

Causes of Default on Micro - Credit among Women Micro - Entrepreneurs in Kenya. A Case Study of Women Enterprise Development Fund (Wedf) Msambweni Constituency

Rashid Mwatemo Kamanza

Submitted to the Department Of Commerce and Economics in the School for Human Resource Development of JomoKenyatta University of Agriculture and Technology (Jkuat) Kenya

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Abstract: *The government of Kenya has developed many credit schemes aimed at providing cheap credit to women and the disadvantaged groups in the society however many of these programs have sustained heavy losses due to poor loan repayment. The main objective of this research was to establish the causes of default in micro-credit advanced to small scale women entrepreneurs by WEDF within Msambweni Constituency in Kenya. The specific objectives to be investigated were how business failure influences loan repayment, the influence of gender roles on loan repayment, the influence of borrower's entrepreneurial skills on loan repayment and how diversion of loan funds by borrowers affected the repayment of such loans. The study targeted a total of 74 women groups operating in the constituency which had benefited from the facility. Out of the 74 groups, 19 groups were sampled each with membership of 10 members, out of which 4 members were picked from each of 19 groups using a simple random sampling for each stratum, so that every member of the sample population could have an equal and independent chance of being selected as a respondent. Data was collected by use of structured and semi-structured questionnaire and analysed by using quantitative technique and tabulated frequency tables, pie charts and bar graphs. The study found out that the amount of money given by WEDF was inadequate for investment that would generate returns to repay the loan and sustain the business and the entrepreneur, multiple and competing gender roles robbed off majority of the women entrepreneurs their time to attend to businesses; many did not find the applicability of the training attended in the running of their business and diversion of loans was true and it led to repayment problems as the funds were used for other critical purposes but unintended. The recommendations are, the amount of loan advanced to women entrepreneurs be increased so that they can have adequate capital, loan beneficiaries be trained and advised to have other income generating activities so as to avert diversion of loan funds for other purpose.*

Abbreviations and Acronyms

MFIs - Micro Finance Institutions, **MDGs**- Millennium Development Goals, **SMEs** - Small and Medium Enterprises, **WEDF** -Women Enterprise Development Fund.

Definition of Key Terms

The following will be the operational definitions of key terms used in this study.

Defaulting: Failure to pay money that one owes at the right time, **Capital:** Money or property especially when used to start a business or produce more wealth, **Collateral:** Property or other goods that one promises to give someone if he/she unable to pay back the money lent, **Creditworthy:** People considered being able to pay debts, **Entrepreneurs:** Someone who starts a business or arranges business deals in order to make money often in a way that involves financial risks, **Financial services:** Provision of loans and savings by financial institutions such as banks, **Loan:** An amount of money borrowed from a bank or financial institution, **Micro-credit:** Small loans given to the poor and underprivileged population for income generating activity that will improve their standard of living, **Microfinance:** Is the provision of financial services to the poor and low income clients who traditionally lack access to banking and related activities.

I. Introduction

1.1. Background information

Over the past years women have experienced many obstacles in accessing credit from conventional financial institutions in Kenya. Because of the credit constrain, a number of microfinance institutions have emerged to provide credit predominantly to women. Burjorjee et al (2002), FINCA (2007) argues that most women are poorer than men on average and lack collateral, thus are more credit-constrained. Muhammad Yunus (2004) noted that women have greater long-term vision and have the capacity to bring changes in their lives step by step. He further noted that women are excellent managers of scarce resources and utilise every resource to the maximum. The major problem that majority of women have experienced in Kenya is investing the loan funds acquired in projects the will that will generate profit to enable them repay the loans so as to build a good credit history that will enable them qualify for more loans in future. Credit default has been a major challenge to many women borrowers in Msambweni Constituency in Kenya, for a long time this has made some women borrow from relatives, friends and family members so as to repay their loans, especially when their investments turn out to be unprofitable to support the repayment of the loan or when the funds are diverted to other unintended but critical needs which makes them trapped in a double debt spiral. The study focused on Women Enterprise Development Fund (WEDF) operations in Msambweni Constituency. The Fund was established by the government of Kenya to provide an alternative financial service to women who are excluded from the formal and informal financial sectors. The Fund provides accessible and affordable credit to support women start and or expand business for wealth and employment creation.

1.2. Statement of the problem

Majority of the Kenyan women are poor, various approaches to empower them economically have been developed by the Kenyan government to alleviate them from absolute poverty since independence, however this objective has not yet been fully realised. The government came up with various credit schemes in view of empowering women and the underprivileged, schemes such as the Youth Enterprise Fund, Women Enterprise Fund and recently the uwezo fund was launched to bridge the gap between women and the youth who been deprived of credit. A survey conducted in 2006 on well-being in Kenya revealed that 50.8% of women are poor and cannot access credit from conventional financial institution such as banks as they lack collateral. Gibbons, (1992) argues that the best way of addressing the problem of poverty is to let the poor people engage themselves in income generating activity. The Fund is intended to provide accessible and affordable credit to support women start and / or expand business for wealth and employment creation. It also aims at enabling the government realize the 3rd Millennium Development Goal (MDG) on “gender equality and empowerment of women” and play a catalytic role attaining the social pillar in the Vision 2030.

