East African Journal of Business and Economics
eajbe.eanso.org
Volume 8, Issue 1, 2025
Print ISSN: 2707-4250 | Online ISSN: 2707-4269
Title DOI: https://doi.org/10.37284/2707-4269

EANSO
EAST AFRICAN NATURE & SCIENCE ORGANIZATION

Original Article

Influence of Business Training and Financial Literacy on Loan Repayment in Devolved Fund Programmes among Women Entrepreneurs in Homabay County, Kenya

Joseph Ochieng Oluoch[1], Prof. Perez A Onono Okello, PhD[2]*

[1] Kenyatta University, P. O. Box 43844 00100, Nairobi, Kenya.
* Author for Correspondence ORCID: https://orcid.org/0009-0009-2555-7466; Email: josepholuoch31@yahoo.com

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

Date Published:

29 May 2025

Keywords:

Financial Literacy, Business Training, Loan Repayment, Women Entrepreneurs, Devolved Funds Programmes.

ABSTRACT

Women entrepreneurs immensely contribute to economic development in developing nations. In Kenya, women constitute over 70 percent of new business startups. However, women entrepreneurs face several challenges, including discrimination in access to finance. To overcome these challenges, the national government of Kenya came up with initiatives, including the Women's Enterprise Fund and Uwezo Fund, among others. Women access these funds through groups or as individuals. Despite these interventions, women entrepreneurs in Kenya, particularly in Homabay County, still register a high level of loan defaults in these devolved funds. This study examined the influence of business training and financial literacy on loan repayment in devolved fund programmes among women entrepreneurs in Homabay County in Kenya using a structured questionnaire with a sample of 397 women entrepreneurs. Based on Cronbach's Alpha values above 0.7 for all the study variables, the data were considered reliable. From the descriptive analysis, the majority of the women entrepreneurs participating in devolved funds in Homabay County were financially literate, had a moderate level of business training, and were aware of loan repayment benefits. There was a high positive correlation between business training and loan repayment, as well as between financial literacy and loan repayment. Regression results also reported a significant positive influence of business training and financial literacy on loan repayment. To improve loan repayment, the fund managers should collaborate with training institutions to develop and implement tailor-made training programmes for women entrepreneurs to enhance their business and financial skills.

APA CITATION

Oluoch, S. & Okello, P. A. O. (2025). Influence of Business Training and Financial Literacy on Loan Repayment in Devolved Fund Programmes among Women Entrepreneurs in Homabay County, Kenya. *East African Journal of Business and Economics*, *8*(1), 459-471. https://doi.org/10.37284/eajbe.8.1.3067.

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

CHICAGO CITATION

Oluoch, Joseph Ochieng & Perez A. Onono Okello "Influence of Business Training and Financial Literacy on Loan Repayment in Devolved Fund Programmes among Women Entrepreneurs in Homabay County, Kenya". *East African Journal of Business and Economics* 8 (1), 459-471. https://doi.org/10.37284/eajbe.8.1.3067.

HARVARD CITATION

Oluoch, S. & Okello, P. A. O. (2025) "Influence of Business Training and Financial Literacy on Loan Repayment in Devolved Fund Programmes among Women Entrepreneurs in Homabay County, Kenya", *East African Journal of Business and Economics*, 8(1), pp. 459-471. doi: 10.37284/eajbe.8.1.3067.

IEEE CITATION

S., Oluoch & P. A. O., Okello "Influence of Business Training and Financial Literacy on Loan Repayment in Devolved Fund Programmes among Women Entrepreneurs in Homabay County, Kenya", *EAJBE*, vol. 8, no. 1, pp. 459-471, May. 2025.

MLA CITATION

Oluoch, Joseph Ochieng & Perez A. Onono Okello "Influence of Business Training and Financial Literacy on Loan Repayment in Devolved Fund Programmes among Women Entrepreneurs in Homabay County, Kenya". *East African Journal of Business and Economics*, Vol. 8, no. 1, May. 2025, pp. 459-471, doi:10.37284/eajbe.8.1.3067.

