East African Journal of Arts and Social Sciences
eajass.eanso.org
Volume 5, Issue 2, 2022
Print ISSN: 2707-4277 | Online ISSN: 2707-4285
Title DOI: https://doi.org/10.37284/2707-4285

EAST AFRICAN NATURE & SCIENCE ORGANIZATION

Original Article

Uptake and Utilisation of the Constituency Women Enterprise Scheme (C-WES) Fund among Women Beneficiaries in Nyamira County- Kenya

Millicent Kerubo Bosire[1], Prof. Grace Wamue-Ngare, PhD[1] & Dr. Grace Bonaneri Okong'o, PhD[1]*

[1] Kenyatta University, P. O. Box 43844-00100, Nairobi, Kenya.
[*] Correspondence Email milliebossie@gmail.com

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

Date Published:

12 December 2022

Keywords:

Loan Utilization, Loan Access, Loan Repayment

ABSTRACT

Globally, women's economic empowerment has been identified as a prerequisite to enhancing their economic development participation. It accelerates economic development and improves women's economic independence by creating job opportunities. Additionally, their social, educational and health standards both at the individual and family level improve. The government of Kenya introduced the women Enterprise Fund to empower women economically through the provision of credit and business support services. However, Women Enterprise Fund has experienced challenges in its extension of services. One of the major challenges is the high default rate among the fund beneficiaries accessing loans through Constituency Women Enterprise Scheme. The high default rate has impacted heavily on the sustainability of the fund. Therefore, this study sought to assess determinants of uptake and utilisation of loan Constituency Women Enterprise Scheme fund among women in Nyamira County. The objectives of the study were: To establish factors that determine the uptake of C-WES funds, examine determinants in the utilisation of C-WES funds, examine challenges related to the uptake and utilisation of C-WES funds and suggest gender-responsive strategies that would ensure effective utilisation of C-WES and improved repayment performance. The liberal feminist and joint liability theories guided the study. Naisurma's (2000) model was used to determine a sample size of 95 respondents who were further selected by systematic random sampling. Further, data was collected using questionnaires and interview schedules; and was analysed using descriptive statistics, including frequencies and percentages, and presented in the form of graphs, charts, and tables. Quantitative data was analysed using Statistical Package for Social Sciences (SPSS) (Version 17.0). Findings from the study revealed that women were still

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

interested in group loans. However, respondents identified loan size, lack of supervision, group conflicts as contributing factors to the uptake and utilisation of loan repayment. Loan diversion was also established among borrowers.

APA CITATION

Bosire, M. K., Wamue-Ngare, G. & Okong'o, G. B. (2022). Uptake and Utilisation of the Constituency Women Enterprise Scheme (C-WES) Fund among Women Beneficiaries in Nyamira County- Kenya *East African Journal of Arts and Social Sciences*, *5*(2), 221-238. https://doi.org/10.37284/eajass.5.2.1002

CHICAGO CITATION

Bosire, Millicent Kerubo, Grace Wamue-Ngare and Grace Bonaneri Okong'o. 2022. "Uptake and Utilisation of the Constituency Women Enterprise Scheme (C-WES) Fund among Women Beneficiaries in Nyamira County- Kenya.". *East African Journal of Arts and Social Sciences* 5 (2), 221-238. https://doi.org/10.37284/eajass.5.2.1002.

HARVARD CITATION

Bosire, M. K., Wamue-Ngare, G. & Okong'o, G. B. (2022) "Uptake and Utilisation of the Constituency Women Enterprise Scheme (C-WES) Fund among Women Beneficiaries in Nyamira County- Kenya.", *East African Journal of Arts and Social Sciences*, 5(2), pp. 221-238. doi: 10.37284/eajass.5.2.1002.

IEEE CITATION

M. K., Bosire, G., Wamue-Ngare & G. B., Okong'o "Uptake and Utilisation of the Constituency Women Enterprise Scheme (C-WES) Fund among Women Beneficiaries in Nyamira County- Kenya.", *EAJASS*, vol. 5, no. 2, pp. 221-238, Dec. 2022.

MLA CITATION

Bosire, Millicent Kerubo, Grace Wamue-Ngare & Grace Bonaneri Okong'o. "Uptake and Utilisation of the Constituency Women Enterprise Scheme (C-WES) Fund among Women Beneficiaries in Nyamira County- Kenya", *East African Journal of Arts and Social Sciences*, Vol. 5, no. 2, Dec. 2022, pp. 221-238, doi:10.37284/eajass.5.2.1002.

INTRODUCTION

Globally, women's economic empowerment has been identified as a prerequisite to enhance their participation in economic development. It accelerates economic development and improves women's economic independence by creating job opportunities. Additionally, their social, educational, and health standards both at the individual and family level improve. For nations to reduce poverty and achieve gender equality, as stated by the UN's Sustainable Development Goals (SGDs), women's economic security should be strengthened (Negash, 2006).

Financial accessibility for both women and men in entrepreneurship has been identified as a major constraint in economic development, especially in most developing countries. Many development policies have been designed to encourage women's participation in society and gender equality regarding women's credit constraints. These include Sustainable Development Goals, Beijing Plat Form for Action, and Microfinance intervention (Mandayam et al., 2014).

The microfinance intervention has been recognised as a powerful strategy to alleviate extreme poverty by enabling women to access credit easily. Cheston & Kuhn (2002) assert that the microfinance industry has made tremendous progress in pointing out barriers to women's financial access and formulating strategies to address them.

The history of the microfinance movement has its root in the Grameen Bank experiment pioneered by Mohammed Yunus in 1976 in Bangladesh (Mahajan, 2003). Since the inception of the microfinance dogma, it has been replicated in numerous countries such as Bolivia, Chile, China, Ethiopia, Honduras,

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

Malaysia, Mali, Rwanda, Nigeria, Ghana, the Philippines, Srilanka, Tanzania, Thailand, the United States, Vietnam, Kenya among others. Through Non-governmental Organisations, microfinance institutions, banks, and other non-bank financial institutions, close to 14.2 million women considered poor have access to microcredit services. Microfinance has heightened the number of women who have started businesses that they own and operate themselves.

