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Assessment of KAP Factors Influencing Access to Loans for Women SMIEs in Nyalenda

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Abstract

Introduction: Most residents in Nyalenda work as petty traders and hence contributing to low income, and therefore, as a tool in poverty reduction there is need of SMIE women to access loan as their major source of capital. The study was a descriptive, cross-sectional survey design which involved qualitative and quantitative data collection methodologies by administering to eleven sub units in two of the sub locations in West Kolwa location in Kisumu County in Kisumu Town East constituency. The findings was analyzed and used to determine KAP factors influencing access to loans for women SMIEs in Nyalenda. *Methods:* The study employed stratified random sampling and cluster sampling technique to come up with a sampling size of 399. For the quantitative data, Frequencies were run using SPSS and Chi –square test was used to determine the association. *Findings:* The study established that 15.6% of the women SMIEs secured loans from banks, followed by 3.2% who secured loans from SACCOs. However, only 0.3% of the women SMIEs secured government loans. The study established that 12.4% of the women SMIEs secured individual loans, while 6.7% of the women SMIEs secured group loans. The study established that of the 20 women SMIEs who knew KCB, 60% had secured loans. This was followed by 6 women SMIEs who knew KREP, of whom 50% had secured loans. The study established that of the 4 women SMIEs who knew Faulu ltd, 75% of them secured loans, followed by 5 who knew Adok Timo, of whom 60% secured loans. Among the SACCOS, Adoktimo is highly known. Conclusion: Lending NGOs, Banks and SACCOS in Kenya known by women SMIEs, have an association with ability to access loan.

Keywords

KAP, Knowledge, Attitude, Practices, Entrepreneurship, SMIEs, Loans for Women

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1. Introduction

Although women operate more than half of the SMIEs in Kenya, studies have shown that their level of access to loans is low. Many studies have tried to establish the factors influencing this situation under certain contexts. This study was conducted to establish demographic factors that influence access to loans for women small-scale and micro-entrepreneurs (SMIEs) in Nyalenda peri - urban settlement in Western Kenya.

Peri - urban settlement areas have high concentrations of poverty and social and economic deprivation which includes broken families, unemployment, economic, physical as well as social exclusion.

The potential of women is greatly underdeveloped in many societies, yet women clearly play a very important role in many respects, including in the local economy1.

Women SMIEs are more likely to have less experience with financial management. The lack of financial management experiences is often caused by societal factors, where women have less access to training because of interrupted work careers. Most women lack knowledge about available options of financing, advantages and disadvantages of those options, cost for options, risks of borrowing etc. This lack of

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knowledge generates reluctance in seeking formal financing. Women need to have a better understanding of what financial institutions are there to provide and the processes by which their needs can be assessed by the financial institutions2.

Evidence shows that there is strong link between education and the ability of women SMIEs to grow; prior employment and subsequent successful entrepreneurship for women SMIEs; and social capital assets and the rate at which women SMIEs can grow into largerenterprises1.In a study on small-scale clothing enterprises in two urban centres of Kenya (Eldoret and Kisumu), 3.found that most women SMIEs had secondary level education with training and this implied that most women with this level of education failed to get employment in the formal sector, and thus resorted to SMIE activities.

Networking as one form of social capital is scarce among female entrepreneurs in general. A number of studies draw attention to gender specific deficits in the networking contacts of female entrepreneurs, pointing to the limited outreach and diversity of women entrepreneurs' networks as well as to their tendency to concentrate on weak relationships. Female entrepreneurs spend less time in networking, again, mainly due to family responsibilities, which may deprive them of important information concerning the acquisition of finance2. Women SMIEs tend to maintain small homogeneous and cohesive networks suited to reducing information asymmetries and hence supporting informal credit and risk sharing arrangements. Smaller social networks may have a marginal effect on enterprise productivity, while it is the innovation/economic networks that have a large and significant impact. The building of social capital is one reason for joining associations since it enables women SMIEs to make contacts that they hope to help them in future3.