INTRODUCTION

Women entrepreneurs contribute greatly to a nation's economic growth by enhancing the livelihoods of households (Ocholah *et al*., 2013). They are recognised to have profoundly impacted the landscape of entrepreneurship by bringing forth innovative ideas, generating significant energy and capital resources for their nations, creating jobs, and fostering additional opportunities for suppliers and related business connections (International Labour Organization, 2021). According to Siwadi, & Mhangami (2011), women in entrepreneurship have gained prominence in both regional and international economies due to the notable rise in women-owned businesses within the service sector. For instance, according to the African Development Bank (AfDB, 2022), about 25.9 percent of women in sub-Saharan Africa are in the process of starting or managing a business, which is the highest in the world. Despite women's high involvement in business, they face several challenges, including gender-related discrimination (Kevehazi, 2017; Olarewaju, & Fernando, 2020), limited access to financial resources, difficulties in timely loan repayment, insufficient training, and limited experience in entrepreneurship (Omonywa, & Muturi, 2015). In addition, African women have restricted access to resources, educational opportunities, and training support compared to their male counterparts, which adversely affects their entrepreneurial potential (Mashapure *et al*., 2022; Bakhtiari *et al*., 2020).

According to Morsy (2020), the availability of finance to women is significantly limited across the globe. In sub-Saharan Africa, the gender disparities in access to financial resources stand at 18 percent, respectively. The discrimination in loan approval and interest rates towards women-owned businesses is due to insufficient collateral (Asiedu *et al.*, 2012). Other studies (Cheluget, 2013; McCraken *et al*., 2015; Ghosh *et al*., 2017; Malmström *et al*., 2023) indicate that women are required to provide higher collateral and charged higher interest rates than men due to limited and lack of unreliable information about their businesses. These obstacles have resulted in poorer performance in enterprises owned by women in comparison to those of their male counterparts. The challenges also limit women entrepreneurs from rising in the complex business environment. The credit default rate in Kenya increased from 43 percent in October 2022 to 61 percent in June 2023, with higher default rates among the female-owned businesses who either paid loans late, missed a payment, or paid a lesser amount than expected (Central Bank of Kenya, 2023). This high default rate is attributed to business failures, societal gender roles, and diversion of loan funds to other critical needs. This high default rate among women borrowers has made the credit facilities sceptical about women's entrepreneurial ability, and they are considered high-risk borrowers

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

(Omonywa, & Muturi, 2015; Simba *et al.*, 2023; Zainuddin, & Yasin, 2020). Timely loan servicing and repayment help in maintaining a strong credit score and improving borrowing credibility. According to Kamanza (2014), credit default negatively impacts the entrepreneurial ability of women in Kenya

To overcome these challenges, women face in their entrepreneurial journey, the government and other financial institutions have put in place financing initiatives to support women's entrepreneurship. The Women Entrepreneurs Finance Initiative (We-Fi) by the World Bank aimed to break the financial access barriers for women entrepreneurs (World Bank, 2017). Through partnerships with the International Finance Corporation (IFC)-led global programs like Sourcing 2 Equal, We-Fi has implemented projects in Kenya that connect women entrepreneurs to new market opportunities through corporate procurement. The African Development Bank (AfDB) also developed the Affirmative Finance Action for Women in Africa (AFAWA) to solve the financial discrimination that women in business face on the continent (AfDB, 2019). Through the African Guarantee Fund (AGF) and partnership with 15 financial institutions in Kenya, AFAWA has extended financial access, training, and mentorship to women in businesses.

The Kenyan government established the Women Enterprise Fund (WEF), *Uwezo* Fund, National Government Affirmative Action Fund (NGAAF), and Access to 30 percent of Government Procurement Opportunities (AGPO) to increase access and business opportunities for women entrepreneurs (Ministry of Public Service and Gender, 2020). In addition, County government initiatives such as the Diversification and Modernization of Agriculture, Livestock and Fisheries in Kisii and Garissa Counties, County Business Centres in Kwale County, and the Biashara Fund in Kiambu County also aim at empowering women in business (Ministry of Public Service and Gender, 2020). In Homabay County, the WEF and *Uwezo* funds are the main devolved funds available to women entrepreneurs. By April 2019, WEF had disbursed a total of Kshs. 422,583,200 in loans, which benefited up to 47,406 women. The *Uwezo* fund, on the other hand, had disbursed loans up to Kshs. 155,396,500 by March 2019 to the benefit of 46,599 women in Homabay County (*Uwezo*, 2019). Despite these interventions, timely repayment of credits remains a major challenge for women entrepreneurs in Kenya (Omonywa, & Muturi, 2015; Mutua *et al.*, 2022). In Homabay County, the *Uwezo* fund repayment rate was only 22 percent in 2019, which signifies loan repayment default among women entrepreneurs in Homabay County. The high loan default rate calls for an understanding of the potential effectiveness of interventions to enhance loan repayments to sustain efforts to finance women in business.