Adequate access to financial services accelerates entrepreneurship development, especially among poor women (Gatewood et al., 2004; Kuzilwa, 2005; Lakwo, 2007; Ojo, 2009). Additionally, it improves income, output, investment, employment creation, and the general welfare of the entrepreneur (Kuzilwa, 2005; Lakwo, 2007). Empirical studies from various countries found that there was improved business input among entrepreneurs in Kenya (Peter, 2001) and Nigeria (Ojo, 2009), improved welfare of women and economic returns in Uganda (Lakwo, 2007).

Most countries that have duplicated the microfinance ideology have recorded high default rates. For instance, according to Microfinance Focus (2011), between 2009 and 2010, the microfinance sector in Nicaragua suffered a major crisis with a portfolio at risk at 19%. Also, in 2010, the government of Pakistan was unable to recover loans from its borrowers. Other countries with high default rates include; Bosnia, Morrocco, and Herzegovina, among others (Chen et al., 2010). The case is similar in Sub Sahara Africa (MIX, 2011; Buss, 2005). In Kenya, although the borrowing frequency is rated second-largest, the default rate in financial institutions and Microfinance Financial Institutions s alarming (MIX and CGAP, 2010). Kiraka et al. (2013) assert that the default rates in commercial banks are less than in MFIs at a range of 5%. In her study, she found out that the default rate in the constituency women's enterprise (C-WES) was 20-30%.

Women Enterprise Fund was introduced in 2007 by the Kenyan government to economically empower women through the provision of affordable credit and other relevant business support services. Women in Nyamira County are economically vibrant; however, loan default among C-WES beneficiaries is disturbing. According to WEF (2017) status report, Constituencies in the County recorded a loan default of 34.5% higher than in 2016, which was 32.75% (WEF, 2016). It was, therefore, necessary to find out why C-WES beneficiaries in Nyamira show a low repayment record regardless of the County's favourable conditions that can encourage effective utilisation of the fund and yield profit that can aid in high repayment performance.

MATERIALS AND METHODS

Study Area

The study was carried out in North Mugirango Constituency in Nyamira County. As shown in *Figure 1*, Nyamira County borders Homa Bay County to the north, Kisii County to the west, Bomet County to the southeast, and Kericho County to the east. The County covers an area of 899.4 Km^2. It has four constituencies, namely, West Mugirango, Kitutu Masaba, North Mugirango and Borabu. In 2019, the County's population was projected to be 605,576 of which 290,907 were male, and 314,656 were female. The settlement pattern is greatly influenced by Rainfall patterns, landscape, proximity to urban areas, infrastructure, the availability of natural resources, and security determine the settlement

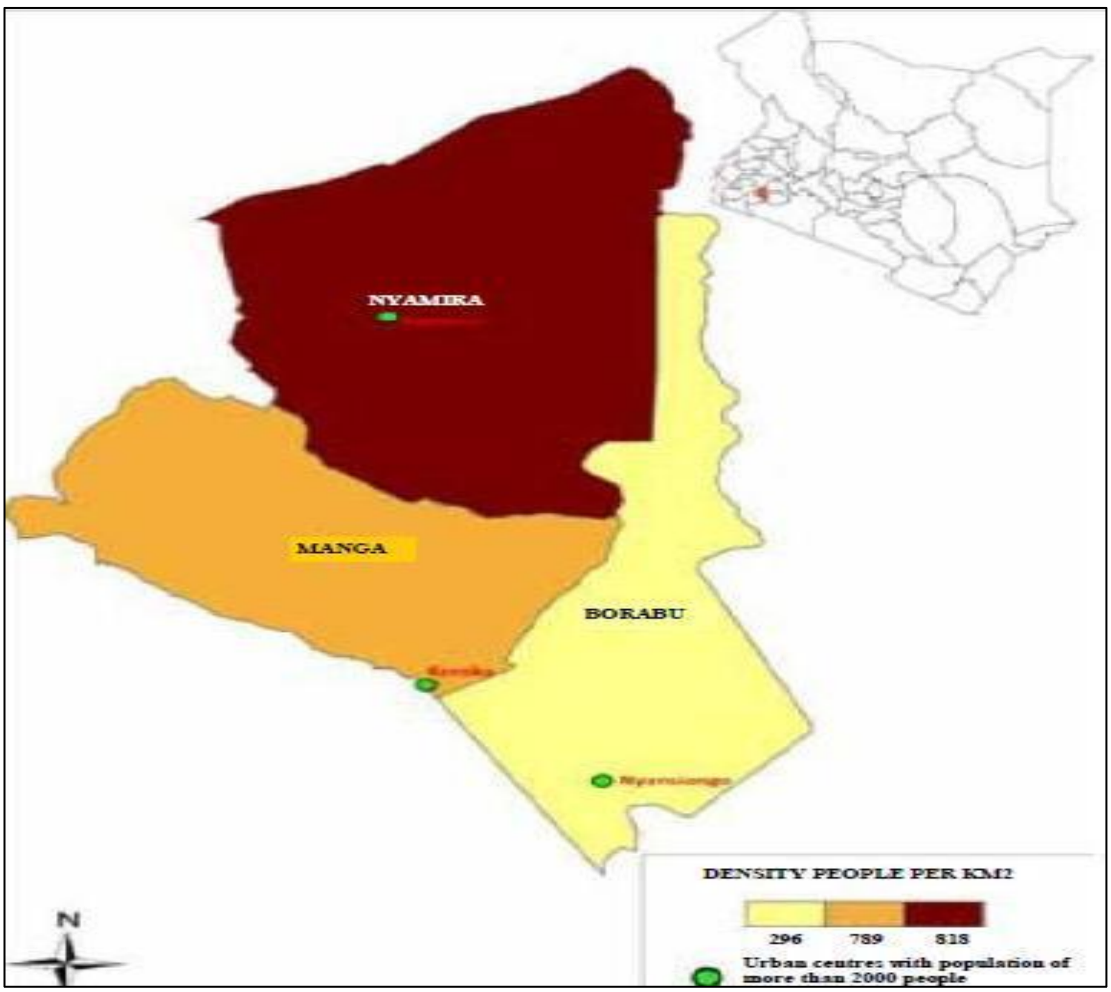
Article DOI : https://doi.org/10.37284/eajass.5.2.1002

pattern (GoK, 2019). According to research done by KNBS in collaboration with the Society of International Development (SID), Nyamira County was ranked 29th in terms of wealth. KIBHS 2005/2006 report estimated the County to have 46.3 % poor people, which was higher than the national poverty of 45.6 %. With the bimodal pattern of annual rainfall that the County has, it is unclear why it has such high poverty index.