Business size and the type of entrepreneurship women pursue influence the general credit legitimacy of women SMIEs. The types of business like part-time entrepreneurship, informal nature of business, home-based business – all are discouraged by the formal financial institutions2.While there are different ways of measuring firm size, number of employees is one of the most commonly used indicators3.WomenSMIEs in Africa have been found to have different levels of productivity, depending on the number of employees. In Kisumu over half of the women SMIEs have no employees3.

Commercial banks are usually wary of small businesses because of the perception that SMIEs are high risk borrowers. Furthermore, banks have inaccurate perceptions of women's borrowing and entrepreneurial behaviour. Women SMIEs, who typically lack collateral, are regarded as particularly risky in most countries. However, the credit history of women borrowers does not support this perception. For example, the repayment rate of SMIE borrowers in South Asia, particularly of women-SMIEs, is high when compared to the track record of big corporate borrowers2.

Formal lending institutions have demonstrated structural gender discrimination whereby in terms of accessing financial support programmes and loans, these programmes and loan packages have excluded the sub-sectors dominated by women including trade, food processing and textiles in which women SMIEs mainly set up businesses2. A study done by African Development Bank found that 46% of SMIEs in Kenya are owned by women1. However, according to the 1999 National SMIE Baseline Survey, there were 612,848 women in SMIEs in Kenya, accounting for 48% of all those in SMIEs. The results showed that women tended to operate enterprises associated with traditional women's roles, such as hairstyling, restaurants, hotels, retail shops and wholesale outlets (ILO, 2008).The 1999 Kenya national survey of SMIEs estimated that 55.7% of the SMIEs in the trade sub-sector are female-owned, while women own 67% of the SMIEs in leather and textiles3.

The knowledge of management in financial institutions is not adequate as regards the nature and financing needs of women SMIEs. As a result, differentiating treatment to their needs and customization of loans targeting women SMIEs is absent in general, both in developing and developed countries, with a few exceptions. Lending institution officers may not have the knowledge and skills necessary to evaluate women SMIEs innovative business ideas for which there are no existing benchmark values to use for credit assessment2.

The educational level of most women SMIEs is very low, creating a barrier to them accessing training and other business development services. In Nairobi, for example, many of them come from disadvantaged social backgrounds and are not well informed about business processes and operations and, therefore, fail to take full advantage of opportunities. Women SMIEs education and training play a key role in stimulating entrepreneurship and self-employment4.

This study shall help to describe the KAP factors influencing access to loans for women SMIEs in Nyalenda.

OBJECTIVES

To describe KAP factors influencing access to loans for women SMIEs in Nyalenda.

2. Methodology

2.1. Study Design

The study was a descriptive, cross-sectional survey design. It involved qualitative and quantitative data collection methodologies. Quantitative data collection was done by use of a checklist and semi structured questionnaire. Qualitative data was collected through Key Informant Interviews (KII).

2.2. Study Site

The study was carried out in West Kolwa location, Winam division, Kisumu Countyin Kisumu Town East constituency. This study was carried out in eleven (11) sub units in two of the sub locations in West Kolwa location. The two sub locations were Nyalenda “A” and Nyalenda “B”. Nyalenda “A” had a total of six sub units namely: Dago, Kanyakwar, Libeto, Wathari “A”, Wathari “B”, and Wathari “C”. Nyalenda “B” had a total of five sub units namely: Wathari, Wasiko,Mbeya, Kasiwi, and Nyangiendo.

2.3. Study Population

The study population consisted of women of age 15 to 64 years who were SMIEs in Nyalenda slum settlement. The reason for using age 15 years as the minimum age is due to the fact that from literature review, some lending institutions did not require a loan applicant to produce a national identification card or be of a certain age in order to secure a loan.

2.4. Unit of Analysis

The unit of analysis targeted lactating mothers with infants less than 5 years old, and who had previously breastfed their baby during their age of six month below in Siaya County.