According to Kamanza (2014), the majority of women invest loan funds in projects that generate limited profits that cannot enable loan repayment. Agbeko *et al.* (2017) found that training significantly affects loan repayment rates in Ghana, but had a limited focus on microfinance institutions. James, & Jane (2018) found that training enabled female entrepreneurs in Uganda to make payments, transfer money, get business capital, and save money, aspects that are essential in entrepreneurship development. Ally *et al.* (2023) established that financial education/financial literacy, economic instability, repayment frequencies, education, moral hazards, family size, borrower characteristics, interest rates, and location of the MFIs influenced loan repayment rate among women entrepreneurs in Kinondoni Municipality in Dar es Salaam, Tanzania.

In Kenya, Ochillo (2009) found that loan administration, the entrepreneurs' age, the attitude towards repayment of loans, and the performance of business significantly impacted how small-scale entrepreneurs repay loans in the Eastlands area of Nairobi City County, Kenya. The study further revealed that delays in loan issuance, insufficient

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

supervision, and lack of technical advice on sound business practices adversely affected loan repayment. Omonywa, & Muturi (2015) showed that market knowledge had a significant and positive impact on the repayment of loans by women entrepreneurs affiliated with the Kenya Women Finance Trust in Kisii County, Kenya. Mbugua, & Kosimbei (2019) found that entrepreneurs had limited knowledge of loan regulations; hence, the need for comprehensive business training to enhance understanding of credit management policies, existing regulations, borrowing procedures, and group leadership concerning the Biashara Fund in Kiambu County, Kenya. The study also found a relationship between group leadership and loan repayment, as well as between loan size and loan repayment capacity.

The available evidence indicates knowledge gaps on the link between business training, financial literacy, and loan repayment within the devolved funds programmes in Kenya. This study, therefore, assessed the influence of business training and financial literacy on loan repayment by women entrepreneurs in devolved fund programmes in Homabay County, Kenya. The County is primarily rural but has a large population of women in small businesses participating in the Women's Enterprise Fund and the Uwezo Fund.

Objectives

The objective of this study was to examine the influence of business training and financial literacy on loan repayment in devolved fund programmes among women entrepreneurs in Homabay County in Kenya using a structured questionnaire with a sample of 397 women entrepreneurs.

MATERIALS AND METHODS

Research Design

This study utilized a qualitative design to explore the answers to the research questions using surveys.

Study Area, Target Population and Sampling Procedures

The study was conducted in all eight sub-counties of Homabay County, which include Suba South, Suba North, Homabay Town, Rangwe, Ndhiwa, Rachuonyo North, Rachuonyo East, and Rachuonyo South. The study targeted 47,406 women in Homabay County who participated in the devolved funds programmes (WEF, 2019). Using the Yamane (1973) formula, a sample of 397 women was drawn for the survey. The study used a purposive sampling technique to select the 397 women entrepreneurs who had acquired a loan from any of the two devolved funds (WEF and *Uwezo* fund) within market centres in each of the eight sub-counties

Data Collection

Data on demographic information, business training and financial literacy, and loan repayment behaviour of sampled women entrepreneurs was collected by enumerators guided by a structured questionnaire to ensure standardised responses, consistency, and accuracy of data collection (Cheung, 2014). The use of enumerators helped to overcome literacy barriers as many of the women in business may not have been able to read and understand the questions on their own, and some clarification may have been required to enhance the accuracy of the responses (Allred, & Ross-Davis, 2010).

Empirical Model

The framework of assessment in this study was based on human capital theory and the financial literacy framework. People’s skills and abilities form the central nerve of the human capital, which is a collection of attitudes, aptitudes, skills, knowledge, and other acquirable personalities that enhance production capabilities (Goode, 1959). Human capital theory by Becker (1962), later advanced by Rosen (1976), elaborated that people’s skills and abilities are improvable through education and training. In line with this hypothesis,

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

investment in training, education, and other forms of human capital development enhances the productivity potential of an individual. Consequently, business training and financial literacy programmes to enhance women entrepreneurs' capacities for better decisions in the business environment can influence their capabilities to manage finances and repay loans.