According to the Ministry of Devolution and Planning, Nyamira County has 4950 registered women groups. Of the total, only 482 (9.7%) women groups have accessed women's enterprise funds since inception. Political, socio-economic, and socio-cultural factors influence the low uptake of WEF loans. The County was ranked fourth nationwide in female participation in economic activities with 82.1% (GoK, 2019).

The study exploited questionnaires as the main data collection instrument to collect primary data. They were administered to 60 respondents, i.e., women belonging to C-WES beneficiary groups in North Mugirango Constituency. Further, interview schedules were used to capture data from the 5 C-WES officers, 15 women group leaders, and 15 spouses to women beneficiaries.

Figure 1: Map of Nyamira county



Article DOI : https://doi.org/10.37284/eajass.5.2.1002

RESULTS AND DISCUSSIONS

Demographic Characteristics of Women Beneficiaries and C-WES uptake

Age Factor

Individual needs and responsibilities may increase or decrease as one grows older. Therefore, it was essential to explore the respondent's age and how it determines the uptake and utilisation of C-WES funds. The following shows the age of respondents from the data collected during the study. Six (10%) of the respondents were aged 30-40 years, 3 (5 %) were 20-30 years, and 2 (2.22%) were aged below the age of 20 years. Those between 40 and 50 borrowed more, followed by 50-to, 60, and below 60 years. Women in this age bracket are more likely to borrow because they may have children enrolled in different learning institutions. Moreover, respondents between the ages of 20-30 years and below 20 years borrowed less, probably because most are still schooling and have young children who may not have enrolled in school. Additionally, some are newly married and, therefore, less likely to engage in group activities that require familiarity.

Educational Factor

The study recognised the crucial role played by education in socio-economic empowerment. With at least secondary education, women can evaluate and make decisions about their business enterprises. Findings reveal that majority (46.7 %) of the women who had accessed C-WES had no formal education; 30%, 15%, 6.7%, and 1.7% had primary, secondary, college, and university education, respectively. With post-secondary education, women are likely to secure jobs that can enable them to start businesses without acquiring group loans. Such women may access individual loans since they can afford collaterals; therefore, they might be less interested in group loans. Less educated women lack collateral, and joining groups becomes the only way to access loans. Most women with low education levels were motivated to borrow from C-WES since it is collateral-free. This study agrees with Paxton (1996), who recognised group-based structure as an effective tool for women's economic empowerment.

Marital Status Factor

Marital status is considered an important aspect as far as microfinance is concerned. Therefore, it was necessary to examine how it determines the uptake and repayment of C-WES loans. The study revealed that 25% of women were single and 75% were married, indicating that married women were more likely to borrow from C-WES than single. One of the women group leaders noted that they preferred married women to single women. She said:

> *Married women are settled and easy to monitor, unlike single women who are likely to relocate to marry or remarry. If they migrate, we will be forced to repay the loan on their behalf.*

Marital status may determine the uptake of C-WES funds as single women may shy away from joining groups. Further, respondents were motivated to borrow from WEF to contribute to their household economy and cater to their personal needs. One respondent from an interview said:

> *I run a grocery in the neighbouring market. I joined the group to access credit to expand my business and help my husband to cater for some household expenses such as food, health care, and other emergencies. I am glad my business picked up, lessening my husband's burden.*

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

Married women are likely to have more dependents than single women and may be motivated to join groups to contribute to the household economy. Access to credit enables women to start businesses that empower them financially. If credit acquired is properly utilised, there is a likelihood that women will earn income that will allow them to cater for some domestic needs, hence increasing the household income. Study findings agree with Fletschner (2009), who asserted that access to credit brings economic empowerment. Additionally, since C-WES focuses on women groups, some may join to access loans on behalf of their spouses who may be unable due to a lack of required collateral.

Level of Income Factor

In identifying this variable, the study was conscious of the vital role the level of income plays as far as loan utilisation is concerned. Income diversity boosts the capacity of clients to repay loans successfully. 75% of women had a monthly salary below 10,000/=, 13.33% between 10,000/= and 20,000/=, 5% 20,000 and 30,000/=, and only 6.67% above 30,000/=. The majority of the women (75%) had a salary below 10,000/=. There is a likelihood that women who have low incomes will borrow due to insufficient earnings. Most of the women who access C-WES are poor since they are not able to own collateral that can be used to get a loan from Financial Institutions.

Family Size Factor

The study recognised the crucial role family size plays as far as loan uptake is concerned. Children are often viewed as consumers since they are dependent on their parents. Therefore, the family size was a crucial demographic characteristic. Findings reveal that 5% of women had between 1-2 children, 31.7% had between 3-5, and the majority, 63.3%, had above six. This data indicates that most women joining groups to benefit from C-WES had relatively large families. As the family size increases, so does its needs hence increased borrowing. Family size determines loan uptake as women with moderately large families are more likely to borrow than their counterparts with few dependents.

Determinants of Uptake and Repayment of C-WES fund

Group lending has been recognised as the best strategy for lending to women because it is collateral-free. Women Enterprise has conditions that must be adhered to obtain a loan. The joint liability theory that guided this study emphasised that group lending reduces the possibility of defaulting Ghatak (1999). To access Women Enterprise Fund through the C-WES channel, women must belong to registered self-help groups comprising ten members or more. The group's membership should include 100% women or 70% women and 30% men.

Further, only women are eligible to hold leadership positions and account signatories. Groups desiring to apply for C-WES funds must have an account in a Bank/SACCO FOSA/Post Bank/Deposit Taking Micro-finance (DTM) and should have existed for at least three months. WEF officers should train the groups as a requirement for loan applications. The first specific objective was to establish factors that determine loan uptake among women beneficiaries. C-WES loans are given to women who belong to registered groups which are highly dynamic. Therefore, it sought to examine if group factors determine uptake and loan repayment with a significant focus on loan size, group size, management, and existence duration.