2.5. Sample Size Determination

Estimation of the number of women SMIEs in Nyalenda was based on the fact that a study done by African Development Bank found that 46% of SMIEs in Kenya are owned by women (ADB and ADF, 2004).

Therefore the following formula was used to determine the target population:

$$N = P \text{ of } \left(\frac{X}{Z} \text{ of } A + \frac{X}{Z} \text{ of } B\right)$$

Where:

N= Target population

P= percentage of SMIEs owned by women in Kenya

X= total population of women of age 15 to 64 years in Kenya

Z= total population of females in Kenya

A= total population of females in Nyalenda “A” sub-location

B= total population of females in Nyalenda “B” sub-location

$$N = \frac{46}{100} \text{ of } \left(\frac{7,686,339}{14,481,018} \times 11,224 + \frac{7,686,339}{14,481,018} \times 12,482\right)$$

N =5780

The target population was 5780.

The following formula was used to determine the sample size:

$$n = \frac{N}{1 + N(e)^2} \quad \text{(Israel, 2008)}$$

Where:

n= sample size

N= the target population

e= precision level

$$n = \frac{5780}{1 + 5780(0.05)^2}$$

n= 399

Therefore the sample size was 399.

2.6. Sampling Technique

The study employed stratified random sampling and cluster sampling. The study area (Nyalenda slum settlement), was divided into two strata: Nyalenda “A” and Nyalenda “B”. Nyalenda “A” had six sub units namely: Dago, Kanyakwar, Libeto, Wathari “A”, Wathari “B”, and Wathari “C”. The size of this stratum was determined using the formula below:

$$\frac{\text{Number of Sub units in Nyalenda “A”}}{\text{Total number of sub units in Nyalenda “A” and “B”}} \times \text{(desired sample size)}$$

$$\frac{6}{11} \times 399 = 220$$

Enumerators formed clusters whereby one enumerator collected data in one sub unit; hence proportionally 220 was divided by 6.

$$\frac{220}{6} = 37$$

Therefore each of the six enumerators collected data from 37 respondents.

Nyalenda “B” had five sub units namely: Wathari, Wasiko, Mbeya, Kasiwi, and Nyangiendo.

The size of this stratum was determined using the formula below:

$$\frac{\text{Number of Sub units in Nyalenda “B”}}{\text{Total number of sub units in Nyalenda “A” and “B”}} \times (\text{desired sample size})$$

$$\frac{5}{11}\times(399)=184$$

Enumerators formed clusters whereby one enumerator collected data in one sub unit; hence proportionally 184 was divided by 5.

$$\frac{184}{5}=37$$

Therefore each of the five enumerators collected data from 37 respondents.

2.7. Sampling Interval

The formula below was used to calculate the sampling interval for each sub unit:

$$K=\frac{N}{n}$$

Where:

N= target population

n= sample size

k= sampling interval

$$K=\frac{5780}{399}=15$$

The sampling interval for every sub unit was 15.

Questionnaires were administered per cluster, while KIIs were administered to representatives of four lending institutions in Kisumu East district.

2.8. Data Processing

Immediately after field work, data was entered on daily basis by the data clerks. Consistency and completeness checks were done and data cleaned. Information from the questionnaires was electronically entered using Statistical Package for Social Sciences (SPSS) version 16 programme. All the hard copies of all questionnaires were used for counter checking the information electronically entered. Each tool was entered individually and no merging was done during the entry.

2.9. Data Analysis

For the quantitative data, frequency distributions were calculated and the performance indicator was access to loans hence cross tabulations were done to determine which factors affected the women SMIEs who had secured loans. Pearson Chi-Square (P) values were used to test statistical significance in the relationship between two variables whereby a P value >0.05 confirmed that there was no significant association in the relationship between two variables, while a P value ≤ 0.05 confirmed that there was a significant association in the relationship between two variables.

Qualitative data from KIIs was analyzed according to emerging themes which were analyzed by selection of similar statements, definition of emerging concepts and finally the qualitative findings were synchronized with the quantitative findings.

