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Analysis of Challenges Faced by Women Entrepreneurs in Accessing Finance in Kenya (A Case of Beauty Sector in Nairobi Central Business District)

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Abstract
Access to adequate and affordable credit for businesses remains one of the key challenges to economic development in Kenya despite efforts by various stakeholders, including the government, non-governmental organizations and private sector organizations to address this constraint. This study sought to analyse the challenges faced by women entrepreneurs in accessing finance in Kenya and focuses on the beauty sector in Nairobi Central Business District. The study was guided by the following specific objectives: to determine the extent to which literacy levels of women entrepreneurs affect their access to finance in Nairobi Central Business District, Kenya; to determine the extent to which the number of lending institutions available affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya; to determine the extent to collateral requirements by financial institutions affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya; and to determine the extent to which interest rates charged by financial institutions affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya. In order to undertake the study a descriptive survey was used. The target population was drawn from the registered and licensed female owned enterprises in the beauty sector in Nairobi Central Business District, whose number stood at 3,724 as at 31st March 2016 (Nairobi County Trade & Industry Office). A sample size of 400 women entrepreneurs was used in the study. Primary data was collected from the proprietors/managers of the women owned beauty enterprises in Nairobi Central Business District aided by a semi-structured questionnaire. Data pertaining to the objectives of the study was analyzed using descriptive statistics, which includes measures of central tendency, measures of variability and measures of frequency among others. In order to evaluate the relationship between the independent and dependent variables, correlation and multiple regression was undertaken. The information was presented and discussed as per the objectives. The findings are presented inform of frequency tables and explanation is in prose. The study findings indicate that majority of the women entrepreneurs had attained at least a tertiary college qualification as their highest academic qualification. The study concluded that lack of collateral security is has become a constraint to young women entrepreneurs accessing loans since most of them may not have deeds to capital assets to present as security against the loans and that most of young women entrepreneurs have had loans applied for rejected due to failure to produce collateral security. Finally, the study recommends that for the under-privileged women to access credit, alternative approaches on collateral security requirements get adopted through the emphasis on social capital tools such as trust and network relations for securities. It also recommends that the government offers deliberate and targeted training to the women entrepreneurs in order to encourage entrepreneurship culture hence creation of job opportunities. Government should also ensure policies that are friendly to creation of more lending institutions.
Keywords: Women entrepreneurs, Literacy levels, Collateral, Interest rates

INTRODUCTION

Background of the Study

According to Census report (2010), in Kenya women constitute 51% of the total population and they play very crucial roles as active contributors in the development of the economy, but their contribution has been time and again limited by factors such as limited accessibility to financial services. Barrett & Weinstein (2006) observed that women entrepreneurs are considered as an integral part of economic growth since their businesses contribute jobs, productive and distributive activities required for wealth creation both for family and nation's economies. Bruni, Gherardi & Poggio (2008), argued that women who are active in entrepreneurship are able to effectively combine their roles because of the flexibility in hours of work which permit them to care for their children and also contribute substantially to economic growth.

The gender and economic growth assessment in Kenya demonstrates that eliminating gender-based inequalities in education and access to finance and agricultural inputs in Kenya could result in a one-off increase in as much as 4.3 percentage points in GDP growth, and a sustained year-on-year increase of 2.0 to 3.5

percentage points in GDP growth (GoK, 2009). Without increased attention to the gender dimensions of economic development, Kenya is unlikely to meet its growth targets and Millennium Development Goals (MDG) as spelt out in vision 2030.

Though the introduction of the Youth and Women Enterprise Funds and the involvement of Microfinance institutions in financing business owned by youth and women has seen the access to finance increase by both women and youth increase from 7.5% in 2006 to 17.9% in 2009 (FSD Kenya, 2009), accessibility to finance by women entrepreneurs remains a challenge, hence the impetus for this study. The study therefore seeks to examine the challenges faced by women entrepreneurs in the beauty sector in Nairobi Central Business District (CBD) in accessing finance.

In addition, the Government of Kenya recognizes the role played by the women in contributing to the economic growth and the constraints they face that limit their capacity to fully exploit their potentials in all sectors of development. Limited access to financial services has been identified by the women and the government as the one of the main limiting factors to active participation in all aspects of development. To address the needs of women and reduce the existing disparities between men and women, the government of Kenya initiated a Women Enterprise Fund (WEF) in 2006 (Republic of Kenya, 2006). The main aim of establishing WEF was to enable women access the necessary financial services to for the development of their enterprises and ultimately reduce the poverty levels. Likewise, Kenya Women Finance Trust (KWFT) was licensed to cater for the entrepreneurs particularly women in their financial needs. These steps have clearly indicated the government's commitment to enhancing economic growth through mainstreaming gender in entrepreneurship and more specifically youth where young women are not excluded.

Studies in development have shown that a key way in reducing household poverty levels is to increase access for women to income-earning activities to empower them economically (Daniels, Mead & Musinga, 1995, K-Rep, in Bula & Tiagha, 2012). According to Brush *et* al., (2002); Carter *et* al., (2007); and Robb & Coleman, (2010), financing has long been identified as one of the major challenges to entrepreneurship as an income earning activity, particularly in the earlier stages of the businesses' development. This can be particularly challenging for female entrepreneurs who often lack the savings required to attract investment or face alternative barriers such as lack of collateral and limited access to land (Welter *et* al., 2007). Welter established that key factors such as resource constraints, environmental uncertainty and specific female aversion to risk-taking; lead them to engage in activities with low entry thresholds and low financial risk.

Empirical studies done in Kenya include Muchiti (2009) who analysed risk management strategies adapted by commercial banks in lending MSEs; Mutugi (2006) studied the responses of micro finance institutions in Kenya to the turbulent business environment; Mokogi (2003) who examined the economic implication of lending of micro-finance institutions on MSEs; Kibas (1995) who sought to determine the impact of credit to MSEs development. He found that clients reported improvement in their sales, profits, assets, cash flows, management practices and family welfare. New jobs and linkages with other organizations had also been created. This therefore, demonstrates that access to credit influences performance of MSEs. Rukwaro (2000) studied influence of credit rationing by MFIS on the operation of MSEs.

In addition, previous studies undertaken focusing on women entrepreneurs' accessibility to credit include the following: Karanja, Mwangi and Nyakarimi (2014) who analysed factors influencing access to credit by women entrepreneurs in Kenya, with a focus on Isiolo. The variables studied were: lending procedures, collateral requirements and loan purpose. This study differs from the current study in terms of location and the variables under study, namely loan purpose and lending procedures. The study links women entrepreneurs with financial institutions programmes by stating that providing access to financial institutions empowers women. However, the limited access to informal and formal credit by women, micro and small entrepreneurs has been identified by numerous studies as the major constraint therefore it provoked an academic inquest to examine the factors affecting access to financial institutions credit services by women entrepreneurs in Isiolo County by assessing the lending procedures, collateral requirements, the structure of the credit, the purpose of the loan and client evaluation and appraisal procedures. The study established that, majority of the women entrepreneurs does not access credit from financial institutions because of lack of friendliness in the lending procedures. Lending procedures were found to be rigid and does not accommodate the needs of women entrepreneurs. Collateral requirements that the financial institutions adopted do not attract women entrepreneur borrowers to seek credit services. The study found that majority (over 55%) of the respondents agreed that all aspects of collateral requirements are the main reasons that make them not to seek credit from financial institutions.