1.3. Objectives

1.3.1 General objective

The study was to establish the causes of default on micro-credit among women micro-entrepreneurs within Msambweni Constituency. In view of this, the researcher investigated the causes of default in WEDF loans.

1.3.2. Specific objectives of the study.

The specific objectives of the study were;

- i. To investigate how business failure influences the loan repayment.

- ii. To find out the influence of gender roles on loan repayment.
- iii. To establish the influence of borrower's entrepreneurial skills on loan repayment.
- iv. To establish how diversion of loan funds by borrowers influences loan repayment.

1.4. Research questions.

- i. How does business failure affect the loan repayment?
- ii. How do gender roles influence the repayment?
- iii. How do entrepreneurial skills influence the loan repayment?
- iv. How does diversion of funds influence the loan repayment?

1.5. Justification of the study

The study was founded on the rationale that there has been a high rate of default in the loans advanced by WEDF and default has many undesirable and unintended effects; the financier will be unable to revolve the funds and the defaulter will also not qualify for more loans. The findings will assist the borrower to invest wisely and proper management of funds hence avoid default and enable her qualify for more credit. The WEDF will also continue providing cheap loans to other deserving women as well as remain in business as it will have higher cash flow hence the country's objective of reducing poverty and empowering women achieved.

1.6. Scope of the study

The study mainly focused on the Women Enterprise Development Fund focusing on women groups that had obtained loans from WEDF in Msambweni Constituency.

1.7. Limitations

- i. Difficult in accessing required information as members were reluctant to reveal their financial matters.
- ii. The study was also affect by money constraints as the research was funded by the researcher.
- iii. There was very little secondary data about the Constituency Women Enterprise Fund; most of the information is obtained from the internet.

II. Literature Review

2.1 Introduction

Literature review covered relevant literature with the aim of gaining insight into the factors that cause micro-credit default in WEDF loans within Msambweni Constituency. It covers; theoretical framework, empirical literature and conceptual frame work which shed light on causes of loan default.

2.2 Theoretical Frame work

2.2.1 Solidarity circle theory.

The study adopted the solidarity circle theory advanced by Muhammad Yunus, a successful pioneer of micro-credit of the Grameen Bank in the 1970's in Bangladesh. Mohammed Yunus addressed the problem faced by the poor from accessing credit. He designed a credit programme that did not require any collateral as opposed to the conventional financial institutions. He applied group lending (joint liability) methodology in micro-credit to minimize the level of loan delinquency by the borrowers where the members of a group guaranteed each other and when a member defaults the whole group is denied future credit so in order for members to continue enjoying credit they closely monitored each other activities in order to avoid default. This theory is relevant to this study in that the loan repayment by the borrower is dependent on various aspects such business performance of the borrower, the borrower's entrepreneurial skills and diversion of the loan funds by the borrowers.

2.3. Factors Affecting Repayment Performance

Studies on factors influencing loan repayment are very sparse and limited mainly to microfinance experience in the low and middle income countries (Derban et al., 2005; Silwalq, 2003). The results of the studies show mixed result based on past literature. Factors influencing loan repayment is divided into four factors; individual / borrowers factors such as entrepreneurial skills, firm factors such as close monitoring of payments, loan factors such inadequacy and the institution / lender factors such as high interest charged.

2.3.1. Firm Characteristics that influence Loan Repayment. Several studies link the repayment performance with firm characteristics. Nannyonga (2000), Arene (1992) and Oke et al. (2007) Oke et al. (2007) noted that business's profits significantly influenced loan repayment.

2.3.2. Individual / Borrower Characteristics Influencing loan Repayment. Godquin (2004) suggested training, basic literacy and health services had a strong positive impact on repayment performance. Roslan and Mohd

Zaini (2009) found that borrowers that did not have any form of training in relation to their business had a higher rate of default than their counter part who had trained in entrepreneurship.

2.3.3. Loan characteristics affecting Loan repayment performance: Roslan et al.(2009), Mohd (2009); Njoku (1997) and Ugbomeh et al.,(2008) found that loan characteristics play an significant role in determining repayment performance. Copisarow (2000) also noted that defaults may arise from poor program design and implementation, but not from problems with the borrowers.

2.3.4. Institutional / lender characteristics influencing repayment: Vigenina and Kritikos (2004) found that individual lending has three elements namely the demand for non-conventional collateral, a screening procedure which combines new with traditional elements and dynamic incentives in combination with the termination threat in case of default, which ensure high repayment rates up to 100 percent.