3. Findings

3.1. KAP Factors Influencing Access to Loans for Women

3.1.1. Women SMIEs Who Had Secured Loans

The study established that 15.6% of the women SMIEs secured loans from banks, followed by 3.2% who secured loans from SACCOs. However, only 0.3% of the women SMIEs secured government loans. The study established that 12.4% of the women SMIEs secured individual loans, while 6.7% of the women SMIEs secured group loans.

The qualitative findings from the key informant interviews established that SACCOs provide SMIEs with loans based on an integrated model. The majority of SMIEs that are the clientele to these SACCOs are women. While commenting on the integrated model, a key informant had this to say;

In the current study, the integrated model was referred to as a group loan due to the fact that a woman SMIE must be part of a cell group and cannot get a loan unless the last member of the group who secured a loan has completed her loan repayment. The SACCOs, however, had different special loan packages for example *Mkopo Biashara*-targeting SMIEs and *Mkopo Kilimo*-targeting small-holder crop farmers.

The Key Informant Interview (KII) findings also established that banks only provided individual loans, which however differed in product packaging, for instance *Boresha Biashara* loan and Biashara plus loans – both targeting SMIEs while Nguzo loan- targeting specifically women SMIEs. A key informant who was a bank official had the following to say about Nguzo loan;

The study also established that 13.7% of the women SMIEs secured one loan, 3.5% of the women SMIEs secured two loans, while 1.9% of the women SMIEs secured three or more loans. The sample population established that 14% of the women SMIEs secured loans worth more than Kshs 15,000, followed by 3% of the women SMIEs who secured loans worth between Kshs 5,000-10,000. The sample population established that 10% of the women SMIEs had fully repaid their loans, 5.9% were still repaying their loans, while 1.1% of the women SMIEs had defaulted in their loan repayment.

3.1.2. Banks in Kenya Known by Women SMIEs

A significant association was established between the respondent's knowledge of banks in Kenya and loan secured (p=.000). The study established that of the 20 women SMIEs who knew KCB, 60% had secured loans. This was followed by 6 women SMIEs who knew KREP, of whom 50% had secured loans. The one woman SMIE who knew Family bank had secured a loan as shown in table 3.1.

A significant association was established between the respondent's knowledge of types of bank loans and loan secured (p=.000). The study established that of the 168 women SMIEs who knew about individual bank loans, 28.6% had secured loans. This was followed by women SMIEs who knew about group bank loans 31, of whom 19.4% secured loans, followed by those who did not know any type of bank loan 173, of whom 9.8% secured loans. However, the study found no significant association between the respondent's knowledge of conditions/terms of bank loans with ability to secure loans (p=.293). The study established that 19.9% of the women SMIEs identified possession of asset/land/cash collateral as the most known condition for securing a bank loan, followed by 18.3% of the women SMIEs who identified opening and/or operating a bank account as a condition for securing a bank loan. Ability to produce guarantors was the third most known condition for securing a bank loan and was identified by 14.2% of the women SMIEs.

Table 3.1. Banks in Kenya known by women SMIEs.

Name of Bank	Loan secured		P-value
	Yes n (%)	No n (%)	
Family Bank	1 (100)	0 (0)	
KCB Bank	12 (60)	8 (40)	
K-REP	3 (50)	3 (50)	
Standard Chartered Bank	1 (33.3)	2 (66.7)	
Barclays Bank	4 (30.8)	9 (69.2)	
Post Bank	1 (25)	3 (75)	
Equity Bank	36 (23.1)	120 (76.9)	
Cooperative Bank	2 (14.3)	12 (85.7)	
Did not know any bank	11 (7.1)	144 (92.9)	
Total	71 (19.1)	301 (80.9)	0.000*

* Significant results at P ≤0.05

3.1.3. SACCOs/Cooperatives in Kenya Known by Women SMIEs

A significant association was established between the respondent's knowledge of SACCOs in Kenya and loan secured (p=.001). The study established that of the 4 women SMIEs who knew Faulu ltd, 75% of them secured loans, followed 5 who knew AdokTimo, of whom 60% secured loans. However among the 339 women SMIEs who did not know any SACCO, 16.8% of them secured loans.