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

Amount of Loan

WEF five loan cycles with women accessing 100, 000/= in the first, 200,000/= second cycle, 350,000/= third, 500,000/= fourth, and 750,000/= fifth cycle. Women groups automatically graduate to higher loans only after successful repayment of the previous loan. Women leaders were asked to reveal the amount of money they had accessed as shown as revealed below. The majority of the groups (9) had accessed Kshs. 100,000/=, followed by (4) Kshs 200, 000/=, (1) 350,000/=, and (1) 500,000/=. No group had graduated to the fifth cycle. This a clear indication that some groups stop borrowing at some point especially after they have fully repaid their loan.

Group Existence Duration

Group stability is reflected by the length of the group has been in existence. WEF lends to groups that have existed for more than three months. The study sought to determine the duration groups had lived, and the findings are shown in *Table 1*

Table 1: Group existence duration

Existence of group	**Frequency (N)**	**Percentage**
Less than one year	9	60.0%
One -three years	3	20.0%
More than three years	3	20.0%
Total	15	100.0%

The majority of the group leaders reported that their groups had been in existence for less than one year at 9(60%), 3 (20%) for three years, and 3 (20%) for more than three years. All the groups had met the three-month threshold outlined in WEF requirements for applying for the fund. However, there is a likelihood that the majority of the women formed groups to benefit from the Constituency Women Enterprise Fund. New groups are likely to apply for the C-WES fund. The study revealed that women join groups when the government announces alternative funds. Such groups will likely collapse at the storming and norming stage before reaching the performing stage, hindering group objectives.

Group Size and Loan Uptake

Credit given to every group or member plays an important role in loan repayment. The number of members in a group dictates how much everyone will get and this may influence the success of the business enterprise. *Table 2* reveals the size of the group.

Table 2: Group size and uptake

Response	**Frequency**	**Per cent**
10-20	2	13.3
20-30	10	66.7
Above 30	3	20.0
Total	15	100.0

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

66.7% of group leaders belonged to groups with 20-30 members, 20% had more than 30 group members, and 13.3% had 10-20 members. The majority of the women leaders asserted that group size greatly determined the amount of loan an individual get. One of the women leaders stated:

> *My group has 35 members. Our group received an amount of 100,000/=, which we shared equally. The amount translated to approximately 2800/=which was too little, especially for individuals who were starting new business ventures. It is challenging to follow up with all the beneficiaries.*

Moreover, group members cited the size of the group as a determining factor in loan utilisation. They noted that the loan was too little to be shared, especially in large groups. The larger the group, the smaller the loan. Different business enterprises require different loan sizes for start-up or expansion. When borrowers are given loans that do not match their entrepreneurial needs, they are likely to default due to the poor performance of their businesses. The study agrees with a study carried out by Onyeagocha and Chidebelu (2012) on determinants of loan repayment in the Southeast States of Nigeria. The study revealed that the higher the loan size given by the institution, the higher the repayment rate. Findings also revealed that a smaller group was more manageable than a larger group. The study also agrees with Million et al. (2012), who asserted that small groups are more effective.

Respondents' Familiarity with Other Group Members

Familiarity among group members is crucial as far as the repayment of group loans is concerned**.** Responses on whether group members knew each member in the group are presented in *Table 3*

Table 3: Respondents' familiarity with other group members

Response	Frequency	Per cent
Yes	48	80.0
No	12	20.0
Total	60	100.0

Most of the women (80%) reported that they were familiar with every member of the group, whereas 20% were not. Most groups were composed of members who knew each other because they resided in the same locality. Members who are familiar with each other are likely to get along. Findings agree with Armend'arz de Aghion (2000), who postulates that members know each other since groups are based on self-selection. The study results further agree with the joint liability theory that guided this study (Ghattak, 1999). The 20% unfamiliar with group members were born in that locality and married elsewhere; others were relatives and friends of area residents. The study concluded that familiarity determined C-WES uptake among groups.

32 of the 48 respondents familiar with each other had defaulted, and 8 of 12 were not. Group members may be familiar with but lack essential information concerning members' credit history, especially in new groups. Moreover, some women may have characteristics that their colleagues are unaware of. These may include; willingness to repay the loan and gender relations at the household level.

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

Findings disagree with joint liability theory and Armend'arz de Aghion's (2000) assertion that chances of default are low when group members know each other. The study revealed no significant association between familiarity and loan repayment.

Determinants of C-WES fund utilisation

The study sought to establish determinants of loan utilisation among women beneficiaries. It focused on the demographic characteristics and four other specific objectives namely:

Socio-Demographic Characteristics and Loan Utilisation

Borrowers' Age, Loan Utilisation and Repayment

Individual needs and responsibilities may increase or decrease as one grows. The study sought the distribution of defaulters in regard to age and repayment.

Study findings revealed 23 (57.5%) were 40-50 years, 9 (22.5%) 50-60 years, 4 (10%) 30-40 years, 2 (5%) 20-30 years, 1 (2.5%), and above 60 years 1 (2.5%) respectively. There were fewer beneficiaries between 20-30 years, below 20 years, and above 60 years; hence the sample was not good enough to make a statistical judgment. Respondents between 40-50 years are likely to have school-going children, especially at the secondary level. Therefore, they have to cater to their school fees, food, shelter, and clothing which may determine how they utilise the loan accessed.

The study agrees with Yibre and Ramakrishna (2017), who found that age contributes to loan utilisation and repayment. Respondents between 50-60 years may have fewer children still schooling, probably because some children might have married and others finished schooling and are probably being helped by children who might be employed. Such beneficiaries can effectively utilise their loan and are likely to repay on time since they have fewer dependents.