Denayoh, Adjei & Owus (2013) studied the challenges faced by women entrepreneurs in sourcing microfinance in Kumasi and Suyani markets, Ghana. The study variables were unaffordable collateral, rigid banking processing procedures, limited micro financial institutions, shorter repayment periods, unprofessional attitudes of loan officers, high interest rates, and fear of loan defaulting. Besides the difference in study variables, this study also differs from the current study in terms of location. Gitari (2012) undertook a survey of factors affecting women entrepreneurs' financial performance in Ngara Market, Nairobi. The factors analysed were poor record keeping, financial accessibility, budgeting and working capital management. Besides difference in study location, the study did not focus entirely on credit.

None of the above mentioned studies focused on challenges faced by women entrepreneurs in accessing finance in Nairobi Central Business District, and particularly the beauty sector. In addition, despite the efforts made towards empowering women and facilitating growth and sustainability of their enterprises, their access to finance from financial institutions is still limited, hence the need for the current study.

Accessibility to credit

"Credit accessibility" refers to the ease or difficulty of acquiring credit by borrowers for purposes such as to enhance business performance (Salahuddin, 2006). In order to ensure continuity and realized success, business enterprises need to acquire the necessary financial resources/credit to allow them to invest now so that they will obtain income in the future (Audretsch, 2002). According to Kikonyogo (2000), acquisition of such credit is difficult for the business enterprises because of high rates of interest on lending, and this has constrained private sector demand for the credit and limited their progress. Access to credit also reduces the opportunity costs of capital-intensive assets relative to family labour, thus increasing labour-profitability and raising labour productivity, a crucial factor for development, especially in many African countries (Delgado 1995; Zeller *et al*., 1997). The accessibility of credit is still fairly constrained, and particularly access to formal credit for small and medium farmers. These forces constrained borrowers to turn to more expensive and unreliable informal credit sources (Okurut *et al*., 2004).

The beauty sector in Kenya

This sector has been experiencing significant growth in the last few years. Kenyans are becoming keener on their grooming and this is increasing the demand for beauty services than ever before. It is one of the fastest growing and it is estimated to be worth more than Ksh. 15 billion (The Euromonitor International, 2015). The industry is projected to continue growing in future and be worth more than Ksh. 25 billion by 2030. More so, the industry is still untapped and it has high potential for growth.

In addition to the increased demand of beauty products, positive economic outlook in Kenya also accelerates growth in the industry. According to the Kenya National Bureau of Statistics, the country's economy grew by about 4.9% during the first quarter of 2015, compared to the 4.7% growth during the same period in 2014. The World Bank projects that Kenya's economy will grow by 6% in 2015 and by over 7% in 2017 (The World Bank Group, 2015). The stable economic growth in the country will continue to support the growth of this industry in the country. Furthermore, in Kenya it is flourishing because of its growing middle class population, urbanization, infrastructure development, growing consumer awareness, as well as increased knowledge of personal grooming. The modern average Kenyan has a basic need for beauty and personal care products.

Statement of the Problem

One of the success factors for enterprise growth is the entrepreneur's ability to access credit facilities and the lack of it has caused many businesses to collapse. (Benard & No, 2011; Swinnen *et* al, 2001). A study by Rahma (2002) indicated that there are a variety of constraints on women entrepreneurs in accessing financial institutions services, including lack of collateral, unfriendly interest rates and other charges levied by financial institutions, and stringent conditions to be met before one can access credit. . These constraints faced by women entrepreneurs are aggravated by the need to compete in an aggressive business environment with rapid technological changes, globalization of production, trade and financial flows and intense competition both locally and internationally. Mwenda & Muuka (2004), observed that despite many financial institutions engaging in intensive promotion of their products and services, including credit facilities, their uptake by women entrepreneurs remains limited, hence the impetus for this study. The study is an attempt to bridge the knowledge gap, by analysing the challenges faced by women entrepreneurs in Nairobi Central Business District in accessing credit facilities from financial institutions.

Research objectives

The study was guided by the following specific objectives: (i) To determine the extent to which literacy levels of women entrepreneurs affect their access to finance in Nairobi Central Business District, Kenya; (ii) To determine the extent to which the number of lending institutions available affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya; (iii). To determine the extent to collateral requirements by financial institutions affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya; and (iv) To determine the extent to which interest rates charged by financial institutions affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya.

LITERATURE REVIEW

Empirical review

The role and importance of women entrepreneurship to the economies of both the developed and the developing nations has been the subject of increased scrutiny particularly in the last decade. This is due to belief that prosperous and dynamic enterprises were crucial to performance of a dynamic economy (Beaver, 2002). However, for this sector to continue growing unabated there is need for flow of credit financing, which is currently not the case. The study seeks to analyse the challenges faced by women entrepreneurs in accessing credit from financial institutions in Nairobi Central Business District, Kenya. The following sub-sections present a review of literature on the variables in the study, focusing on women entrepreneurs, namely entrepreneurs' literacy levels, number of lending institutions available, collateral requirements, and interest rates charged by financial institutions.

Effect of entrepreneurs' literacy levels on accessibility to credit

King & McGrath (2002), observed that majority of entrepreneurs in Kenya are not quite well informed in terms of skills and education related to effectively running their enterprises. They further argued that those entrepreneurs with more training and education are more likely to be successful in the business sector as the literacy level was reflected in their ability to carry out managerial routines. The routine roles played by entrepreneurs include making decisions on financial investments and management, which then influence the decisions on external funding of the enterprises. An enterprise is at a disadvantaged position in the loans market owing to low levels of an entrepreneur's ability to read and write. According to Saleemi (1997), information on availability of loans, and the rate of interests charged, is communicated through newspapers, in which a good level of literacy is required to read and interpret. The literacy level is again observed in the ability to have appropriate book keeping skills. The banks often demand cash flows and other financial records as a prerequisite for approving of credit.

Cooper, Gimeno - Gascon, & Woo, (1994) observed that education leads to knowledge and skills that enable business owners to find opportunities and to cope with problems better and, therefore, be more successful. Unfortunately, however, most often researchers do not distinguish between education and its presumed outcome: knowledge. Unger *et al*., (2006) also reported a significant overall relationship between human capital indicators (including education) and success. This relationship remained positive and significant under all moderating conditions. A study by Rauch & Frese (2000) established that there is a positive relationship between level of education attained and business success. According to Davidsson & Honig (2003), previous knowledge assists in the accumulation of new knowledge, and education incorporates ongoing learning activities that may help individuals develop superior learning strategies.

According to ILO (2009) most of the entrepreneurs have Low literacy levels as majority of them drop from the primary level or they have acquired primary level. This makes an entrance to the 'the jua-kali' sector increasingly the last resort for the disadvantaged students with relatively low levels of education. ILO (2009) observed that an entrepreneur's level of education is directly correlated with his ability to make financial decisions of his business. ILO (2009) noted that declining level of education had negative influence on entrepreneur's ability awareness on how and where to get loans to improve their businesses. With low ability to read and write, therefore an entrepreneur is at a disadvantage in the loans market.

Effect of the number of lending institutions available to provide accessibility to credit

The numbers of entrepreneurs are many, while the financial institutions offering finance tailored to the entrepreneurs' needs are few. Schoof (2006) observed that inadequate financial institutions catering for the credit needs of entrepreneurs are a constraint to the development of the sector. In a study conducted by a non-profit organization, World Women Banking, focusing on providing credit access to poor women, it was established that fewer than 2% of low income entrepreneurs, worldwide have access to credit facilities.

According to Financial Sector Deepening (2009) just 60% of Kenyans have access to banks or microfinance institutions with 30% of rural users having no access to banking services at all; it further shows shortage in supply of financial services including credit compared to demand. Recently, this increase in demand for these services has led to emergence of mobile telephone money transfer services with the introduction of the M-pesa and Zap services by mobile telephone companies, Safaricom and Zain respectively. With over 6.1 million subscribers, the M-pesa is becoming an important financial transaction tool for SME's with the unbanked even turning it into a banking institution.