A significant association was established between the respondent's knowledge of types of SACCO loans and loan secured (p=.008). The study established that of the 21 women SMIEs who knew about individual SACCO loans, 42.9% had secured loans. This was followed by 13 women SMIEs who knew about group SACCO loans, of whom 30.8% secured loans, whereas only 17.2% of the 338 women SMIEs who did not know any type of SACCO loan, secured loans.

Table 3.2. SACCOs in Kenya known by women SMIEs.

Name of SACCO/Cooperative	Loan secured		P-value
	Yes n (%)	No n (%)	
Mwalimu	7 (43.8)	9 (56.2)	0.001*
Yugeri	0 (0)	1 (100)	
Faulu Ltd.	3 (75)	1 (25)	
AdokTimo	3 (60)	2 (40)	
Jamii Bora Trust	1 (25)	3 (75)	
Saga	0 (0)	3 (100)	
Did not know any SACCO	57 (16.8)	282 (83.2)	
Total	71 (19.1)	301 (80.9)	

* Significant results at P ≤0.05

3.1.4. Lending NGOs in Kenya Known by Women SMIEs

A significant association was established between the respondent's knowledge of lending NGOs in Kenya and loan secured (p=.000). The study established that the 2 women SMIEs who knew opportunity International and KMET both secured loans, followed by those who knew Plan International 22, of whom 50% secured loans. However among the 329 women SMIEs who did not know any lending NGO, 15.5% of them secured loans as shown in table 3.3.

A significant association was established between the respondent's knowledge of types of NGO loans and loan secured (p=.000). The study established that of the 31 women SMIEs who knew about group NGO loans, 51.6% had secured loans. This was followed by women SMIEs who knew about individual NGO loans 12, of whom 33.3% secured loans, followed by those who did not know any type of NGO loan 329, of whom 15.5% secured loans.

Table 3.3. Lending NGOs in Kenya known by women SMIEs.

Name of NGO	Loan secured		P-value
	Yes n (%)	No n (%)	
Plan International	11 (50)	11 (50)	
Care International	3 (33.3)	6 (66.7)	
SAO	0 (0)	1 (100)	
Kenya Women Finance Trust	3 (42.9)	4 (57.1)	
KMET	1 (100)	0 (0)	
WIFIP	1 (50)	1 (50)	

Name of NGO	Loan secured		P-value
	Yes n (%)	No n (%)	
Opportunity International	1 (100)	0 (0)	
Did not know any lending NGO	51 (15.5)	278 (84.5)	
Total	71 (19.1)	301 (80.9)	0.000*

* Significant results at P ≤0.05

3.1.5. Government Loans (Youth Fund, Women Fund, CDF) Known by Women SMIEs

The study found no significant association between the respondent's knowledge of government loans with ability to secure loans (p=.057). It emerged that of the 13 women SMIEs who knew Women Fund, 46.2% had secured loans, followed by 30% of 10 women SMIEs who knew CDF, while among the 348 women SMIEs who did not know any government loan, 17.8% of them secured loans. However, the one respondent who knew about Youth Fund had not secured a loan.

The study found no significant association between the respondent's knowledge of types of government loans with ability to secure loans (p=.253). The study established that of the 11 women SMIEs who knew about group government loans, 36.4% had secured loans. This was followed by 11 women SMIEs who knew about individual government loans, of whom 27.3% secured loans, and 18.3% of 350 women SMIEs who did not know any type of government loan.

3.1.6. Motivation for Loans

The study revealed that 12.1% of women SMIEs identified complex loan application procedure as a demotivating factor for women SMIEs applying for loans. This was followed by 9.4% who identified high loan interest rate as a demotivating factor. A SACCO official when interviewed using a KII guide stated the following on demotivating factors for women SMIEs applying for loans.