Women's Education and Loan Utilisation

Education is an essential component in the success of an enterprise which later translates to better loan repayment. As far as loan utilisation and repayment is concerned, 60% (24) of the women defaulters had no education, 27.5% (11) had primary education as the highest level, and 12.5% (5) had secondary education. All women who had college and university education had fully paid their loans. Education encourages innovativeness, creativity, flexibility, and leadership in enterprise development. It plays a crucial role in loan repayment since educated women are likely to manage their enterprises and generate profit to repay their loans. Moreover, educated borrowers can comprehend complex information, keep business records, conduct fundamental cash flow analyses, and make the right business decisions. Low exposure to entrepreneurial skills gained in tertiary institutions affects the loan repayment rate. The study concurred with Million et al.'s (2012) study that education is an essential determinant of loan utilisation as educated clients can use modern technologies to grow their enterprises.

Marital Status and Loan Utilization

Regarding marital status and loan repayment, among the 40 women who had defaulted, 25% were single, whereas 75% were married. Although default was spread in all marital statuses, it was high among married women. North Mugirango is dominated by a patriarchal structure where men dominate decision-making. They decide how the loan will be utilised and repaid because they have authority

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

over everything in the household. The study concurred with Ganle et al. (2020), who found that men had control over the initial capital offered to women in Ghana. The study concluded that marital status influences loan repayment. The liberal feminist theory that guided this study highlighted that women's autonomy is highly affected by the patriarchal nature of inherited traditions and institutions (Okin, 1989). Spouses to women beneficiaries are likely to control how the credit will be utilised, which will later determine repayment.

Income and Loan Utilization

Income plays a vital role in terms of utilisation and repayment in microfinance. Findings revealed that the majority of the defaulters (39, 97.5%) earned below 10,000/=, 1(2.5%) between 10,000/= and 20,000/=. Beneficiaries earning between 20,000/= and 30,000/= and above 30,000 had all repaid their loan. Most women who borrow loans are already financially constrained and have multiple needs to satisfy, such as paying school fees, rent, health care services, and buying food. Women earning below 10,000/= are likely to default since their income is too little to cater to such needs and repay the loan. They will likely prioritise the basic needs first and consider the loan later. The study concurs with Kulkarni (2011) who found a significant association between income utilisation and loan repayment. The study results show a significant relationship between monthly income and loan repayment. How much a borrower earns in a month will likely determine the utilisation of the loan.

Women were further asked to state whether they had any other source of income other than business supported by C-WES. 78.33% negated, and only 21.67% had an additional income other than business supported by C-WES. In regard to loan repayment, the majority of the defaulters, 31 (77.5%), had no alternative source of income, whereas 9(22.5%) had. Multiple sources of income increase household earnings; hence women can cater for their basic needs and utilise the loan acquired effectively. Women who have alternative sources of income are more likely to effectively utilise and repay their loans successfully than those who depend on one source of income. The study found a significant association between alternative sources of income and loan repayment. Findings agree with Acquah and Addo (2011), who asserted that the probability of defaulting among borrowers without an alternative income-generating activity is high. Moreover, Haile (2015) found a significant association between loan repayment and income diversity. This study concludes that having an alternative income increases the possibility of effectively utilising and repaying loans among borrowers.

Family Size

The number of dependents in a family is a crucial factor in microfinance. Family size increases or decreases household consumption.

Table 4: Number of children, utilisation, and loan repayment

Number of children			Non-defaulters		Defaulters	
	F	**%**	**F**	**%**	**F**	**%**
1-2	3	5.0	2	10	1	2.5
3-5	19	31.7	14	70	5	12.5
Above 6	38	63.3	4	20	34	85
Total	60	100	20	100	40	100

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

From *Table 4* majority of the defaulters, 34(85%), had more than six children, 5(12.5%) 3-5, and 1(2.5%) 1-2. Further, most of the women group leaders interviewed asserted that family size affects loan repayment. One of the respondents who had defaulted said:

> *I borrowed the loan to expand my business. I have seven children who are still schooling and entirely dependent on me. I used much of the enterprise's profit to cater to their needs, such as school fees, feeding, and clothing. I was left with nothing to repay the loan I borrowed.*

Moreover, 2 of the three women who had between 1-2 children had fully repaid the loan, with only one partially repaying. As the size of the family increases, money allocated for business purposes and business profit may be used for domestic expenditure rendering the borrower a defaulter. The study results agree with Tundui and Tundui (2013) who found a significant relationship between family size and loan utilisation. As family size increases, so does household needs.

Business Enterprise Characteristics and C-WES utilisation

The nature of the business in which the borrower invests their loan is crucial in determining utilisation and loan repayment. The government of Kenya introduced C-WES to foster women's economic empowerment. It was, therefore, essential to seek whether women used credit for business development.

37 (61.67%) respondents reported having business enterprises, while 27 (38.33%) had none. Most of the women who borrow loans are poor with multiple needs to cater for. They will likely spend loans to satisfy their basic needs, leading to defaulting. Borrowers who do not use loans accessed for business-generating activities are likely to default instead of those who use the loan for enterprise purposes. The study found that not all women use C-WES loans for business development purposes which agrees with Kiraka et al. (2013) who found out that borrowers diverted WEF loan and used it for other purposes. Women who had shifted the loan reported to have used it for domestic purposes such as paying school fees and buying farm produce, and some borrowed on behalf of their spouses.

Type of Business Ownership

Regarding the nature of business ownership, 12 (80%) owned businesses individually while 3(20%) ran the business as a group indicating that women preferred doing business as individuals, not as a group. The majority of 33 (82.5%) who had defaulted belonged to groups where members were doing business alone, and 7(17.5%) were doing business as a group. Since the majority preferred sole proprietorship, monitoring how the loan was utilised and the business performance of other group members would have been a challenge. Individuals may have chosen to invest in businesses that could hardly generate profit, minimising returns to repay the loan. Whether women decide to do business as individuals or as a group determines loan utilisation.

Duration of Existence of the Business Enterprise

The study assumed the duration a business enterprise has been in existence as a significant determinant of loan utilisation. 21 (75%) women had enterprises that were below two years, 4 (14.3%) had businesses that had lasted for 3-5 years, and 3 (10.7%) had enterprises that were more than five years old. Business enterprises are at different stages of development, and their needs may vary. The

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

differential needs may dictate how credit women will utilise credit. However, regarding repayment, loan default was experienced across the businesses regardless of their duration in operation.