Effect of collateral requirements by financial institutions on accessibility to credit

Having access to property rights and land is essential for women entrepreneurs because property is used as Collateral security for business credit. Yet even though women are a major force in agriculture and provide 70 percent of labour in the sector, they only hold about 1 percent of registered land titles, with around 5-6 percent of registered titles held in joint names (Schoof, 2006). The lack of property and land ownership translates directly into women's inability to access bank financing needed for their business. While access to finance is an obstacle for all firms, women entrepreneurs rate it as the single biggest constraint that prevents them from growing their business. The poor and other vulnerable groups such as women and the unemployed youth have limited access to land due to socio-cultural barriers (Ndubi & Karanja, 2008).

Women and other poor and vulnerable categories of the community cannot access credit from formal banking institutions because they do not own land or any other capital that is required as collateral security by these commercial banks. Ensuring access to the services of micro finance institutions to these poor individuals and groups who have no formal Collateral security will therefore contribute to their socio-economic empowerment and gradually reduce the inequalities in society (Moghadam, 2005). For these under- privileged women to access credit, alternative approaches on collateral security requirements have been adopted through the emphasis on social capital tools such as trust and network relations for securities. Peer groups who have known each other for a while and therefore have developed trust based on previous relations are being used instead of economic collateral securities such as title deeds, prime property or a salary pay slip often required by formal banking institutions (Kelley, Singer & Harrington, 2011).

According to Kamau (2009) collateral security is again highlighted as a major constraint to credit access. In his survey, Kamau (2009) found that 92% of the enterprises studied had applied for loans, and were rejected while others had decided not to apply since they 'knew' they would not be granted for lack of collateral security. Therefore, while most of the entrepreneurs, in this study recognized the importance of loans in improving their businesses, they cited collateral security as a major impediment to loan access and therefore hindering business growth. Almost all respondents started their businesses from their own savings or loans from relatives since they did not demand security.

Beaver (2002) explains that the historical development and the associated culture, of the banking system underpin the problem of the emphasis on the provision of Collateral security as a primary condition in lending. Banks have always adopted a risk averse stance towards small firms, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment. Therefore, although there has been a considerable progress in the lending to the SME's, banks still remain cautious because many these businesses have neither, collateral security nor asset registers. Most banking institutions demand collateral security as one of the requirements for the access to credit facilities. This becomes a constraint to SME's most of who may not have deeds to capital assets to present as security against the loans. This factor reduces access to these loans. Furthermore, most lending institutions are more inclined to lending to the large scale businesses which have higher success rate, and repayment rate. The small scale businesses are relegated to the micro finance institutions (MFI's) and 'shylocks' whose lending requirements may further discourage them.

Although more than a quarter of households in Kenya are women-headed, only five per cent of the women own land in their own name (Feldman, 1984). A study carried by Kenya Gender and Economic Growth Assessment illustrated that women who apply for loan fail to materialize because her husband refused to pledge the family's land title deeds as Collateral security. Owning title deeds as Collateral security to finance expansion is still a hurdle for most women entrepreneurs, given that property is not usually registered in their names (GoK 2009).

Effect of interest rates charged by financial institutions on accessibility to credit

The rate of interest rate charged on the credit determines the cost of the credit. The cost credit is the amount of money the borrower is obligated to pay above the principal sum of money lent. Saleemi (2007) defined interest as the return on capital. Cost of credit can be classified as; gross interest and net interest. Gross interest is the total amount that the debtor to a creditor and the net interest means the part of interest that is for the use of capital only. The issue of high interest rates being charged on borrowers of funds has posed a great problem to owners who can only borrow in small amounts. This has led to either closure or stagnation of their business and those who have not began the business end up not starting one because of lack of capital. MSEs suffer from loss of profitability and lack of investments, which promote growth, due to poor credit offered to them and non access to bank loans. This is due to high costs of borrowing from commercial banks and other financial institutions.

Every business needs financing, even though at first glance it might appear that funding is unnecessary. It is important that financing be as efficient as possible (Ndeti, 2005). Ndeti argues that the borrower should be able to put the cost of all financing on the same basis, comparing them and come up with the one that gives the lowest cost financing option. Banks have often been criticized for having high interest rates charged on loans. But sometimes, there are factors beyond their control. For example the amount of interest payable on loans depend on interest rates charged, which is driven by the base lending rate of interest set by the Central Bank of Kenya.

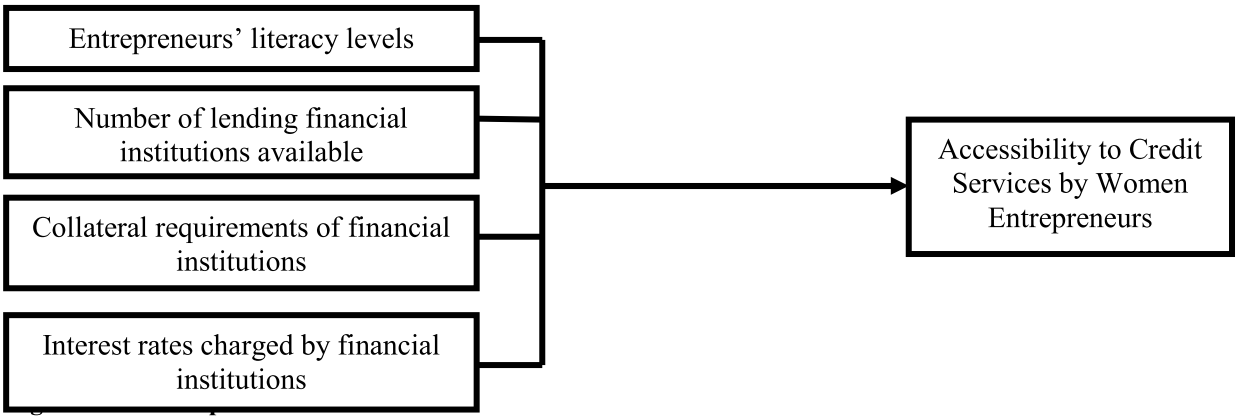
The amount of interest rate charged is sometimes, intertwined with the security of the loan, and the use for which it's to be used, or the nature of the business. That is the more secure loans are charged low interest rates due to, their low risks involved (Kamau, 2009). This leads the SME's to the micro finance institution, who lend unsustainable interests short term loans. The high interest rates, discourages the entrepreneurs in this sector from borrowing.

In developing countries, informal credit arrangements enjoy less transaction costs and loan losses because they are restricted to close networks' that derive from kinship, neighbourhoods, professions, workplaces, economic activities and other mechanisms that encourage regular interactions. They therefore offer solutions to the information and enforcement problems that formal arrangements often face. However, the volume of credit available through these informal arrangements ends to be highly limited (Mookherjee, 1999).

2.3 Conceptual Framework

In this research, the conceptual framework is the concise description of the phenomenon under study accompanied by visual depiction of the variables under study (Mugenda, 2008). The independent variables include collateral security, interest rate charged, literacy level and number of lending institutions while the dependent variable is access to finance. Figure 2.1 below depicts the relationships between independent variables and the independent variable in the study.

Independent variables **Dependent variable**



Below is a brief description of the relationship between independent variables and the dependent variable.