2.4 Empirical Literature

Several studies that have been conducted in many developing countries concerning micro-credit repayment. Vigano (1993) in his study on of development bank of Burkina Faso, established that being women, married, aged, more business experience, value of assets, timeliness of loan release, small periodical repayments, project diversification and being a pre-existing depositor has a strong and positively relationship to the loan repayment performance. Kashuliza (1993) also analysed the determinants of loan repayment in smallholder agriculture in Tanzania and found out that level of education, attitude towards repayment; business's income and off-farm income positively had an influence on loan repayment with farm income being significant, while age, household expenditure and household size having a negative influence on loan repayment performance with household expenditure being significant. Njoku and Odii (1991) studied determinants of loan repayment under the Social Emergency Loan Scheme in Nigeria and their study showed that late release of loans, complicated loan processing procedures, loan diversion to non- agricultural enterprise, low returns from businesses resulting from low poor agricultural technologies and political considerations in loan approvals contributed to poor loan repayment performance.

2.5 Conceptual Framework

The researcher adopted the framework below to explain the relationship between the variables.

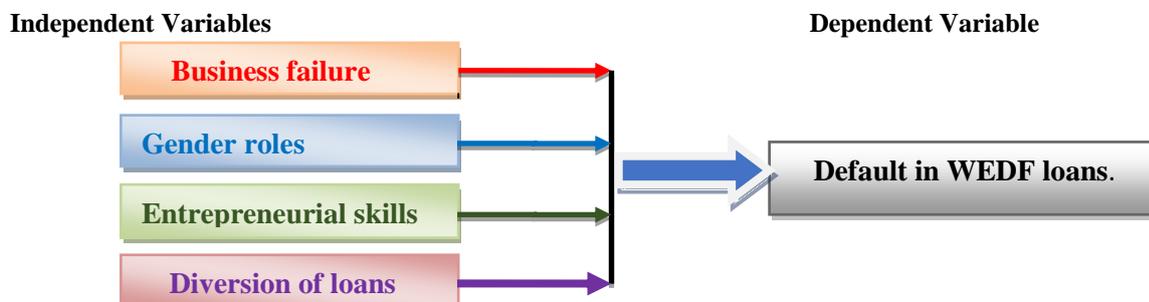


Figure 1: Causes of default in Women Enterprise Development fund loans.

Source: Researcher 2013

2.6 Knowledge gaps

There have been attempts in the past to study Micro financing and Micro lending but much focus has been on the impact of MFIs in poverty alleviation and job creation in Kenya. Very little has been done to find out causes of loan default in funds provided by the government such as the WEDF in Msambweni Constituency, therefore this research was intended to address the gap.

III. Research Methodology

3.1 Introduction

This chapter presents the methodology and research design that was used to implement the study.

3.2 Design of the study

Descriptive survey design was used to assess the causes of default in repayment of loans advanced by WEDF (micro-credit) to small scale women entrepreneurs. This allowed the researcher to gather information, summarize, present, and interpret data for the purpose of clarification. Quantitative methodology was used in

data collection and analysis, where tables, measures of central tendency (percentages), graphs, and pie charts were used to summarize the data.

3.3 Target population

The study targeted total population of 74 women groups operating in Msambweni constituency each with ten members and 8 loan officers (volunteers).

3.4 Sampling procedure and sample size

Both probability and non-probability sampling designs were employed. Sample groups under study were drawn from the 74 women groups and eight loan officers. Stratified sampling was used to select 19 groups and 2 officers which represented 25% of the total population. Out of the nineteen (19) group's four (4) members out of the 10 were sampled to constitute the sample population under study as shown by the table 1 below.

Table 1. Sampling Design

Respondents	Target population (100%)	Sample (25%)	Sample population
Loan Officers	8	2	2
Loan borrowers	74 groups	19 groups	76
Total			78

Source: Researchers sampling 2014

3.5 Justification of the population sample

Sampling of 76 borrowers, four members from each of the 19 sampled groups and 2 loan officers was used in order to save on time as the population was spread over the entire constituency which is vast and it was expensive to carry out census in terms of time and finances so to save on cost a sample was used.

3.6 Research instruments

Two sets of questionnaires were developed and used for data collection. The use of quantitative method was relatively cheap and time saving since large quantity of data could be amassed and subjected to statistical analysis within a short period of time.

3.7 Piloting of Research Instruments

The questionnaires were constructed and pre-tested in the field in order to determine their validity and reliability to a selected sample of 10 members of a group and one loan officer that were not to be among those who were surveyed in the main study.

3.7.1 Reliability

To ensure reliability the test-retest method was used where the questionnaire was administered to a few subjects and the answered questions were scored manually. The same questionnaires were administered to the same group after one week and again the score was recorded manually and compared to determine similarity. Pearson Product moment formula for test-retest was used to compute correlation coefficient in order to establish consistency in eliciting the same responses every time it was administered.