The age of an enterprise is an essential factor as far as utilisation and repayment of the loan are concerned; however, some elements may also affect the success of business ventures, which may determine utilisation and timely reimbursement. These may include; entrepreneurial skills, family size, market, and business size. The study found no significant association between the age of a business enterprise utilisation and loan repayment. The findings disagreed with Shu-Teng et al. (2015), who found that business experience is a significant determinant of effective loan utilisation. The study concluded that the age of the business does not determine loan utilisation and repayment.

Type of Business Venture

The nature of the business that borrowers operate may determine the effective utilisation of the fund. Women who had business reported to have engaged in various ventures, as shown in figure 2.

Figure 2: Type of business venture

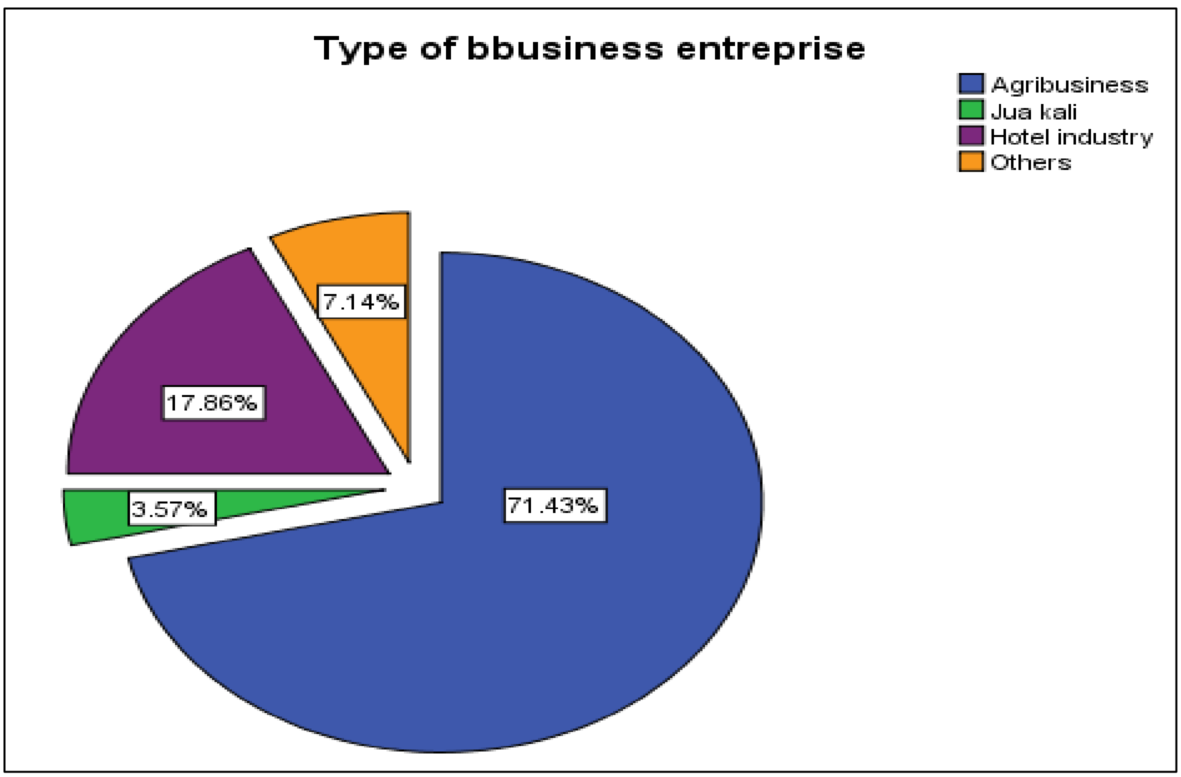


Figure 2 reveals that most women (71.43%) engaged in agribusiness, followed by (17.86%) in catering. Only (3.57%) were in the jua kali industry, and 7.14% revealed that they engaged in brickmaking. The type of business venture may determine how women will utilise credit. Women mostly dominate agribusiness because such businesses are located near the homestead. Therefore, women can easily attend to their gender roles such as cooking, babysitting, and

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

fetching water and firewood. On the other hand, the catering and jua kali sectors are highly dominated by men because their gender roles can allow them to be outside the homestead.

Regarding the nature of business and repayment, the default was recorded across all the business sectors. Some factors, such as theft and lack of a ready market may significantly affect business performance. These findings disagreed with Murthy and Mariadas (2017) and Nguta and Guya (2013), who found a significant relationship between business ventures and loan repayment. The type of business venture does not determine how the loan acquired will be utilised.

Source of Money to Repay the Loan

It was essential to find out where beneficiaries got money to repay the loan so as to evaluate the successful utilisation of the WEF fund. Their responses were as revealed in *Figure 3*:

Figure 3: Source of money to repay C-WES loan

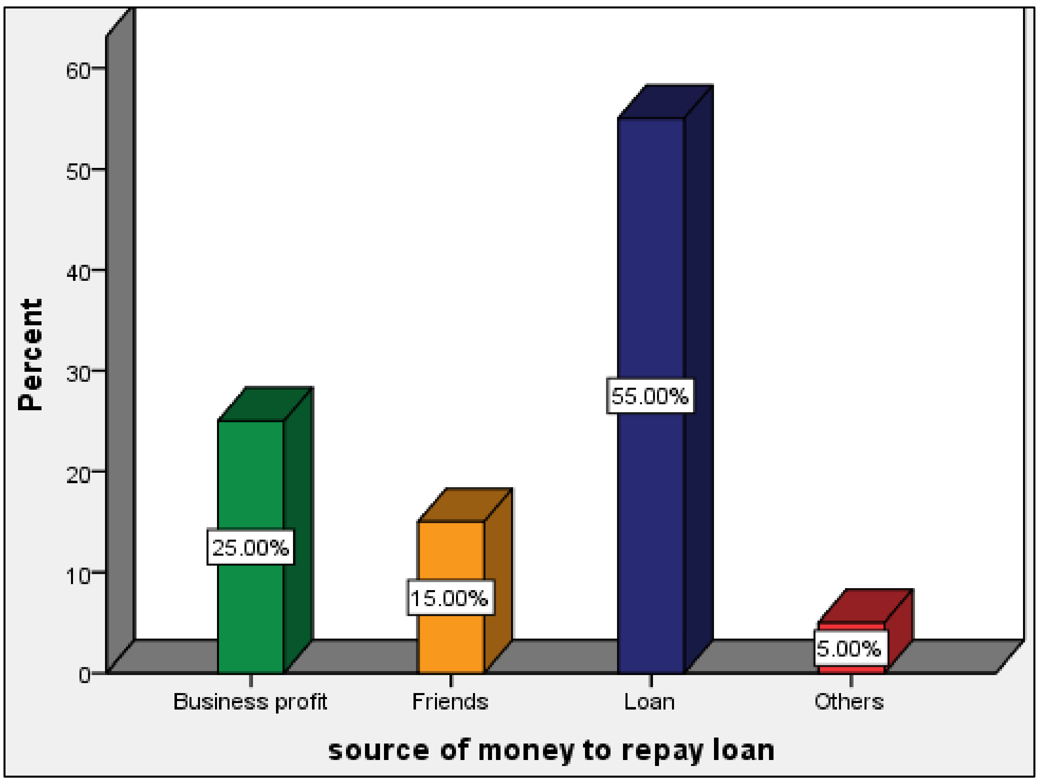


Figure 3 shows that 11 (55%) women acquired money from another loan to repay C-WES, 3 (15%) got it from friends, 5 (11.8%) received it from business profits and 1(5%) from other sources such as personal savings. The majority of the women had accessed loans from table banking to repay C-WES. The study indicated that most beneficiaries acquired money from sources other than their business enterprises supported by C-WES to repay. Respondents noted that their enterprises' profits were insufficient to repay and cater to their basic needs. Much of the money they used to repay was accrued from their enterprises. This study concurs with Kulkarni (2011) who found that business income influences loan repayment. Business returns can be affected by business size, entrepreneurial skills, family size, and

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

ready market factors since they may affect utilisation.

Business Support Services Offered Loan Utilization and Repayment

Access to business support services is an essential factor in enterprises' performance. It may determine how women utilise loans which later affects timely loan repayment. These services include training, networking, access to business information, exposure to role models, and monitoring. Therefore, the study sought to determine if women had accessed these services, as shown in *Table 5*

Table 5: Access to business support services

Response	Frequency (n)	Percentage (%)
Yes	33	55
No	27	45
Total	60	100

C-WES offers training and other support services to women before issuing loans. Women play gender roles that may deprive them of the time to attend training. Access to these services may also be influenced by unavailability. From the findings in table 5 above, 33(55%) women had accessed business support services against 27 (45%). Of the 33 women who had accessed services, 51.5% (17) had repaid, and only 48.5 % (16) had not.

Additionally, among the 27 who had not accessed any services, 24 (88.9%) had defaulted, and 3 (11.1%) had repaid. There is a likelihood that women will effectively utilise their loans if they access services such as training, networking, business information, exposure to role models, and monitoring, as these services improve business performance by increasing returns. They enable them to evaluate the business environment and make informed business choices. Moreover, women are likely to run their businesses efficiently, secure capital, and increase revenue that can be used to repay the loan. Among the 33 women who had accessed training, 16(48.5%) had defaulted. Training alone does not translate to the effective utilisation of the C-WES fund. The study disagrees with Mahajan (2005) that business support services access is a prerequisite for enterprise development. The study found no significant association between access to business support services, utilisation, and loan repayment.

Further, women who had accessed C-WES were asked what business development service they had accessed. They asserted that they received training on business monitoring, exposure to role models, and networking strategies. Regarding who provided the business support services, all 33 women who had accessed C-WES reported WEF as the service provider. Moreover, 8 (24.2%) said being additionally trained by World Vision, a Non-Governmental Organization based in the County. Women Enterprise Fund was the dominant provider of business support services. As long as institutions providing the services have a good package, there is a likelihood that women will effectively utilise their loans and repay them on time.

Women were asked to rate the services they had accessed from any of the institutions, and their responses were as follows: 22 (66.7%) of women rated the business support offered as

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

excellent, followed by 5(15.1%) women who thought they were average, whereas 3 (9.1%) felt they were poor, and 3(9.1%) were satisfied. Most women who had accessed business support rated them excellent. One respondent said;

> *WEF trained me with some other women. The trainer used straightforward language to demonstrate. He came along with people who have been in business for a long time to share their stories and are currently my consultants. My business returns increased drastically months after the training, which was all-inclusive.*

Further, women who had not accessed any business support service were asked to give reasons for not accessing. The following were their responses. The majority, 22 (81%), said they lacked time for training, and only 5 (19%) reported no training was available. Women in Nyamira engage in domestic chores like fetching water and firewood, babysitting, cooking, and other gender roles. These roles confine them to the homestead with minimal movement outside the home. Due to these gender roles, women have little time to attend training intended to equip them with skills that can help them run their businesses efficiently. The findings corroborate with Chitere and Mutiso (2011), who asserted that women lack time to participate in group meetings because of gender roles. WEF provides training to groups as a prerequisite for loan application. Since the training is done in groups, there is a likelihood that some may not attend, especially when the group attains the minimum membership of 10. Lack of training may negatively affect the utilisation of the fund among women.

CONCLUSIONS AND RECOMMENDATIONS

The study concludes that the C-WES loan is faced with a number of challenges in its attempt to empower women. Some of the challenges include inadequate training for the women groups. Moreover, the majority of the women felt that the size of the loan given was very small leading to poor capital formation for business start-ups and expansion.

On Group dynamics, a lack of cohesiveness and bonding among members led to the disintegration of some of the groups. Most groups had encountered conflicts and leadership wrangles that affected the decision-making process, which led to poor performance of the groups. As a result, the majority of the groups graduate with higher loans. Most women groups did not get access to business support services to impart their entrepreneurship, financial management, and leadership skills as well as record keeping to track the performance of their enterprises.

Recommendations

The government's introduction of WEF with the aim of women's economic empowerment is a very generous move which deserves all the support from various stakeholders. There is a need to put proper strategies to ensure the effective implementation of WEF. From the findings, the following recommendations were made.