According to Świecka (2019), financial literacy is divided into four distinct components: knowledge, skills, attitude, and behaviour. The framework posits that rational financial decisions by individuals are only possible if they: have the technical know-how of financial management in different circumstances (financial knowledge); use the knowledge and understanding to manage both anticipated and unpredictable money-oriented situations (financial skills); are ready all the time for the economic knowledge and skills application to various financial situations (financial attitude), and adopts certain behaviours in the financial market (financial behaviour). The financial knowledge and skills aspects focus on how an individual or an organization in the financial market can save and spend, plan and budget, and make informed decisions, while financial behaviour aspects include how individuals or organizations can save, budget, exhibit entrepreneurial behaviour and work ethics, and express empathy, charity and compassionate behaviours (Świecka *et al.*, 2019). The framework implies that entrepreneurs should have the basic financial knowledge, including financial planning, budgeting, spending, and saving, to make rational financial decisions on entrepreneurial activities such as prompt loan repayment, which is a component of entrepreneurial ethics.

The model used in this study, therefore, assumes that aspects of human capital realised through schooling and business training, as well as financial literacy, affect loan repayment behaviour as presented in equation 1.

$$\text{Loan Repayment} = \beta 0 + \beta 1 \text{Financial Literacy} + \beta 2 \text{ Business Training} + \varepsilon \quad (1)$$

Where $\beta 0$, $\beta 1$, and $\beta 2$ are parameters determined by regression estimates, and ε is the error term.

Financial literacy was measured by the average of the mean of the standardized scores of credit management, bookkeeping, and budgeting. Indicators of credit management skills included the ability to handle credit, understand interest rates, and make informed borrowing decisions; bookkeeping skills covered proficiency in maintaining accurate financial records and tracking transactions; while budgeting skills focused on capabilities to create and adhere to business financial plans.

Business training was measured by the average of the mean of the standardized scores of formal schooling, on-the-job training, and other organized off-the-job training. Formal schooling focused on academic achievements, while on and off-the-job training captured practical skills and knowledge acquired through specialized training and hands-on experiences in handling business.

Loan repayment dimensions were measured by the average of the mean of the standardized scores of interest servicing and timeliness in repayment of the principal loan. Interest servicing reflected women entrepreneurs' understanding of their financial obligations and debt servicing commitment. Timely principal loan repayment reflected the entrepreneurs' financial discipline and liquidity management practices.

RESULTS

Data was analysed using descriptive and inferential statistics. Descriptive statistics such as mean, frequencies, and standard deviation on the study variables provided a foundational understanding of the data before conducting correlation and regression analyses. The correlation analysis evaluated both the magnitude and direction of the relationship among business training, financial literacy, and loan repayment. The multiple linear regression model estimated the influence of

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

business training and financial literacy on loan repayment.

Response Rate

A total of 359 respondents completely responded to the survey, representing a 90.43 percent response rate, which is a satisfactory rate for a survey (Sataloff, & Vontela, 2021). The high response rate was achieved due to the use of enumerators in the administration of the questionnaires.

Demographic Characteristics of the Study Population

A summary of the demographic characteristics of the sampled entrepreneurs is presented in Table 1.

Table 1: Summary of Demographic Characteristics of the Sampled Entrepreneurs

Demographic characteristic	Category	Frequency	Percentage (%)
Level of education of the respondent	No formal education	32	8.9
	Primary education	27	7.5
	Secondary education	52	14.5
	College/certificate/diploma	109	30.4
	University - Bachelors	103	28.7
	University - Postgraduate	36	10.0
Years of experience in business	Below 1 year	54	15.0
	1 – 5 years	173	48.2
	6 -10 years	101	28.1
	Above 10 years	31	8.6
Annual Revenue of the business in Kenyan shillings	< 10,000	68	18.9
	10,000 – 50,000	147	40.9
	50,001 – 100,000	97	27.0
	> 100,000	47	13.1

***Source*:** Computation from research data (2024)

Table 1 shows that the educational attainment of women entrepreneurs in Homabay County is relatively high, with only 8.9 percent of the respondents reporting no formal education, while 91.1 percent attained at least primary education. Approximately 70 percent of the women entrepreneurs possessed post-secondary education, indicating a strong foundation for formal learning and the ability to apply advanced knowledge and skills in business operations. The data on years of experience in business shows that approximately 63.2 percent of the businesses had operated for five years or less, and only 36.8 percent had sustained the business beyond the five-year mark. This suggests that a substantial proportion of businesses are in the early years of operation, pointing to business survival challenges. The drop in the number of businesses beyond the 5-year mark implies that many women-owned businesses struggle to sustain their operation over time. The annual revenue data show that the majority of women entrepreneurs in Homabay County realise low business incomes. Up to 59.8 percent of the businesses reported an annual revenue of Ksh. 50,000 or less. The findings imply that nearly 6 in 10 women operate businesses with relatively modest income to cover operating costs and personal expenses.