3.7.2 Validity

Validity involves establishing whether the questionnaire's content measures what is supposed to measure accurately. Questionnaires should measure the concepts under study accurately. The researcher's supervisor assessed the relevance of the content used in the questionnaire and recommendations incorporated in the final questionnaire.

3.8 Data Collection Procedure

Data was collected from both secondary and primary sources through the library, internet and questionnaires respectively.

3.9 Data Analysis

Data analysis was done using the descriptive and inferential statistics. Descriptive statistics was used to tabulate data and present it in tables, graphs and in description. Inferential statistics was used since a sample was under study yet conclusion was made about a larger population from which the samples were drawn. Data collected by use of questionnaires was analysed using statistical package for social scientists (SPSS) version 20 for windows and use of inferential statistics using correlation analysis. Descriptive statistic using percentages,

modes and means were used to analyse quantitative data. Data was presented using tables, Bar graphs and pie charts.

IV. Data Analysis, Presentation and Findings.

The study assessed the causes of default in repayment of loans advanced by WEDF (micro-credit) to small scale women entrepreneurs. Data analysis and findings was done using descriptive statistics in the form of tables, frequencies, percentages bar graphs and pie-charts and the analysis of the relationships between independent and dependent variables, a correlational inferential statistics were used. The findings of the were;

4.1 Demographic characteristics of the borrowers.

The findings on ages of WEDF loan borrowers were as shown in the table and bar graph below.

Table 2 Borrowers showing ages.

Age	Frequency	Percentage
Below 20 years	0	0.0
21-30 year	11	14.5
31-40 years	29	38.2
41-50 years	31	40.8
Above 50 years	5	6.5
Total	76	100

The findings revealed that 11 (14.5%) borrowers were aged either between 21 and 30 years, 29 (38.2%) were aged between 31 and 40 with the majority, 31 (40.8%) being 41 and 50 years old and the remaining 5 (6.5%) being over 50 years old this is also illustrated by the Bar graph **Fig 2** below.

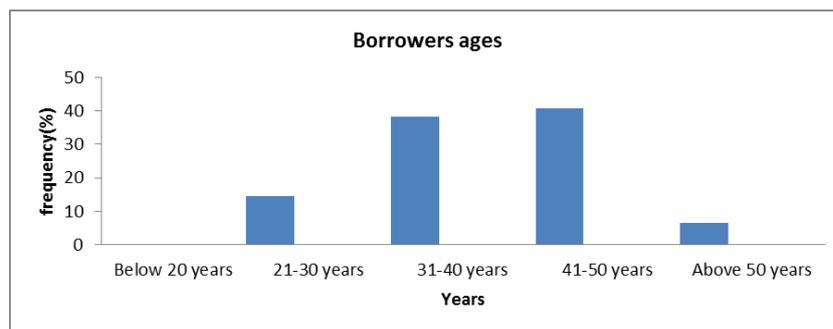


Figure 2.Bar graph showing borrowers ages.

Table 3 marital status of borrowers.

Marital status	Frequency	Percentage
Married	46	60.5
Single	15	19.7
Divorced	9	11.8
Widowed	6	7.9
Total	76	100

The findings on borrowers marital status showed that 46 (60.5%) were married, 15 (19.7%) were single, 9 (11.8%) divorced while the remaining 6 (7.9%) were widowed as summarized by the Pie chart **Fig 3** below.

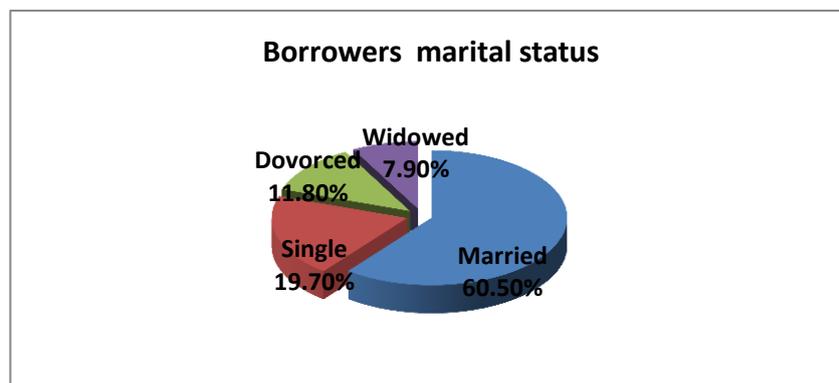


Figure 3.Pie chart showing borrowers marital status.

Table 4 Borrowers numbers of children / dependents

Number of children / dependents	Frequency	Percentage
None	1	1.3
1-2	18	23.7
3-5	42	55.3
6-7	12	15.8
More than 7	3	3.4
Total	76	100

The findings revealed that 1 (1.3%) of the borrowers had no dependant, 18 (23.7%) had either 1 or 2 children, with a majority, 42(55.3%) having between 3 to 5 children while 12 (15.8%) had 6 or 7 dependants and the remaining 3 (3.9%) over 7 children as shown by bar graph Fig 4 below.