"Regulations that hinder women SMIEs from borrowing include: group lending, difficulties in using as collateral, assets owned by the husband, inability to produce business records, loan orientation seminar is a challenge to the illiterate women SMIEs, saving with a bank is a challenge to those saving through M-PESA and inability to produce registration certificates."

While commenting on government policy the respondent had this to say;

"The Microfinance Act MFI insurance regulation that MFIs charge as an added cost to the borrower at least 1.5% of the loan amount to cover insurance costs is a barrier to most women SMIEs as this makes borrowing more expensive."

However, 16.9% of women SMIEs identified low loan interest rate as a motivating factor for women SMIEs applying for loans. Another key informant who was a SACCO official had the following comments on the regulations that enabled women SMIEs to borrow from lending institutions.

"Motivating regulations include: ability to apply for loans as low as Kshs 3000, women exclusive cell groups, use of M-PESA for loan repayment, simplified application procedures, land collateral applicable only when title deed is in the woman's name, individual lending, tripling shares in computing loan amount, non-licensing of SMIEs, and Women Fund which charges lower interest rate-8% per annum on reducing balance."

Table 3.4. Loans secured by Sub-sector of SMIE and length of time of operating business.

Sub-sector of SMIE and length of time of operating business	Loan Secured		P-value
	Yesn (%)	Non (%)	
Sub-sector of business			
Trade	39 (21)	147 (79)	
Services	7 (15.2)	39 (84.8)	
Food processing	12 (18.2)	54 (81.8)	
Manufacturing	1 (11.1)	8 (88.9)	
Agro-business	3 (20)	12 (80)	0.622
Small-holder farming	5 (12.8)	34 (87.2)	
Dairy/poultry farming	4 (36.4)	7 (63.6)	
Total	71 (19.1)	301 (80.9)	
Length of time of operating business			
<2 years	12 (13)	80 (87)	
2 years	6 (15.8)	32 (84.2)	
3-5 years	28 (18.7)	122 (81.3)	0.066
6-9 years	9 (20.5)	35 (79.5)	
>9 years	16 (33.3)	32 (66.7)	
Total		301 (80.9)	

* Significant results at P ≤0.05

3.1.7. Influence of Culture on Women SMIEs Applying for Loans

Asked if there were cultural taboos prohibiting them from applying for loans, 92% of the women SMIEs stated that there were no cultural taboos hindering them from applying for loans. However, amongst the 8% of the respondents who stated that there were cultural taboos prohibiting them from applying for loans, all of them identified women property inheritance/ownership as a cultural taboo.

3.1.8. Sub-Sector of SMIE and Length of Time of Operating Business

The study found no significant association between the respondent's sub-sector of SMIE with ability to secure loans (p=.622). The study established that of the 11 women SMIEs who were in the dairy/poultry farming sub-sector, 36.4% had secured loans, followed by 186 women SMIEs who were in the trade sub-sector, of whom 21% secured loans.

The study found no significant association between the respondent's length of time of operating business with ability to secure loans (p=.066). The study established that of the 48 women SMIEs who had operated their business for more than 9 years, 33.3% had secured loans, followed by 44 women SMIEs who had operated their business for between 6-9 years, of whom 20.5% had secured loans.

3.1.9. Policy Factors Influencing Access to Loans for Women

The sample population established that 14.3% of the women SMIEs indicated that possession of asset/land/cash collateral and/or accumulating shares/savings was a condition for loan secured.

The sample population established that 11.8% of the women SMIEs indicated that payment for loan application forms was a cost for loans secured.

A key informant who was a microfinance officer at a SACCO stated the following on the SACCO's lending regulations for women SMIEs;

"Our regulations include: availability of business records, must be in a cell group, loan repayment in weekly or monthly installments, payment of membership fee, loan amount is double or triple of a member's savings, national identification card, loan orientation seminar certificate, transaction record, and chattel mortgage (affidavit) for loans above Kshs 100,000."