Descriptive Statistics of the Study Variables

The means and standard deviations of the key study variables in Table 2 were computed to establish average values and the variability in each variable to ascertain the overall appropriateness of the data for inferential analyses.

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

Table 2: Descriptive Statistics

Variable	Category	Total Respondents	Average scores of the respondents	Std. Deviation
Financial Literacy	Credit Management skills	359	3.9032	0.78982
	Book Keeping skills	359	3.9777	0.84181
	Budgeting skill	359	4.0063	0.77347
Business Training	Formal Schooling	359	3.7688	0.99149
	On-the-job training	359	3.9673	0.78535
	Off-the-job training	359	3.8983	0.83237
Loan Repayment	Interest servicing	359	3.8983	0.85227
	In-time Loan Repayment	359	4.0230	0.72635
	On-time loan Repayment	359	3.9501	0.79179

Source: Computation from research data (2024)

The results in Table 2 show that all variables had a consistent sample size, which ensures robustness in the inferential analyses. The mean values of all the variables are relatively close to 4 on a 5-point Likert scale, which suggests that the respondents exhibit favourable levels of financial literacy, business training, and loan repayment. The standard deviation of all variables is greater than zero, demonstrating variability. The data could therefore be used for regression analysis to test whether variation in loan repayment was explained by variations in the level of financial literacy and business training.

Correlation Analysis of the Study Variables

Pairwise correlation between variables was computed based on Pearson’s correlation analysis. The aim was to evaluate the strength and direction of the relationship between variables. The results are presented in Table 3 below.

Table 3: Pearson’s Correlation Results

Variables		Financial Literacy	Business Training	Loan Repayment
Financial Literacy	Pearson Correlation	1		
	Sig. (2-tailed)			
Business Training	Pearson Correlation	.809	1	
	Sig. (2-tailed)	<.001		
Loan Repayment	Pearson Correlation	.805	.839	1
	Sig. (2-tailed)	<.001	<.001	

Source: Computation from research data (2024)

Results in Table 3 show that financial literacy and loan repayment are highly correlated with a coefficient of 0.805 ($p = 0.001$). Business training and loan repayment were also highly correlated with a coefficient of 0.839 ($p = 0.001$). Financial literacy and business training were also highly correlated

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

with a coefficient of 0.809 (p = 0.001). These coefficients signal that these variables were strongly and positively correlated (Schober *et al.*, 2018). This association suggests that an improvement in either financial literacy or business training could result in a corresponding improvement in loan repayment among women entrepreneurs participating in devolved funds in Homabay County. The strong and statistically significant correlation between financial literacy, business training, and loan repayment provided a basis for regression analysis. However, it was important to rule out the existence of multicollinearity due to the strong and significant correlation between financial literacy and business training. The Breusch-Pagan Homoscedasticity test was also conducted to ascertain the constant variance in the error term.

Regression Results

Ordinary Least Squares (OLS) regression analysis was used to examine the influence of business training and financial literacy on the repayment of loans among women entrepreneurs in Homabay County. The estimated results are presented in Table 4.

Table 4: Regression Output

Model Summary						
Model	R	R Squared	Adjusted R Square	Std. Error of the Estimate		
1	0.865	0.748	0.746	0.46766		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	230.919	2	115.459	527.911	<.001
	Residual	77.861	356	0.219		
	Total	308.780	358			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.206E-15	0.025		0.000	1.000
	Financial Literacy	0.374	0.046	0.368	8.152	<.001
	Business Training	0.548	0.046	0.540	11.943	<.001

Source: Computations from research data (2024)

Diagnostic Tests Results

The results of diagnostic tests to ascertain the statistical soundness of the model, including the Breusch-Pagan test for homoscedasticity and the Variance Inflation Factor (VIF) test for multicollinearity, are presented in Tables 5 and 6, respectively.