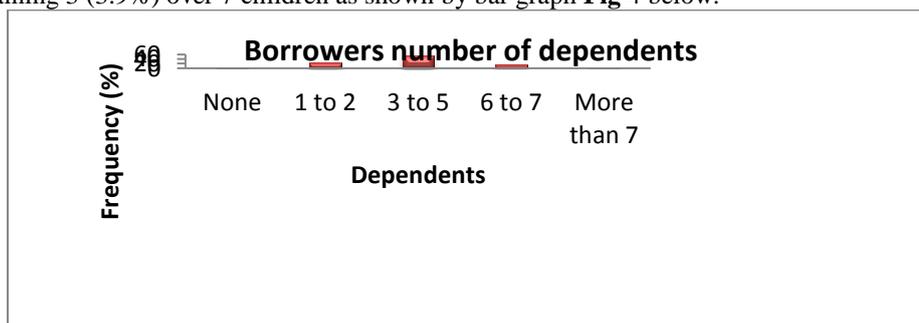


Figure 4. Bar graph showing borrowers number of dependents.

Table 5 Borrowers Level of education

Level of education	Frequency	Percentage
None	12	15.8
Primary	24	31.6
Secondary	36	47.4
Diploma	3	3.9
Degree	1	1.3
Total	76	100

Findings on educational level showed that, 12 (15.8%) of borrowers had no formal education, 24 (31.6%) had primary education, 36 (47.4%) had secondary education while 3 (3.9%) had post-secondary diploma qualification and the remaining 1(1.3%) respondent being a degree holder as shown by the pie chart Fig 5 below.

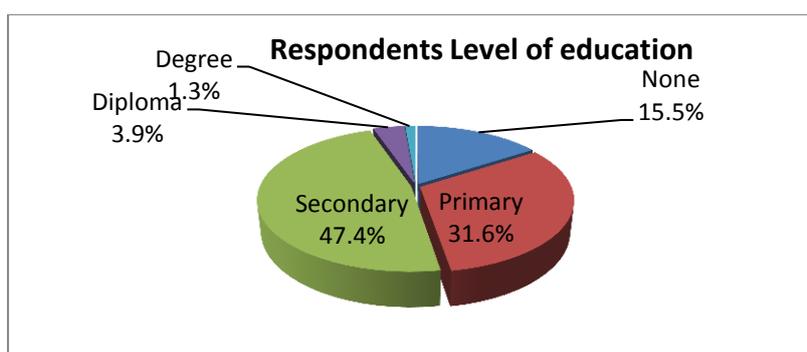


Figure 5. Pie chart representing borrowers level of education.

Table 6 showing borrower's occupation

Occupation	Frequency	Percentage
Business	59	77.6
Farming	9	11.8
Teaching	5	6.6
Medical	2	2.6
Others	1	1.3
Total	76	100

Findings on occupation, showed that majority of the borrowers, 59 (77.6%) were in business, 9 (11.8%) practiced farming, 5 (6.6%) in teaching, 2 (2.6%) in the medical profession and the remaining 1(1.3%) being in other forms of occupation as shown by the pie-chart **Fig 6** below.

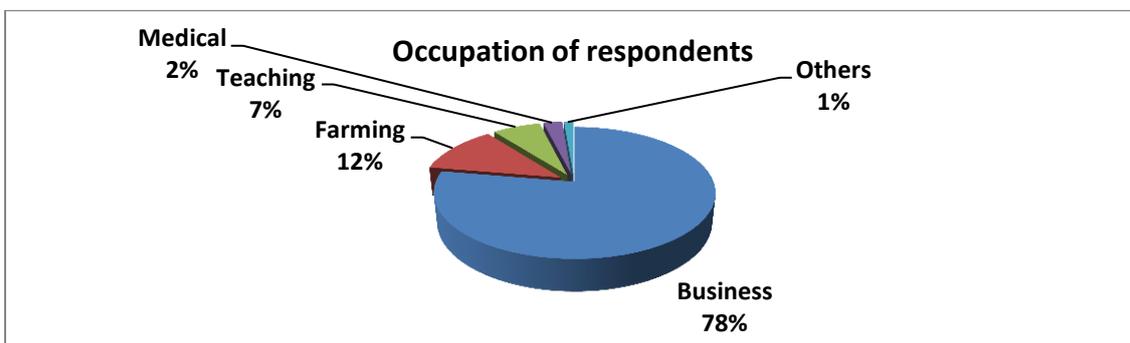


Figure 6. A pie-chart representing respondent’s occupation.

4.2 Loan acquisition

Table 7 showing how many times the borrowers had taken a loan.