However, a key informant who was loans manager at a bank stated the following on the bank's lending regulations for women SMIEs;

"Regulations include: applicant must have collateral, have a guarantor who is an account holder at the bank, produce a bank statement, availability of Kenya Revenue Authority pin number, national identification card, business records, and a certificate of registration. Interest rates for Biashara plus loan are 2.5% per month for amounts below Kshs 50,000. Nguzo loan interest rate is 8% per annum on reducing balance."

4. Discussions

4.1. KAP Factors Influencing Access to Loans for Women

The study established that 19.1% of the women SMIEs had secured loans from lending institutions, while 80.9% had not.

Majority of the women SMIEs secured loans from banks, followed in a distant second by those who secured loans from SACCOs. However only 0.3% of the women SMIEs secured government loans.

These findings do not agree with a study by INAFI, (2006) which established that Kenya has about 67% (11,000 registered cooperatives with a total membership of approximately 6 million people) out of the total cooperatives found in Africa. These cooperatives cut across all sectors of the economy, namely, agriculture, finance, housing, manufacturing and the general service sectors. Cooperatives in Kenya contribute about 45% of the GDP and 31% of the national savings; empirical evidence indicates further that some 80% of the Kenyan people derive their livelihood either directly or indirectly from cooperatives. From this study, it is safe to conclude that cooperatives have great potential as poverty economic pillars, and despite their limitations and challenges, Kenyan SACCOs are still rated best in the continent.

About 12.4% of the women SMIEs secured individual loans, while 6.7% of them secured group loans. About 13.7% of the women SMIEs secured one loan, 3.5% secured two loans while 1.9% had secured three or more loans. About 14% of the women SMIEs secured loans worth more than Kshs 15,000, followed by 3% of the women SMIEs who secured loans worth between Kshs 5,000-10,000.

The study established that majority of the women SMIEs who secured loans had fully repaid their loans. According to a study by Institute of Economic Affairs-Kenya, (2008) experiences and evidence from other countries, point out that loosening of economic constraint imposed on women can have immense consequences on development. This includes the success of micro-finance institutions such as the Grameen Bank in Bangladesh that provides small loans to women to start businesses of their own. There was greater success reported by the Grameen Bank which increased the share of women clients from 44% to 75% in recognition of the role of women in development. Micro credit taken by the woman increases women's non-land assets and children's education and doubles women's expenditure. Equity Bank launched a branch specifically for women in Small and Medium Enterprises sector in June, 2007. The Equity Bank's line of credit targets legally constituted community groups with a good history. Such groups mainly composed of women receive loans without security. The group members act as guarantors for such loans. The Equity bank also undertakes six week business training for new community groups composed of women. Other related facilities are provided by Kenya Women Finance Trust (KWFT) and Kenya Rural Enterprise Programme (KREP). According to the recent study on Financial Sector Deepening (2007) in Kenya, more women (51.1%) tend to save compared to male counterparts (48.9%) (Institute, 2008).

About 60% of women SMIEs who knew KCB had secured loans. This was followed by those who knew KREP of whom half had secured loans. This finding contradicts an ILO, (2008) report which states that most women SMIEs in Kenya do not access loans from formal sources, especially commercial banks. About 19.9% of the women SMIEs identified possession of asset/land/cash collateral as the most known condition for bank loan application, followed by 18.3% of the women SMIEs who identified opening and/or operating a bank account as a condition for applying for a bank loan. The findings established that complex loan application procedure was the leading demotivating lending policy for women SMIEs applying for loans. These findings are similar to a study by Anderson *et al* (2007) which states that about 41.7% of the women SMIEs give up trying to apply for loans because the procedure is too complicated.

About 8% of the women SMIEs stated that it was a cultural taboo for women to inherit/own property. Majority of the women SMIEs did not identify culture as prohibiting them from applying for loans. A study by Anderson *et al* (2007) contradicts this finding by stating that whilst female entrepreneurs in Africa contribute both to facilitating economic development at the micro-economic and macroeconomic levels, their social role is even more important in a society, where cultural norms and values strongly influence the nature of female entrepreneurship. Gender-related issues, cultural barriers and institutions add to economic and business-related factors in impeding African women businesses from developing with full vigor. Another study by ILO conducted in Kenya established that owning title deeds as collateral to finance business expansion is still a hurdle for most Kenyan women SMIEs, given that property is not usually registered in their names (ILO, 2008).