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

Table 5: Breusch-Pagan Homoscedasticity Test Results

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	196.860	2	98.430	26.216	<.101
	Residual	1336.643	356	3.755		
	Total	1533.503	358			

Source**:** Computation from research data (2024)

Table 6: VIF Multicollinearity Test Results

	Standardized Coefficients	Tolerance	VIF
Financial Literacy	0.365	0.345	2.901
Business Training	0.543	0.345	2.901

Source**:** Computation from research data (2024)

In Table 5, the p-value of the model (0.101) is greater than the significance level (0.05), suggesting the failure to reject the null hypothesis of homoscedasticity. Therefore, confirms that the homoscedastic error term is a fulfilment of the required characteristic of the regression error. The VIF test was used to check whether the high correlation between financial literacy and business training could lead to a loss of statistical power of the model. The VIF for financial literacy and business training is 2.901, which falls in the bracket of 1-5, signifying a moderate correlation (Shrestha, 2020). According to Tay (2017), zero and moderate correlations have an insignificant influence on the outcomes of regression and hence do not warrant statistical remedy.

Influence of Financial Literacy and Business Training on Loan Repayment

The regression estimates on the influence of financial literacy and business training on loan repayment among women entrepreneurs participating in devolved funds in Homabay County are reported in Table 4. The results show that financial and business training could explain approximately 74.6 percent of changes in loan repayment as indicated by the adjusted R-squared (Chen, & Qi, 2023). The p-value of 0.001 for the F statistic confirms the model's significance at the one percent level of significance.

The unstandardized coefficient for business training suggests that a unit increase in training standardised score across formal schooling, on-the-job training, and off-the-job training increases loan repayment by 0.540 units. This coefficient is statistically significant at the 5 percent level of significance, indicating strong evidence that business training contributes to better loan repayment behaviours. The finding is similar to that of Bourlès *et al.* (2018), who found that business training directly and indirectly affected loan repayment in France, and Karlan, & Valdivia (2010) also demonstrated that business training improves businesses, which enhances entrepreneurs' capability to repay their loans. Furthermore, Nyamboga *et al*. (2014) also established that financial education encouraged SMEs to borrow and repay loans on schedule. However, the finding is inconsistent with that of Agbeko *et al.* (2017), where business training was found not to improve loan repayment rates among microfinance debtors in Ghana.

The results in Table 4 also indicate that a unit increase in the mean of the standardized score in financial literacy measured across credit management, bookkeeping, and budgeting would result in a 0.368 increase in the loan repayment score. The coefficient is significant at the 5 percent level of significance. The finding is consistent with those of Supriyadi *et al*. (2024), who demonstrated

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

that financial literacy significantly influenced business performance and repayment of loans among MSMEs, and Baidoo *et al.* (2020), who found that financially literate individuals had a higher likelihood of repaying loans than their counterparts who were less financially literate. However, the finding contradicts Wanjiku, & Muturi (2015), who found a negative and statistically significant relationship between financial literacy and repayment of loans in Kenya.

Overall, the results are consistent with theoretical expectations that financial knowledge/literacy is essential for making informed financial decisions and drives entrepreneurial ethic (Świecka *et al*., 2019); and that entrepreneurs who receive business training to improve their financial literacy are in a position to sustain their businesses (Becker, 1962).

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

The study examined how business training and financial literacy influenced the repayment of loans among women entrepreneurs participating in devolved funds programmes in Homabay County in Kenya. Findings show that financial literacy and business training had a significant positive influence on loan repayment. Therefore, enhancing the financial literacy and business skills of women entrepreneurs can significantly improve loan repayment. To improve loan repayment, devolved fund managers should implement complementary programmes that enhance financial literacy and business skills among women entrepreneurs. They can collaborate with training institutions to develop and run training programs tailored to the training needs of women entrepreneurs. The county governments and financial institutions should introduce widespread financial literacy campaigns targeting women entrepreneurs, including those participating in the devolved funds.

REFERENCES

African Development Bank Group (AfDB). (2019). Affirmative Finance Action for Women in Africa. In *African Development Bank*. Retrieved December 10, 2024, from https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic- Documents/Affirmative_Finance_Action_for_Women_in_Africa.pdf

Agbeko, D., Blok, V., Omta, S., & Van Der Velde, G. (2017). The impact of training and monitoring on loan repayment of microfinance debtors in Ghana. *Journal of Behavioral and Experimental Finance*, 14, 23–29.

Allred, S. B., & Ross-Davis, A. L. (2010). The drop-off and pick-up method: an approach to reduce nonresponse bias in natural resource surveys. *Small-scale Forestry*, 10(3), 305–318.