How many times have you taken a loan?	Frequency	Percentage
Once	9	11.8
Twice	12	15.8
Thrice	31	40.8
Four times	19	25.0
Five times	5	6.6
Total	76	100

The findings revealed that out of the 76 women 9(11.8%) had borrowed once, 12 (15.8 %) twice, 31(40.8 %) thrice, 19(25%) four times and 5(6.6%) borrowed five times as shown by the bar graph **Fig 7** below.

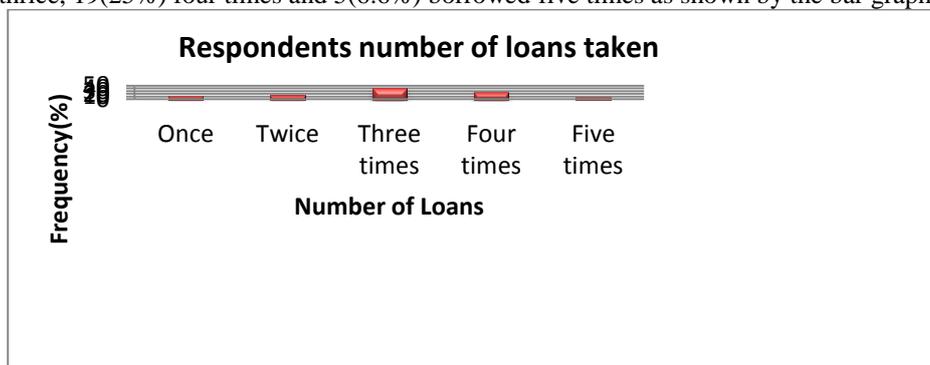


Figure 7. A bar graph showing borrower’s number of loans taken.

Table 8 showing utilization of loan funds by borrower

What did you do with the loan?	Frequency	Percentage
Started Business	69	90.8
Bought Food	1	1.3
Paid school fees	5	6.6
Paid medical bills	1	1.3
Total	76	100

On utilization of borrowed funds majority of the borrowers, 69(90.8%) invested the whole loan in business, 1(1.3%) used part of it to meet immediate family needs such buying food, 5(6.6%) used it to pay school fees and 1(1.3%) paid medical bill this as shown by the pie-chart **Fig 8** below.

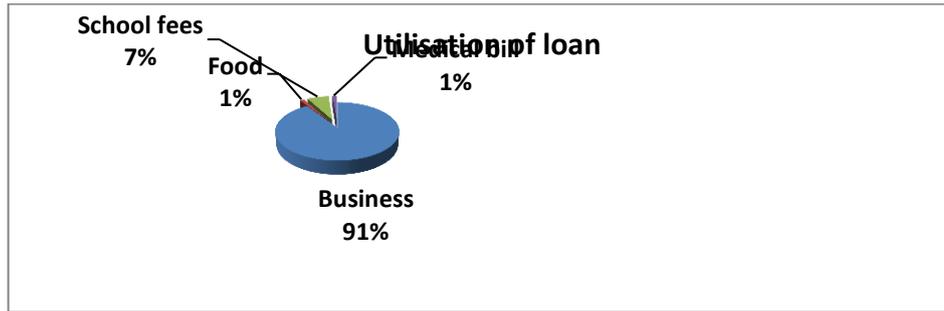


Figure 8. A pie chart representing utilization of loan.

Table 9 showing the amount of loan borrowed

How much have you borrowed?	Frequency	Percentage
5000-10000	6	7.9
10001-15000	5	6.6
15001-20000	6	7.9
20001-25000	18	22.4
Above 25000	41	55.2
Total	76	100

On the amount each had borrowed, 6(7.9 %) had borrowed between ksh5000 and ksh10000, 5(6.6%) between ksh10001 and ksh15000, 6(7.9%) between ksh15001 and ksh20000, 18(22.4%) between ksh20001 and ksh25000, with the majority 41 (55.2%) to have borrowed more than ksh25000 as shown in the bar graph **Fig 9** below.

