO: Sahara Abdi Hajir  
C/o Accounting and Finance Dept.

REF: D53/OL/GAR/26264/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL


This is to inform you that Graduate School Board at its meeting of 14<sup>th</sup> September, 2022 approved your Research Project Proposal for the M.B.A Degree Entitled, "**Islamic Banking and Growth of Women Owned Small-Scale Enterprises in Garissa County, Kenya**".

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

  
F. N. BELLMWANJI  
FOR: DEAN, GRADUATE SCHOOL



c.c. Chairman, Accounting and Finance.

Supervisors:

1. Dr. Job Omagwa  
C/o Department of Accounting and Finance  
Kenyatta University

AM/inn

# APPENDIX IV: RESEARCH PERMIT

 <b>REPUBLIC OF KENYA</b>	 <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
Ref No: <b>230497</b>	Date of Issue: <b>23/September/2022</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Ms. Sahara Abdi Hajir of Kenyatta University, has been licensed to conduct research in Garissa on the topic: ISLAMIC BANKING AND GROWTH OF WOMEN OWNED SMALL-SCALE ENTERPRISES IN GARISSA COUNTY, KENYA for the period ending : 23/September/2023.</b>	
License No: <b>NACOSTI/P/22/20505</b>	
<b>230497</b> Applicant Identification Number	 Director General <b>NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY &amp; INNOVATION</b>
Verification QR Code	
	
<b>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</b>	