Ally, Z., Ruheza, S., Pesha, J., & Mnatambo, A. J. (2023). Factors Affecting Loans Repayment among Women Entrepreneurs in Microfinance Institutions in Dar Es Salaam, Tanzania: A case of Association for Social Advancement International (ASA). *International Journal of Innovative Science and Research Technology*, 3(11), 464–489.

Asiedu, E., Freeman, J. A., & Nti-Addae, A. (2012). Access to credit by small businesses: How relevant are race, ethnicity, and gender? *The American Economic Review*, 102(3), 532–537.

Baidoo, S. T., Yusif, H., & Ayesu, E. K. (2020). Improving loan repayment in Ghana: Does financial literacy matter? *Cogent Economics & Finance*, 8(1), 1787693.

Bakhtiari, S., Breunig, R., Magnani, L., & Zhang, J. (2020). Financial Constraints and Small and Medium Enterprises: *A review of Economic Record*, 96(315), 506–523.

Becker, G. S. (1962). Investment in human capital: A theoretical analysis. *Journal of political economy*, 70(5, Part 2), 9-49.

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

Bourlès, R., Cozarenco, A., Henriet, D., & Joutard, X. (2018). Business training and loan repayment: theory and evidence from Microcredit in France. In *Aix-Marseille School of Economics* (AMSE Working Papers 1811). https://ideas.repec.org/p/aim/wpaimx/1811.html Central Bank of Kenya (CBK). (2023). MSE Tracker Survey. In Central Bank of Kenya.

Cheluget, D. C. (2013). *Effects of access to financial credit on the growth of women owned small retail enterprises in Uasin Gishu County a case of Kapseret constituency* [University of Nairobi]. http://erepository.uonbi.ac.ke/bitstream/handle/11295/56271/fulltext.pdf?sequence=5

Chen, Q., & Qi, J. (2023). How much should we trust R 2 and adjusted R 2: evidence from regressions in top economics journals and Monte Carlo simulations. *Journal of Applied Economics*, 26(1).

Cheung, A. K. L. (2014). Structured questionnaires. In Springer eBooks (pp. 6399–6402).

Ghosh, P. K., Ghosh, S. K., & Chowdhury, S. (2017). Factors hindering women entrepreneurs' access to institutional finance-an empirical study. *Journal of Small Business & Entrepreneurship*, *30*(4), 279–291.

Goode, R. B. (1959). Adding to the stock of physical and human capital. *The American Economic Review*, 49(2), 147-155.

International Labour Organization (ILO). (2021). Facilitating peer and technical support programmes to women entrepreneurs: A manual. In International Labour Organization. International Labour Office. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_823022.pdf

James, M., & Jane, N. (2018). Role of microfinance institutions on the promotion of women entrepreneurship in Uganda. *Available at SSRN 3176583.*

Kamanza, R. M. (2014). Causes of Default on Micro - Credit among Women Micro - Entrepreneurs in Kenya. A Case Study of Women Enterprise Development Fund (Wedf) Msambweni Constituency. *IOSR Journal of Economics and Finance*, 3(6), 32–47.

Karlan, D., & Valdivia, M. (2010). Teaching Entrepreneurship: Impact of Business Training on Microfinance Clients and Institutions. *The Review of Economics and Statistics*, 93(2), 510–527.

Kevehazi, N.K. (2017). Importance of female entrepreneurship,' China-USA Business Review, 16(7).

Malmström, M., Burkhard, B., Sirén, C., Shepherd, D., & Wincent, J. (2023). A Meta-Analysis of the Impact of Entrepreneurs' Gender on their Access to Bank Finance. *Journal of Business Ethics*, *192*(4), 803–820.

Mashapure, R., Nyagadza, B., Chikazhe, L., Msipa, N., Ngorora, G. K. P., & Gwiza, A. (2022). Challenges hindering women entrepreneurship sustainability in rural livelihoods: Case of Manicaland province. *Cogent Social Sciences*, 8(1).

Mbugua, K. N., & Kosimbei, G. (2019). Determinants of loan repayment of government funding to vulnerable groups; a case of biashara fund in Kiambu County, Kenya. *International Journal of Current Aspects*, 3(VI), 83–100.

McCracken, K., Márquez, S., Kwong, C., Stephan, U., Castagnoli, A., & Dlouhá, M. (2015). Women's Entrepreneurship: closing the gender gap in access to financial and other services and in social entrepreneurship.

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

Ministry of Public Service and Gender. (2020). Women Economic Empowerment Strategy 2020-2025. In State Department of Gender.