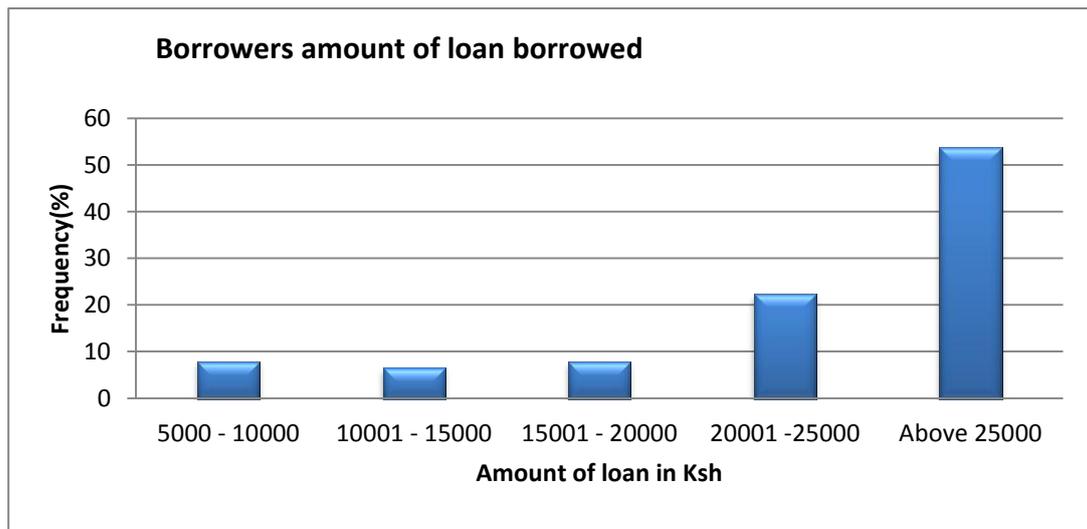


Figure 9. Bar graph showing the amount of loan borrowed.

Table 10 showing loan repayment schedule

How was the repayment of the loan?	Frequency	Percentage
Daily	10	13.6
Weekly	12	15.8
Two weeks	12	15.8
Monthly	42	54.8
Total	76	100.00

On loan repayment, out of the 76 respondents 10 (13.16%) of them paid on daily basis, 12(15.79%) paid on weekly basis 12(15.79%) paid after every two weeks and 42(68.4%) paid on monthly basis as shown by the pie chart **Fig 10** below.

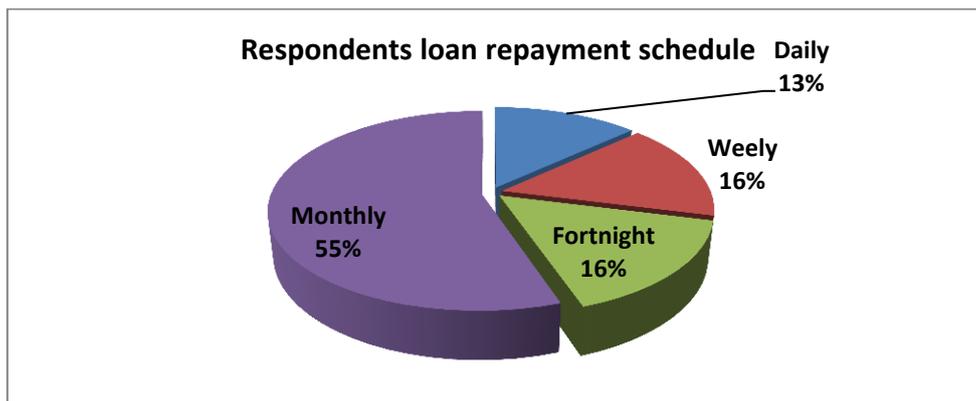


Figure 10. Pie chart showing the loan repayment schedule.

Table 11 showing cause of default in loan repayment.

Cause of repayment problem	Frequency	Percentage
Business collapsed	32	42.1
Money taken by relative	2	2.6
Used money to buy food	23	30.3
Money/business was stolen	4	5.3
Don't know	7	9.2
No response	8	10.5
Total	76	100.00

The findings showed that 32 (42.1%) of the respondents their businesses collapsed thereby robbing them of a source of revenue for the loan repayment, 23 (30.3%) having used the money to buy food, 2 (2.6%) had given the loan money to their relatives while 4 (5.3%) their businesses or money had been stolen thus causing repayment problem as shown by the pie chart Fig 11 below.

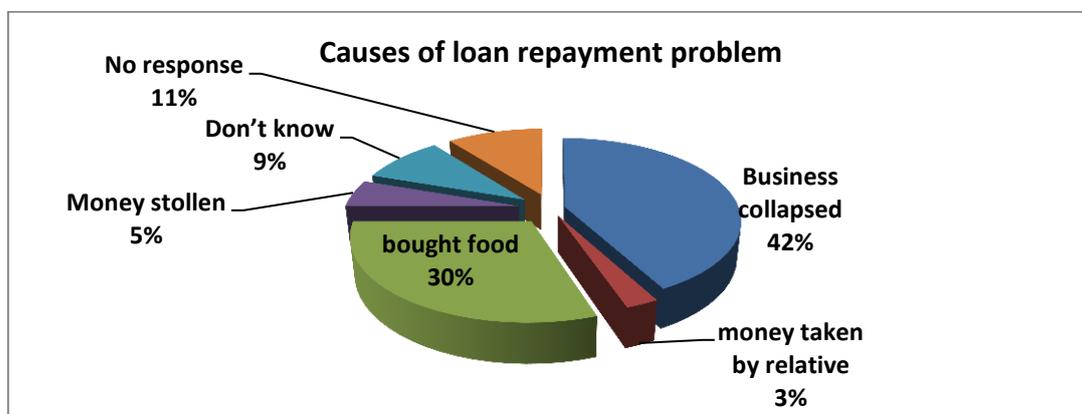


Figure 11.A pie chart showing causes loan repayment problem

4.3 Influence of borrower’s entrepreneurial skills on loan repayment.

Table 12 showing the training attended by borrowers.