- The study indicated that some women had not accessed any business training. C-WES, through its volunteers based at the constituency level should offer business training to women prior to and after accessing the loan. Women need to be sensitised on entrepreneurship skills, business plan writing, financial management skills and record-keeping for the groups to be able to track the process.

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

- Findings from the study revealed that spousal interference and gender relations determined the uptake and utilisation of the C-WES fund. The Ministry of Public Service, Youth & Gender Affairs should devise strategies that help address gender-related challenges that affect the effective utilisation of the fund.

- Findings reveal that the loan size disbursed is too small especially when the group is too big. Therefore, through the Ministry of Public Service, Youth & Gender Affairs**,** WEF should consider the size of the group as it directly influences loan uptake, utilisation, and repayment.

Suggestions for Further Research

Timely repayment of WEF loans will benefit both the government and women. Therefore, the following areas will require further research;

- Further research on the influence of WEF institutional factors on loan repayment should be carried out.

- There is a need to assess the effectiveness of use of group as a collateral.

REFERENCES

Acquah H.D. and Addo J. (2011), "Determinants of loan repayment performance of fishermen: Empirical evidence from Ghana." Department of agricultural economics and extension, University of Cape Coast, Ghana Vol. XLIV, No. 4 (148).

Armendariz de Aghion, B., & Morduch, J. (2005). The economics of microfinance. Cambridge, Massachusetts: The MIT Press. Cheston, S., & Kuhn, L. (2002). Empowering women through microfinance. A case study of Sinapi Aba Trust, Ghana. USA: Opportunity International

Chitere, O. P., & Mutiso, R. (2011). Working with rural communities participatory action research in Kenya. University of Nairobi Press.

Fletschner, D. (2009). Rural women's access to credit: Market imperfections and intra household dynamics. World Development, 37(3), 618-631.

Ghatak, M. & T. Guinnane, T. (1999). The Economics of Lending with Joint Liability: Theory and Practice", Journal of Development Economics, 60 (1), 95-229.

GOK, (2009). Women Enterprise Fund, [Onlin e] Available: http//www.gender.go.ke

Haile, F. (2015). Determinants of loan repayment performance: Case study of Harari microfinance institutions. Journal of Agricultural extension and rural development, 7(2), 56-64.

Kenya National Bureau of Statistics, (2010). The 2009 Kenya Population and Housing Census; Population Distribution by Administrative Units: Republic of Kenya.

Kiraka, R., Kobia, M., & Katwalo, A. M. (2015). Micro, small and medium enterprise growth and innovation in Kenya: A case study on the Women Enterprise Fund.

Krenz, K., Gilbert, D. J., & Mandayam, G. (2014). Exploring women's empowerment through "credit-plus" microfinance in India. Affilia, 29(3), 310-325.

Kulkarni, V. S. (2011). Women's empowerment and microfinance: An Asian perspective study. Occasional Paper, 13, 1-42.

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

Kuzilwa, J. A. (2005). The role of credit for small business success: A study of the National Entrepreneurship Development Fund in Tanzania. The Journal of Entrepreneurship, 14(2), 131-161.

Lakwo, A. (2007). Microfinance, rural livelihood, and women's empowerment in Uganda. http://www.google.com

Mahajan, V., & Ramola, B. G. (2003). Microfinance in India: Banyan Tree and Bonsai. Background paper prepared for the World Bank.

Microfinance Focus. (2011). Microfinance Crisis that the Sector does not want to Remember, Special Magazine for the 2011, Global Microcredit Summit. http//www.microfinancefocus.com-6-microfiancecrises- sector-does-not-want-remember. Retrieved on 4/10/2015

Million, S., Nyikal, R., & Wania, S. (2012). Factors affecting loan repayment performance. Developing Countries Studies, 2(11), 4-10

Mix and CGAP. (2010). Sub-Saharan Africa 2009; Microfinance Analysis and Bench marking report.

Murthy, U., & Mariadas, P. A. (2017). An exploratory study on the factors contributing loan repayment default among the loan borrowers in micro finance institutions in Shah Alam, Selangor. International Journal of Business and Management, 12(12), 242-250.

Negash, A. (2006) Economic Empowerment of Women. Co facilitation for the first Women Leaders Intercultural Forum.

Nguta, M.H. and Guyo, H.S, (2013). Factors Influencing loan repayment Default in Microfinance Institutions. The experience of Imenti North District, Kenya. International Journal of Applied Sciences and technology.

Ojo, O. (2009). Impact of microfinance on entrepreneurial development: The case of Nigeria. In the International Conference on Economics and Administration, Faculty of Administration and business (pp. 536-545).

Onyeagocha, S., & Chidebelu, D. (2012). Determinants of loan repayment of microfinance. International Journal of Science and Humanities, 1(1), 3-6.

Paxton J. (1996) Determinants of Successful Loan Repayment: An Application to Burkina Faso. Paper Presented at Ohio State University, Ohio.

Shu-Teng, L., Zariyawati, M. A., Suraya-Hanim, M., & Annuar, M. N. (2015). Determinants of microfinance repayment performance: Evidence from small medium enterprises in Malaysia. International Journal of Economics and Finance, 7(11), 110.

Tundui C. &Tundui H. (2013). Microcredit, Micro Enterprising and Repayment Myth: the Case of Micro and Small Women Business Entrepreneurs In Tanzania. American Journal of Business and Management 2(1), 20 – 30.

WEF. (2016). Loan status report as at 18th July 2016. http://www.wef.co.ke/updates-and-reports/loan-status

WEF. (2017). Loan status report as at 31st March, 2017. http://www.wef.co.ke/updates-and-reports/loan-status

Yibrie, O., & Ramakrishna, R. (2017). Determinants of loan repayment

Article DOI : https://doi.org/10.37284/eajass.5.2.1002

performance in ACSI. International Journal of Advanced Research in Management and Social Sciences, 6(4), 151-169

Zhang, Z., Lu, G., Zhong, Y., Tan, Q., Chen, H., Liao, W., ... & Liu, Y. (2010). fMRI study of mesial temporal lobe epilepsy using amplitude of low-frequency fluctuation analysis. Human brain mapping, 31(12), 1851-1861.