The findings of the study established that about half of the women SMIEs were in the trade sub-sector, followed by 17.7% of the women SMIEs who were in the food processing sub-sector. A paltry 2.4% of the women SMIEs were in the manufacturing sub-sector. These findings are similar to a report by Anderson *et al* (2007) which states that most women-owned businesses are in wholesale and retail trade, hotel and restaurants, and services because of low barriers of entry. Those engaged in manufacturing activities, are often involved in sectors dominated by women, e.g., food processing or some branch of the clothing and textiles sector. In many instances, traditional crafts (e.g., gold embroidery, carpet weaving, and silk weaving in countries such as Uzbekistan) play an important role in women's business activities. The choice of a sector is accounted for by a combination of resource constraints, environmental uncertainty and specific female aversion to risk-taking, which lead them to engage in activities with low entry thresholds and low financial risk.

The findings of this study established that majority of the women SMIEs had operated their business for two years, followed by 24.8% of the women SMIEs who had operated their business for less than two years. Among the women SMIEs who secured loans, majority indicated that possession of asset/land/cash collateral and/or accumulating shares/savings was a condition for loan secured, and identified payment for loan application forms as a cost for loans secured. The findings from the KII established that use of asset/cash/land collateral was a regulation that hindered women SMIEs from applying for loans especially in cases whereby assets are owned by their husbands. These findings are similar to a report by UN, (2001), which revealed that women in general have less personal capital/fewer assets to start a business or to be used as collateral. This may be due to social and legal disadvantages, such as lower wage income or limitations in the ownership of property. In many countries, women cannot even hold land titles, thus they are effectively barred from formal sector credit. Another type of constraint is the requirement for the male spouse's co-signature; and it is also often a requirement that women must obtain a guarantee declaration from their husband or father. Moreover, since women's enterprises are usually in the service sector and do not have tangible assets for collateral, such firms rely mainly on intangibles assets (which are difficult and costly to evaluate for financing institutions).

4.2. Policy Factors Influencing Access to Loans for Women SMIEs

The qualitative findings of the study established that government policies that enable women SMIEs to borrow according to lending institution respondents included: non-licensing of most women SMIEs, and government loans for example women fund and youth fund charge lower interest rate (8% per annum on reducing balance for women fund). These findings are supported by a study by Anderson *et al* (2007) which states that the problem of access to finance is not an isolated phenomenon and an isolated treatment will not produce any result. A strategic, integrated, targeted approach to developing women's entrepreneurship is one of the all-encompassing key success factors. Only a legislative policy framework that addresses promotion, training and mentoring, financing, networking and institutional as well as structural support can work.

5. Conclusion

Lending NGOs, Banks and SACCOS in Kenya known by women SMIEs, have an association with ability to access loan. This is attributed to the fact that, women lack knowledge about available options of financing, advantages and disadvantages of those options, cost for options, risks of borrowing etc. This lack of knowledge generates reluctance in seeking formal financing.

The study revealed that 60% of women SMIEs who knew KCB had secured loans. This shows how simple and basic provision of information regarding the availability of loans could positively affect the number of women getting access to loans.

The study also revealed that 12.4% of the women SMIEs secured individual loans, while 6.7% of them secured group loans. This explained the fact that most of these women still believe in acquiring financial assistance only on individual basis. The strategy of acquiring credit facilities in groups could help increase the rate of loan availability to this women.

The study revealed that 12.1% of women SMIEs identified complex loan application procedure as a demotivating factor for women SMIEs applying for loans. Complexity in the loan application procedure is directly linked to the literacy levels of these women.

Recommendation

There is need of more awareness through training and sensitization on the available financial institution offering loans to women SMIEs. Loan application procedures and proven financial success strategies like group applications should be communicated more to these women.

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