Dependent variable

A responds to the independent variable, it is called dependent because it "depends" on the independent variable. The dependent variable for the study is "Accessibility to finance by women entrepreneurs". The indicators for accessibility in this study will include: uptake of the credit facilities by women entrepreneurs, number of women entrepreneurs accessing credit, minimum and maximum amount of credit granted to women entrepreneurs in Kenya shillings

Independent variables

Independent variable is a variable that stands alone and is not changed by the other variables being measured. In this study, the independent variables are: entrepreneurs' literacy levels, number of lending financial institutions available, collateral requirements by financial institutions, and interest rates charged by financial institutions. The sections below present a brief description of the independent variables in the study.

Entrepreneurs' literacy levels

This considers the independent variable "entrepreneurs' literacy levels" will be measured by: academic qualifications, professional training, knowledge and skills in business, financial management and communication. Most lenders advertise their services on the print media. Since the literacy levels among the small scale traders are low they may not access the information. Others may have general literacy but are not well informed, on the effect of credit facilities on business growth, and therefore may fail to ask for the services. The literacy level may therefore be a constraining factor in the accessibility of credit, among traders.

Number of lending financial institutions available

For purposes of this study, the independent variable "number of lending financial institutions available" will be measured by: the physical number of lending financial institutions easily and readily available to the entrepreneurs, number of financial institutions' branches in the business locations of the entrepreneurs, and ease of access to finance, for instance mobile banking facilities.

The numbers of small scale traders are many, while the financial institutions with the services tailored to them are few. The loan requirements of the entrepreneurs targeted for the study are different from those of the large businesses. This is due to fragile nature of the business among other considerations, such as size, management structure, the capital base etc. Therefore there is need to have many lending institutions whose lending policies are established with such factors in considerations. The few institutions with such considerations are faced by the many small scale traders whose financial demands they may not cater for. This reduces accessibility for those who cannot get credit.

Collateral requirements by financial institutions

The independent variable "collateral requirements by financial institutions" will be measured by: type and values of property ownership by women entrepreneurs, types and values of security required by financial institutions. Most financial institutions demand collateral as one of the requirements for the access to credit facilities. This becomes a constraint to the entrepreneurs, most of who may not have deeds to capital assets to present as security against the loans. This factor reduces accessibility of these loans. Furthermore, most lending institutions are more inclined to lending to the large scale businesses that have higher success rate, and repayment rate.

Interest rates charged by financial institutions

The measure of the independent variable "interest rates charged by financial institutions" will be: interest rates charged on credit, credit repayment period, penalties for defaults or delays in repayment, and loan processing charges. The rate of interest rate charged on the credit determines the cost of the credit. The cost credit is the amount of money the borrower is obligated to pay above the principal sum of credit. Saleemi (2007), defined interest as the return on capital. Cost of credit can be classified as; gross interest and net interest. Gross interest is the total amount that the debtor to a creditor and the net interest means the part of interest that is for the use of capital only. The interest rate usually as a percentage of the borrowed amount, determines the amount of interest over duration, which may be a year. High interest rate therefore increases the cost of credit. High interest rate on credit may discourage entrepreneurs from borrowing reducing the accessibility of credit among them.

Research Gaps

Despite the numerous benefits derived from women entrepreneurship, the entrepreneurs still face many challenges, which include, but are not limited or lack of entrepreneurship training, unfavourable regulatory policies, inaccessibility to financial services when in need, and limited business development services (World Bank, 2005). Despite the many efforts by various stakeholders to address some of the identified challenges, including the introduction of youth and women fund to facilitate easy access to credit by the target groups, the challenges are still there. It is against this background that the current study makes an attempt to bridge the knowledge gap. The study thus seeks to analyse the challenges faced by women entrepreneurs in accessing credit facilities from financial institutions.

METHODS

In order to undertake the study a descriptive survey was used. According to Cooper & Schindler (2006), descriptive survey is a study concerned with finding out what, where, and how of a phenomenon. Descriptive research portrays an accurate profile of persons, events, or situations (Kothari, 2000). Sekaran (2003) posits that a descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. Descriptive statistics help to simplify large amounts of data in a sensible way. Each descriptive statistic reduces lots of data into a simpler summary.

Target population in statistics is the specific population about which information is desired. According to Kombo and Tromp (2006) a population is a well-defined or set of people, services, elements, events, group of things or households that are being investigated generalize the results. The target population was drawn from the registered and licensed female owned enterprises in the beauty sector in Nairobi Central Business District, whose number stood at 3,724 as at 31st March 2016 (Nairobi County Trade & Industry Office). The CBD has a variety of women owned beauty enterprises, which include: Massage parlors, salons, outlets for beauty products, among others. Therefore its choice as the study location is ideal for the survey since it represents the entire beauty enterprises sector.

According to Cooper and Schindler (2003), sampling is done in order to lower costs, increase the speed of data collection, greater accuracy of results and availability of population elements. Based on the population figures (number of female owned beauty enterprises in Nairobi Central Business District), sampling was undertaken in various stages as described below:

Stage 1: Computation of the Sample Size

In the first stage, computation of the sample size was done. The survey will adopt Yamane (1967) simplified formula to calculate sample size using the equation.

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

A 95% confidence level and p= 0.05 is assumed for Equation where n is the sample size, N is the population size and e is the level of precision.

Hence $$n = \frac{3{,}724}{1 + 3{,}724 (e) 2}$$

n = 3,724/3,725 (0.05 x 0.05) = 3,724/3,725 (0.0025) = 399.893

n = 400 women owned beauty enterprises

Barlett *et* al., (2001) argue that sample size depends on many factors, such as the number of variables in the study, the type of research design, the methods of data analysis and size of the accessible population. They go ahead to argue that "One of the very advantage of quantitative methods is the ability to use smaller groups of population to make inferences about larger groups that would be prohibitively expensive to study". When determining the sample size, it is vital to put measures to deal with non-response. Mugenda & Mugenda (2003) suggest that where time and resources allow, a researcher should take as big a sample size as possible.

Stage 2: Stratified Sampling technique

In the second stage, stratified random sampling was used. In the beauty sector, the business can be categorized in various ways, including those engaged in service provision and those engaged in products selling. The two basis of differentiation will form the strata. Stratified random sampling is a technique which at tempts to restrict the possible samples to those which are "less extreme" by ensuring that all parts of the population are represented in the sample in order to increase the efficiency (that is to decrease the error in the estimation).

Primary data was collected with the aid of self-administered semi-structured questionnaires. Kothari (2004) asserts that structured questionnaire is best suited for descriptive study as it is easily applied and requires less skill. According to Neuman (2006), a questionnaire is a written document in quantitative research that has set of questions directed at respondents. It is used by an interviewer to pose questions to respondents and to record the answers. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals (Mellenbergh, 2008).

A pilot study is a preliminary test conducted before the final study to ensure that research instruments are working properly. A pilot study was conducted to test the reliability and validity of the questionnaires. The researcher carried out a pilot study among 10 respondents. It tested whether the design of questions was logical, if questions were clear and easily understood whether the stated responses were exhaustive and how long it would take to complete the questionnaire. The pilot study was done through random sampling from the targeted population. Mugenda &Mugenda (2007) states that a relatively small sample of 10 to 20 respondents can be chosen from the population during piloting which is not included in the sample chosen for the main study. The pilot group was acquired through random sampling. Piloting helped in revealing questions that were vague to allow for their review until they conveyed the same meaning to all the subjects (Mugenda & Mugenda, 2003). The pre-test also allowed the researcher to check on whether the variables collected could easily be processed and analyzed.

According to Marshall & Rossman (1999), data analysis is the process of bringing order, structure and interpretation to the mass of collected data. In this study, questionnaires were adequately checked for credibility and verification. The following is a brief description of the statistical methods that were employed for this study. The data collected with the aid of questionnaires were systematically organized in a manner to facilitate analysis. Data analysis will involve preparation of the collected data - coding, editing and cleaning of data in readiness for processing using Statistical Package for Social Sciences (SPSS) version 24.0. The coded data was keyed into the SPSS program where it was developed into a database and hence analyzed. SPSS is preferred because it is very systematic and covers a wide range of the most common statistical and graphical data analysis.