Morsy, H. (2020). Access to finance: Why aren't women leaning in? 52-53. https://www.imf.org/en/Publications/fandd/issues/2020/03/africa-gender-gap-access-to-finance-morsy

Mutua, A. M., Ochieng', D. O., Muthoka, S., & Muricho, D. (2022). Assessing what works for Women's Economic Empowerment (WEE) in the implementation of Kenya's credit guarantee scheme. University of Nairobi.

Nyamboga, T. O., Nyamweya, B. O., Abdi, A. M., Njeru, F., & George, G. E. (2014). An assessment of financial literacy on loan repayment by small and medium entreprnuers in Ngara, Nairobi County. *Research Journal of Finance and Accounting*, 5(12), 181–192.

Ochillo, M. P. A. (2009). *Small scale business loan repayment performance in Kenya: A study in the East Lands regions of Nairobi* [MA Thesis, University of Nairobi]. http://erepository.uonbi.ac.ke:8080/handle/123456789/5195

Ocholah, A., Okelo, S., Ojwang, C., Aila, F., & Ojera, P. B. (2013). Literature Review on the Relationship between Microfinance Provision and Women Enterprise Performance. *Greener Journal of Social Sciences*, 3(5), 278–285.

Olarewaju, T., & Fernando, J. (2020). Gender inequality and female entrepreneurship in developing countries. In Encyclopedia of the UN sustainable development goals (pp. 1–9).

Omonywa, T. N., & Muturi, W. M. (2015). Factors affecting loan repayment by women entrepreneurs: A case of Kisii County, Kenya. *International Journal of Economics, Commerce and Management*, 3(4), 1-15.

Sataloff, R. T., & Vontela, S. (2021). Response rates in survey research. *Journal of Voice*, 35(5), 683–684.

Schober, P., Boer, C., & Schwarte, L. A. (2018). Correlation Coefficients: appropriate use and interpretation. *Anesthesia & Analgesia*, 126(5), 1763–1768.

Shrestha, N. (2020). Detecting multicollinearity in regression analysis. *American Journal of Applied Mathematics and Statistics*, 8(2), 39–42.

Simba, A., Ogundana, O. M., Braune, E., & Dana, L. (2023). Community financing in entrepreneurship: A focus on women entrepreneurs in the developing world. *Journal of Business Research, 163*, 113962.

Siwadi, P., & Mhangami, M. (2011). An analysis of the performance of women entrepreneurs in a Multi-currency economy: The case of Midlands province of Zimbabwe. *University of Botswana Journal*, 8(30), 174-182.

Supriyadi, A., Saifi, M., & Endang Np, M. G. W. (2024). The Effect of Financial Literacy on loan Repayment Performance of MSMEs: *A literature review. KnE Social Sciences*.

Świecka, B. (2019). 1. A theoretical framework for financial literacy and financial education. In De Gruyter eBooks (pp. 1–12).

Świecka, B., Grzesiuk, A., Korczak, D., & Wyszkowska-Kaniewska, O. (2019). Financial literacy and financial education. In De Gruyter eBooks.

Tay, R. (2017). Correlation, variance inflation and multicollinearity in regression model. *Journal of the Eastern Asia Society for Transportation Studies*, 12, 2006-2015.

UWEZO. (2019). UWEZO Fund Loan Status by County for the 2013/2014-2018/2019 FY. In UWEZO Fund. https://wtochairs.org/sites/defa

Article DOI: https://doi.org/10.37284/eajbe.8.1.3067

ult/files/IMPACT%20OF%20AFFIRMATIVE%20ACTION%20FUNDS%20IN%20KENYA%20-book.doc.pdf

Wanjiku, K. J., & Muturi, W. (2015). Effect of financial literacy on loan repayment a case of ecumenical churches loan fund, Kenya. *International Journal of Social Science and Information*, 3(2), 1657-1675.

WEP. (2019). Women enterprise fund constituency(c-wes) women enterprise scheme loans status. Women Enterprise Fund. https://s3-eu-west-1.amazonaws.com/s3.sourceafrica.net/documents/119220/WEF-Loan-Status-as-at-30TH-APRIL-2019.pdf

World Bank Group. (2017). Women Entrepreneurs Finance Initiative. World Bank. https://www.worldbank.org/ja/programs/women-entrepreneurs

Zainuddin, M., & Yasin, I. M. (2020). Are women better borrowers in microfinance? A global analysis. *SSRN Electronic Journal*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3669673