The data pertaining to profile of the respondents was analyzed using content analysis. Cooper & Schindler (2005) states that content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources. Data pertaining to the objectives of the study was analyzed using descriptive statistics, which includes measures of central tendency, measures of variability and measures of frequency among others. Means were used to find the degree of agreement between variables (Faridi & El-Sayegh, 2006). Each response was assigned a score according to the way the respondents feel that it contributed to accessibility to financial services by the female entrepreneurs. The summarized data was analyzed using percentages and presented using tables and pie charts.

The general purpose of multiple regressions (the term was first used by Pearson, 1908) is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. In order to examine the relationship among constructs, multiple regression analysis was conducted. Neill *et al.* (1999) asserts that regression analysis is the most popular dependence technique used in research. Regression analysis aims at predicting a change in the dependent variable resulting from changes in the multiple independent variables. Also, it is used to enable the researchers to explain the variate by assessing the relative contribution of each independent variable to the regression equation. A line in a two dimensional or two-variable space will be defined by the equation $Y = a + b * X$; in full text: the Y variable can be expressed in terms of a constant (a) and a slope (b) times the X variable. The constant is also referred to as the *intercept*, and the slope as the *regression coefficient* or *B coefficient*.

A line in a two dimensional or two-variable space is defined by the equation Y=a + b*X; in full text: the Y variable can be expressed in terms of a constant (a) and a slope (b) times the X variable. The constant is also referred to as the intercept, and the slope as the regression coefficient or B coefficient. In the multivariate case, when there is more than one independent variable, the regression line cannot be visualized in the two dimensional space, but can be computed just as easily. In general then, multiple regression procedures estimate a linear equation of the form. A typical simple regression model in form of:

$Y= \beta 0 + \beta 1\ X1 + \epsilon$

Where:

Y	Dependent variable: Access to finance by women entrepreneurs
X1	Independent variables: Literacy levels; number of lending institutions available; collateral requirements; and interest rates charged
β 0	Is the constant
β 1	Is the slope or change in Y
Є	Is the error

RESULTS

Results of pilot test

Prior to launch of primary data collection, a pilot study was undertaken through random sampling from the targeted population. Piloting helped in revealing questions that were vague to allow for their review until they conveyed the same meaning to all the subjects (Mugenda & Mugenda, 2003). The pre-test also allowed the researcher to check on whether the variables collected could easily be processed and analyzed. The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha (α) measures internal consistency by establishing if certain item measures the same construct. Cronbach's Alpha was established for every objective in order to determine if each objective would produce consistent results should the research be done later on. The findings of the pilot study shows that questions on Collateral security had the highest reliability (α=0.816) followed by interest rate (α = 0.787), then literacy levels (α = 0.721) and finally number of lending institutions (α = 0.708). This illustrates that all the four variables were reliable as their reliability values exceeded the prescribed threshold of 0.6 (Nunnally, 1978). The results are summarised and presented in table 3.1 below.

Table 3.1: Reliability of the Research Instrument

Study variables	Cronbach's Alpha (α)	Number of Items
Literacy level	0.721	13
Number of lending institution	0.708	6
Collateral requirements	0.816	10
Interest rates	0.787	8

Descriptive data analysis

In this section, descriptive statistics were used to describe in quantitative terms the main features of the collected data. The study targeted 400 respondents, out of which 342 questionnaires were returned completed. This translates to 85.6% response rate, which is significant according to Zikmund (2003) who posits that a response rate that is above 20% is significant.

Challenges faced by women entrepreneurs in accessing finance in Nairobi CBD, Kenya

Literacy Levels of women entrepreneurs

The results point out that high level of academic shows a better understanding of business ideas and concepts, though it does not necessarily guarantee business success. More educated business owners are more likely to require learning in the management of affairs to grow their enterprises unlike those with lower levels of education.

In order to determine the extent to which literacy levels affect accessibility to finance by women entrepreneurs in Nairobi CBD, the respondents were provided with a listing of factors related to entrepreneur's literacy levels asked to indicate the extent of their agreement with each of the statements by ticking as appropriate along a five – point scale. *Where:* strongly agree = (5); agree = (4); neither agree nor disagree = (3); disagree = (2); and strongly disagree = (1). The responses are summarised and presented in table 4.4 below.

Item Codes
LL 1: I am conversant with the legal requirements for one to access credit from financial institutions
LL 2: Level of education affects access to finance
LL 3: My education level has equipped me with the necessary knowledge and skills to more effectively manage the business and repay credit accessed from financial institutions
LL 4: Innovation in information has increased availability of information helpful to access finance
LL 5: My level of academic qualification helps me to make good financial decisions in my business
LL 6: Financial skills promote effective decision, performance evaluation, and financial reporting of business enterprise, hence better access to finance.
LL 7: Women business owners are unaware of how they can use financial statements to support the financial decisions, including how much to borrow
LL 8: I am unsure of whether it makes sense to take a loan to grow my business
LL 9: My level of education has positive influence on entrepreneur's ability and awareness on how and where to get loans to improve their businesses
LL 10: I do not apply for loan since the information on availability of loans, and the rate of interests charged, is communicated through newspapers, in which a good level of literacy is required to read and interpret
LL 11: Finance institutions ask my level of education in loan application forms
LL 12: Simple and clear book keeping enhances my chances of getting a loan from a financial institution
LL 13: Credit institutions give credit to women entrepreneurs who have knowledge about what they are borrowing the funds for.

Table 4.4: Extent to which literacy levels affect accessibility to finance by women entrepreneurs in Nairobi CBD

5 = Extremely Important 1 = Not important at all	Response (%)					Total for 4 & 5	Mean	Standard deviation	Ranking
	1	2	3	4	5				
LL 1	29.8	23.1	18.7	17.8	10.5	28.3	2.56	1.355	12
LL 2	10.8	16.7	14.3	30.1	28.1	58.2	3.48	1.341	3
LL 3	5.3	16.4	20.8	33.0	24.6	57.6	3.55	1.177	4
LL 4	10.2	14.6	18.7	27.5	28.9	56.4	3.50	1.319	6
LL 5	10.2	14.6	18.1	31.3	25.7	57.0	3.48	1.294	5
LL 6	10.2	14.3	12.9	29.5	33.0	62.5	3.61	1.343	2
LL 7	12.9	14.0	20.8	29.2	23.1	52.3	3.36	1.323	10
LL 8	13.5	14.9	17.8	33.0	20.8	53.8	3.33	1.321	9
LL 9	9.9	16.1	19.0	30.1	24.9	55.0	3.44	1.291	8
LL 10	17.5	16.4	20.5	29.8	15.8	45.6	3.10	1.338	11
LL 11	32.5	40.1	13.5	8.2	5.8	14.0	2.15	1.138	13
LL 12	8.8	5.3	21.9	33.0	31.0	64.0	3.72	1.207	1
LL 13	8.2	13.7	22.2	32.7	23.1	55.8	3.49	1.217	7
N = 342									

Based on the percentage totals for (5) = strongly agree and (4) = agree, a ranking of the responses was done. The findings in table 4.4 above show that *Item LL 12: Simple and clear book keeping enhances my chances of getting a loan from a financial institution*, was the highest ranked (64%), followed by *Item LL6: Financial skills promote effective decision, performance evaluation, and financial reporting of business enterprise, hence better access to finance (62.5%). The least ranked item was LL11: and LL2:* Finance institutions ask my level of education in loan application forms (14.0%).

Number of lending financial institutions

In order to determine the extent to which the number of lending financial institutions available affect accessibility to finance by women entrepreneurs in Nairobi CBD, the respondents were provided with a listing of factors related to number of lending financial institutions asked to indicate the extent of their agreement with each of the statements by ticking as appropriate along a five – point scale. *Where:* Strongly agree = (5); Agree = (4); neither agree nor disagree = (3); Disagree = (2); and strongly disagree = (1). The responses are summarised and presented in table 4.7 below.

Item Codes

LFI 1: The many financial institutions located in Nairobi Central Business District have increased the chances of accessibility to credit

LFI 2: There are many institutions offering access to finance but none fully meets my needs

LFI 3: There is a very strong positive relationship between access to finance and the number of financial institutions within my area

LFI 4: My firm has established a personal relationship with financial institutions that are within the locality, and whose marketing staffs pay us a visit occasionally

LFI 5: There are not enough financial institutions that understand women entrepreneurs needs

LFI 6: Introduction of mobile banking on telephone by various financial service providers has enhanced accessibility to credit by small businesses

Table 4.6: Extent to which number of lending institutions available affect accessibility to finance by women entrepreneurs in Nairobi CBD

5 = Extremely Important 1 = Not important at all	Response (%)					Total for 4 & 5	Mean	Standard deviation	Ranking
	5	4	3	2	1				
LFI 1	29.5	35.1	20.2	7.0	8.2	64.6	2.29	1.197	3
LFI 2	26.9	29.2	24.3	9.1	10.5	56.1	2.47	1.267	5
LFI 3	33.0	28.9	20.5	8.5	9.1	66.6	2.32	1.267	2
LFI 4	28.9	33.6	21.1	12.0	4.4	62.5	2.29	1.137	4
LFI 5	25.4	29.5	23.7	14.0	7.3	54.9	2.48	1.217	6
LFI 6	34.8	32.2	16.1	8.5	8.5	67.0	2.24	1.249	1
N = 342									

Based on the percentage totals for (5) = strongly agree and (4) = agree, a ranking of the responses was done. The findings in table 4.6 above show that *Item LFI 6: Introduction of mobile banking on telephone by various financial service providers has enhanced accessibility to credit by small businesses*, was the highest ranked (67%), followed by *Item LFI 3: There is a very strong positive relationship between access to finance and the number of financial institutions within my area (66.6%).* The least ranked item was *LFI 5: There are not enough financial institutions that understand women entrepreneurs needs (54.9%)*

Collateral requirements by financial institutions

In order to determine the extent to which collateral requirements by financial institutions affect accessibility to finance by women entrepreneurs in Nairobi CBD, the respondents were provided with a listing of factors related to collateral requirements and asked to indicate the extent of their agreement with each of the statements by ticking as appropriate along a five – point scale. *Where:* strongly agree = (5); agree = (4); neither agree nor disagree = (3); disagree = (2); and strongly disagree = (1). The responses are summarised and presented in table 4.9 below.

Item Codes

CR 1: High cost of credit facilities requiring collateral limits access to finance

CR 2: Inadequate information on where to source for unsecured loans limits access to finance

CR 3: Lack of an unsecured loan product offering by financial institutions affect access to finance

CR 4: Limited access of collateral (security guarantee) affects the amount of credit advanced by financial institutions

CR 5: Absence of track record to evidence ability to pay necessitates provision of collateral by a financial institution

CR 6: Limited access to collateral is a major obstacle to accessing credit

CR 7: Demand for collateral by financial institutions have forced me to focus on other means to raise money such as savings or loans from relatives since they do not demand security

CR 8: We apply loan as a group "Chama" for ease repayment, where our business acts as security for loan taken

CR 9: Financial institutions have adopted a risk averse stance towards small firms, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment

CR 10: Financial institutions are reluctant to avail credit to us since we work informally while it is difficult for us to provide acceptable confirmation of our earnings

Table 4.8: Extent to which collateral requirements affect accessibility to finance by women entrepreneurs in Nairobi CBD

5 = Extremely Important 1 = Not important at all	Response (%)					Total for 4 & 5	Mean	Standard deviation	Ranking
	5	4	3	2	1				
CR 1	30.7	38.6	17.8	7.6	5.3	69.3	3.82	1.111	4
CR 2	32.5	25.4	22.5	12.3	7.3	57.9	3.63	1.253	10
CR 3	29.8	34.2	11.4	14.6	9.9	64.0	3.59	1.316	9
CR 4	31.0	40.4	3.8	15.2	9.6	64.6	3.68	1.314	8
CR 5	32.5	33.6	12.3	13.7	7.9	66.1	3.69	1.271	6
CR 6	36.2	33.0	10.1	10.7	9.0	69.2	3.77	1.293	5
CR 7	35.4	34.8	9.3	11.0	8.7	70.2	3.78	1.280	2
CR 8	32.7	36.8	8.2	11.7	10.5	69.5	3.70	1.318	3
CR 9	35.4	36.0	10.2	10.5	7.9	71.4	3.80	1.247	1
CR 10	31.6	34.8	10.5	15.8	7.3	66.4	3.68	1.269	6
N = 342									

Findings in table 4.8 above indicate that all the items were highly ranked, a show of agreement with the statements by the respondents. Based on the percentage totals for (5) = strongly agree and (4) = agree, a ranking of the responses was done. The findings show that *Item CR 9: Financial institutions have adopted a risk averse stance towards small firms, with an accompanying inability to focus on the income generating potential of the venture, when analyzing the likelihood of loan repayment,* was the ranked (71.4%), followed by *Item CR 7: Demand for collateral by financial institutions have forced me to focus on other means to raise money such as savings or loans from relatives since they do not demand security (70.2%);* and *CR 8: We apply loan as a group "Chama" for ease repayment, where our business acts as security for loan taken (69.5%). The least ranked item was CR 2: Inadequate information on where to source for unsecured loans limits access to finance (57.9%).*

Interest rates charged by financial institutions

In order to determine the extent to which interest rates charged by financial institutions affect accessibility to finance by women entrepreneurs in Nairobi CBD, the respondents were provided with a listing of factors related to interest rates charged by financial institutions and asked to indicate the extent of their agreement with each of the statements by ticking as appropriate along a five – point scale. *Where:* strongly agree = (5); agree = (4); neither agree nor disagree = (3); disagree = (2); and strongly disagree = (1). The responses are summarised and presented in table 4.10 below.

Item Codes

IR 1: High interest rates charged by financial institutions prohibit accessing of loans
IR 2: The credit processing costs and other charges are unrealistic
IR 3: The interest rates change from time to time even after one has accessed credit, leading to higher repayment amounts than agreed at the time of borrowing
IR 4: The rate of interest charged does not affect whether or not I access credit
IR 5: Unrealistic actions taken by financial institutions for failure to repay the loan upon interest rate set on trading conditions are unfavourable
IR 6: The rates of interest charged does not matter to me if I am guaranteed of accessing the finance within a short period of time
IR 7: I do not mind a premium rate of interest where the loan does not require security
IR 8: Financial institutions extend loans to small businesses on short term repayment basis at high interest rates, which is discouraging

Table 4.10: Extent to which interest rates charged by financial institutions affect accessibility to finance by women entrepreneurs in Nairobi CBD

5 = Extremely Important 1 = Not important at all	Response (%)					Total for 4 & 5	Mean	Standard deviation	Ranking
	5	4	3	2	1				
IR 1	30.4	32.2	24.0	5.8	7.6	62.6	2.28	1.178	2
IR 2	30.1	33.0	23.7	8.8	4.4	63.1	2.24	1.108	1
IR 3	25.1	28.9	26.3	9.9	9.6	54.0	2.50	1.239	4
IR 4	22.5	27.5	24.6	15.5	9.9	50.0	2.63	1.263	8
IR 5	26.4	31.9	25.7	8.5	7.6	58.3	2.38	1.181	3
IR 6	23.4	27.2	20.8	18.4	10.2	50.6	2.65	1.297	7
IR 7	23.7	27.2	23.4	11.7	14.0	50.9	2.65	1.335	6
IR 8	24.0	28.1	25.4	15.8	6.7	52.1	2.65	1.1205	5
N = 342									

Based on the percentage totals for (5) = strongly agree and (4) = agree, a ranking of the responses was done. The findings in table 4.6 above show that *Item IR 2: The credit processing costs and other charges are unrealistic,* was the highest ranked (63.1%), and followed by Item IR 1: High interest rates charged by financial institutions prohibit accessing of loans (62.6%). The least ranked item was *IR 4: The rate of interest charged does not affect whether or not I access credit (50.0%).*

Challenges faced by women entrepreneurs in accessing finance in Nairobi CBD

The respondents were asked to indicate the extent to which they agreed that the factors identified in chapter 1, which are the basis for the objectives of the study, women entrepreneurs': (1) Literacy levels; (2) Number of lending financial institutions available; (3) Collateral requirements of financial institutions; and (4) Interest rates charged by financial institutions, had affected their ability to access credit from financial institutions. The respondents were expected to tick as appropriate their level of agreement along a five-point scale. *Where:* (1) = A very low extent (2) = A low extent (3) = A moderate extent (4) = A great extent (5) = A very great extent. The responses are summarised and presented in table 4.11 below.

Item Codes

C 1: Extent to which literacy levels affect access to finance by women entrepreneurs in Nairobi CBD

C2: Extent to which number of available lending financial institutions affect access to finance by women entrepreneurs in Nairobi CBD

C3: Extent to which collateral requirements by financial institutions affect access to finance by women entrepreneurs in Nairobi CBD

C4: Extent to which interest rates charged affect access to finance by women entrepreneurs in Nairobi CBD

Table 4.11: Challenges faced by women entrepreneurs in accessing finance in Nairobi CBD

5 = Extremely Important 1 = Not important at all	Response (%)					Total for 4 & 5	Mean	Standard Deviation	Ranking
	1	2	3	4	5				
C 1	8.7	11.7	15.8	30.1	33.6	63.7	3.68	1.286	3
C 2	4.7	9.1	22.8	31.3	32.2	63.4	3.77	1.134	4
C 3	2.3	12.9	9.1	34.5	41.2	75.5	3.99	1.110	1
C 4	7.6	10.2	15.5	33.0	33.6	66.6	3.75	1.235	2
N = 342									

Based on the percentage totals for (5) = strongly agree and (4) = agree, a ranking of the responses was done. The findings in table 4.11 above show ranking of the challenges faced by women entrepreneurs to access credit from financial institutions as:

1st (highest) ranked: *Item C3: Extent to which collateral requirements by financial institutions affect access to finance by women entrepreneurs in Nairobi CBD (75.5%).* The finding is line with various previous studies.

2nd ranked: *Item C4: Extent to which interest rates charged affect access to finance by women entrepreneurs in Nairobi CBD (66.6%).*

3rd ranked: Item C1: *Extent to which literacy levels affect access to finance by women entrepreneurs in Nairobi CBD (63.7%)*

4th (least) ranked: *Item C2: Extent to which number of available lending financial institutions affect access to finance by women entrepreneurs in Nairobi CBD (63.4%).*

Regression analysis

In order to meet the purpose of the study "*to analyse the challenges faced by women entrepreneurs in accessing finance in Nairobi Central Business District, Kenya",* multiple regression analysis of the variables was employed. The analysis was carried out in SPSS version 24 for windows at 95% confidence level. Multiple regressions are a statistical technique that allows for prediction someone's score on one variable on the basis of their scores on several other variables. The findings are summarised and presented in table 4.13 below.

Table 4.13: Results of Multi - Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.339	.449		0.933	.535
	Literacy levels	.141	.166	.196	1.555	.052
	Number of lending institutions	.181	.156	.136	1.437	.061
	Collateral requirements	.324	.239	.235	1.827	.008
	Interest rates charged	.392	.254	.205	1.933	.027
R-Square = 0.684 , Adjusted R-Squire = 0.467, F = 22.63 , Sig. = 0.000, Std error of the estimate = 0.02						
a. Dependent Variable: Access to finance						

Results of multi-regression in table 4.12 above show that $R^2 = 0.684$; this means that 68.4% of the variability of the factors affecting women's access to finance from financial institutions could be attributed to (i) Literacy levels; (ii) Number of lending institutions; (iii) Collateral requirements; and (iv) Interest rates charged. Sig = 0.000 suggests that the model adopted for the current study is significant for predicting suppliers' responsiveness. Findings in the table also show the contribution of each variable in explaining the women's access to finance as shown by unstandardized beta values which assess the contribution of each variable towards the prediction of the dependent variable. The overall equation as suggested in the conceptual framework can be represented by use of unstandardized coefficients as follows:

Y = 0.339 + (0.141 = Literacy levels) + (0.181 = Number of lending institutions) + (0.324 = Collateral requirements) and (0.392 = Interest rates charged) + 0.02. Thus $Y = 0.339 + 0.141\ x_1 + 0.181\ x_2 + 0.324\ x_3 + 0.392\ x_4 + 0.02\ \acute{\varepsilon}$. This means that even without the four variables under study, women's access to finance would be 0.339.

The findings also indicate that a unit change in literacy levels would result in 0.141 women's access to finance, a unit change in number of lending institutions would result in 0.181 change in women's access to finance, a unit change in collateral requirements would result in 0.324 change in women's access to finance and a unit change in Interest rates charged would result in 0.392 change in women's access to finance. Findings in table 4.6 also show that Interest rates charged (p=0.027) and Collateral requirements (p=0.008) were statistically significant. The error term (0.02) means that the model will not be completely accurate, and will result in differing results during real world applications.

Findings of the study indicate that, overall, the order of ranking in terms of relative influence is as follows: (1) Collateral requirements = (0.008); (2) Interest rates charged = (0.027); Literacy levels = (0.052); and Number of lending institutions = (0.061). The next chapter presents a summary of the key findings, discussions of the study findings, based on the objectives of the study, articulated in chapter 1, conclusions, recommendations and limitations of the study.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the findings of the study, this section presents the conclusions. The ideas conveyed in this study are in response to the research questions set forth. This study achieved its primary objectives which were: to determine the extent to which literacy levels of women entrepreneurs affect their access to finance in Nairobi Central Business District, Kenya; to determine the extent to which the number of lending institutions available affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya; to determine the extent to collateral requirements by financial institutions affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya; and to determine the extent to which interest rates charged by financial institutions affect access to finance by women entrepreneurs in Nairobi Central Business District, Kenya. Based on the findings of the study, this section presents the conclusions.

Based on the findings of the study, there is no doubt that women entrepreneurs face a lot of challenges while accessing credit. This limits their potential from graduating from small scale to large scale business. The conclusions based on objectives of the study are presented below.

Literacy levels of women entrepreneurs

Most lenders advertise their services on the print media. Since the literacy levels among the small scale traders are low they may not access the information. Others may have general literacy but are not well informed, on the effect of credit facilities on business growth, and therefore may fail to ask for the services. The literacy level may therefore be a constraining factor in the accessibility of credit, among traders.

The low levels literacy is working against the growth of the women run enterprises. For example due to low literacy levels again there is no organization in charge of promoting and providing, incentives for the creation of the type of the information exchange needed between the borrowers and the lenders in the sector. Therefore, the entrepreneurs in this sector should lobby for the creation of such an organization to fight for their welfare.

Further inadequacy in financial management put the women entrepreneurs in a disadvantaged position in competing with a large firms which are run by well-educated professional managers. Most lenders advertise their services on the print media. Since the literacy levels among the small scale traders are low they may not access the information. Others may have general literacy but are not well informed, on the effect of credit facilities on business growth, and therefore may fail to ask for the services. The literacy level may therefore be a constraining factor in the access to finance among the women entrepreneurs.

Number of lending financial institutions available

The numbers of women run business enterprises are many, while the financial institutions with the services tailored to them are few. The loan requirements of the small businesses are different from those of the large businesses. The few institutions with such considerations are faced by the many small scale traders whose financial demands they may not cater for. This reduces accessibility for those who cannot get credit.

The number of financial institutions engaged in lending to business enterprises and their network of branches is a challenge to the accessibility of loans among the women entrepreneurs. The few available lending institutions are unable to channel the credit services widely due to the costs involved. The growth of mobile money transactions shows the demand for formal financial services including credit services far outstrips the supply.

Collateral requirements by financial institutions

The study findings show that financial institutions demand collateral as one of the requirements for the access to credit facilities. While access to finance is an obstacle for all firms, women entrepreneurs rate it as the single biggest constraint that prevents them from growing their business. This becomes a constraint to women entrepreneurs, most of who may not have deeds to capital assets to present as security against the loans. This inhibits the entrepreneurs' accessibility to credit facilities from financial institutions. Furthermore, most lending institutions are more inclined to lending to the large scale businesses who have higher success rate, and repayment rate.

In this study, most of the respondents recognized the importance of loans in improving their businesses, they cited collateral as a major impediment to loan accessibility and therefore business growth. Majority of the respondents started their business enterprises either using their own savings, or contributions from family members since they did not demand security.

In Kenya, formal financial institutions always demand collateral to act as a security on loans. This precondition plays a major part in the accessibility of credit among women entrepreneurs since majority of they cannot attain these requirements. The situation may be more complicated for women entrepreneurs, who may not have right of ownership to expensive property including land and houses.

The findings show that financial institutions have adopted a risk averse stance towards the small business enterprises, with an accompanying inability to focus on the income generating potential of the venture, when analysing the likelihood of loan repayment.

Interest rates charged by financial institutions

As a factor affecting accessibility of credit the interest rate charged, on loans was ranked second to collateral requirements by financial institutions. The rate of interest rate charged on the credit determines the cost of the credit. The interest rate, usually computed as a percentage of the borrowed amount, determines the amount of interest over duration, which may be a year. Study findings show that high interest rate on credit discourage women entrepreneurs from accessing credit from financial institutions, hence reducing the accessibility of credit among them.

The amount of interest rate charged is sometimes, intertwined with the security of the loan, and the use for which it is to be used, or the nature of the business. That is, the more secure loans are charged low interest rates due to, their low risks involved. The high interest rates, discourages the women entrepreneurs from accessing credit services from financial institutions since the interest payment come out of profit and can be reduced by the borrowing business if profit and trading conditions are unfavourable.

Recommendations

The contribution of women entrepreneurship to the economy has been accepted, as articulated in previous studies. Based on the study findings are conclusions, this section presents the recommendations for the study in two sections, which are in two parts: recommendations for policy and practice and recommendations for further study.

Recommendations for policy and practice

In view of the findings of the study, the following recommendations for policy and practice are made:

Literacy levels of women entrepreneurs

The regulator in the financial sector, Central Bank of Kenya and the policy makers should place more emphasis on entrepreneurship education in learning institutions. This can be realised by introducing business incubation centres in the learning institutions, where the leaners can practice and sharpen their entrepreneurial skills before they leave school. This will make entrepreneurship look more practical to the learner.

The study found out that majority of the women entrepreneurs find it difficult to obtain credit facilities since they do not fully understand the requirements and procedures of acquiring credit facilities. It is thus highly recommended that the credit service providers come up with education/training programmes tailored towards the specific needs of women entrepreneurs, especially on how they can go about obtaining credit facilities.

There is need for the various stakeholders, including financial institutions to join hands and invest in capacity building and training of women entrepreneurs in such functional areas as financial management, literacy skills, marketing, production and managerial skills.

In addition, strategies should be put in place with different instruments to address access to finance issues for women, like mentoring them, helping them prepare proposals for bank funding and even providing a guarantee for them.

Number of lending financial institutions

The numbers of women run business enterprises are many, while the financial institutions with the services tailored to them are few. The loan requirements of the small businesses are different from those of the large businesses, hence there is need to have many lending institutions whose lending policies are established with such factors in considerations.

The number of financial institutions engaged in lending to business enterprises and their network of branches is a challenge to the accessibility of loans among the women entrepreneurs. The few available lending institutions are unable to channel the credit services widely due to the costs involved. The growth of mobile money transactions shows the demand for formal financial services including credit services far outstrips the supply. There is need to not only increase the branch network of the various financial institutions involved in lending, but also diversify the delivery modes, including more investment in mobile banking.

Collateral requirements by financial institutions

Financial institutions should become more responsive to the specific needs of women entrepreneurs and develop products and services that address these needs. For instance, the financial institutions should develop a special package of products and services which are not mainly pegged on collateral as the major requirement of accessing credit by women entrepreneurs. Access to credit by women entrepreneurs from financial institutions should be facilitated through innovative programs and financing arrangements that go beyond the conventional approaches; which require collateral and capital among other conditional ties. This will enhance the confidence of women entrepreneurs who may require to expand their business enterprises but shy aware due to stringent rules.

Interest rates charged by financial institutions

Close monitoring of the lending institution by the Central Bank of Kenya is highly recommended to avoid escalation of interest rates, which discourages growth of the sector by reducing the accessibility of credit. The government should also increase competition in the lending sector by creating a fund exclusively for financial institutions whose credit products and services are geared towards accessing the financial needs of women entrepreneurs.

Recommendations for further study

Based on the findings, the following areas are suggested for further study:

(i) The study should be replicated by undertaking similar studies in other locations, especially rural areas as this research only covered women enterprises in Nairobi CBD; and (ii) An investigation of other factors affecting women entrepreneurs' access to credit.

Limitations of the Study

Even though deliberate efforts were made to ensure completion of this study within the set budget and timeframe, various challenges were encountered. Limitations include, but are not limited to the following:

Some of the women entrepreneurs held the study with suspicion and as such, may not have provided objective and accurate responses, besides treating the information as confidential. However, the researcher addressed this bottleneck by clearly stating the purpose of the study and reassuring the respondents that the information collected would be confidential and be used only for purposes of the study.

The study focused on women entrepreneurs in Nairobi CBD only, and considering the diversity of the country, the findings may not be representative of the whole population of women entrepreneurs, especially in the rural areas in Kenya.

Though the researcher would have preferred to administer the data collection tools to only the sampled respondents (women entrepreneurs or managers), this may not have been practically possible as some of them were either away on other engagements, or delegated this request since they may have been too busy with customers.

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APPENDIX I: ABBREVIATIONS AND ACCRONYMS

CBD	Central Business District
GDP	Gross Domestic Product
ILO	International Labour Organization
KWFT	Kenya Women Finance Trust
MDG	Millennium Development Goals
MFIs	Micro Finance Institutions
MSEs	Micro and Small Enterprises
SMEs	Small and Micro Enterprises
WEF	Women Enterprise Fund