Course attended by borrowers.	Frequency	Percentage
Entrepreneurship	33	43.4
Finance management	10	13.2
Customer service	5	6.6
All the above	8	10.5
Others	8	10.5
Non	12	15.8
Total	76	100.00

The business training attended was said to be entrepreneurship for 33 (43.4%) respondents, financial management for 10 (13.2%) and customer service for 5 (6.6%) respondents while 8 (10.5%) others respondents had either attended all the three listed types of training or other types of training as shown by the pie-chart Fig12 below.

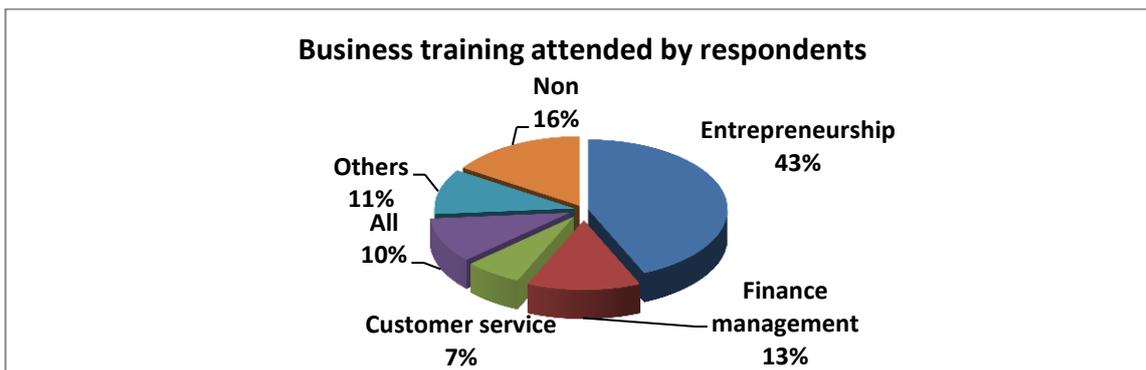


Figure 12. A pie chart showing the training attended by borrowers

Table 13 showing applicability of training to business

Do you agree that the course was applicable to your business?	Frequency	Percentage
SD	29	38.2
D	15	19.7
NS	8	10.5
A	17	22.4
SA	7	9.2
Total	76	100.00

However, only a paltry 17 (22.4%) considered the training as having assisted them to increase their income and only 24 (31.6%) were of the opinion that the training they acquired had assisted them in managing the business which then enabled them to repay the loan as shown by the pie-chart Fig 13.below.

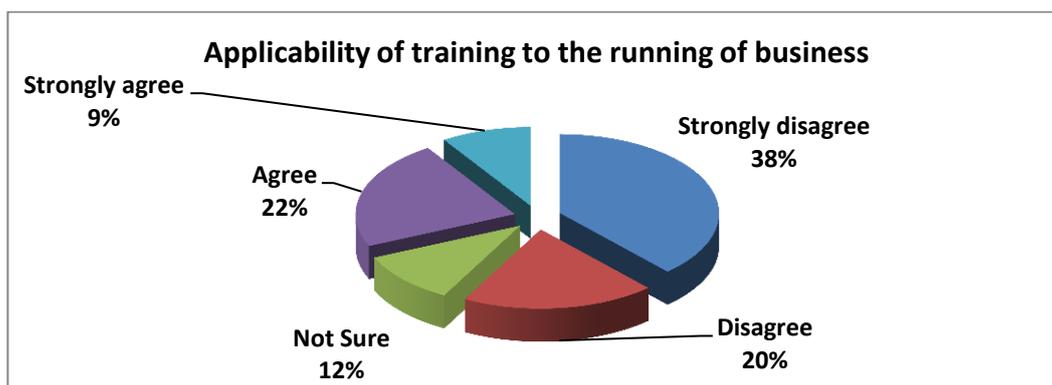


Figure 13. A pie-chart showing applicability of training on business.

4.4 How diversion of loan funds by borrowers influences loan repayment

Findings on diversion of loan funds by borrower’s revealed that out of the 76 respondents 52(68.4%) had used the loan for other purpose not agreed upon while only 24(31.6%) had used the loan for the intended purpose as shown in the table 14 below.

Table 14 showing what the diverted loan was used for.

What did you do with the money you diverted?	Frequency	Percentage
Paid domestic expenses	13	17.1
Paid medical Expenses	16	21.1
Paid School fees	25	32.9
All the above	8	10.5
No response	14	18.4
Total	76	100.00

The findings showed that 25 (32.9%) of respondents used the loan granted towards school fees, 16 (21.1) settled medical bills and 13 (17.1%) for domestic expenses as shown by the pie chart Fig 14 below;

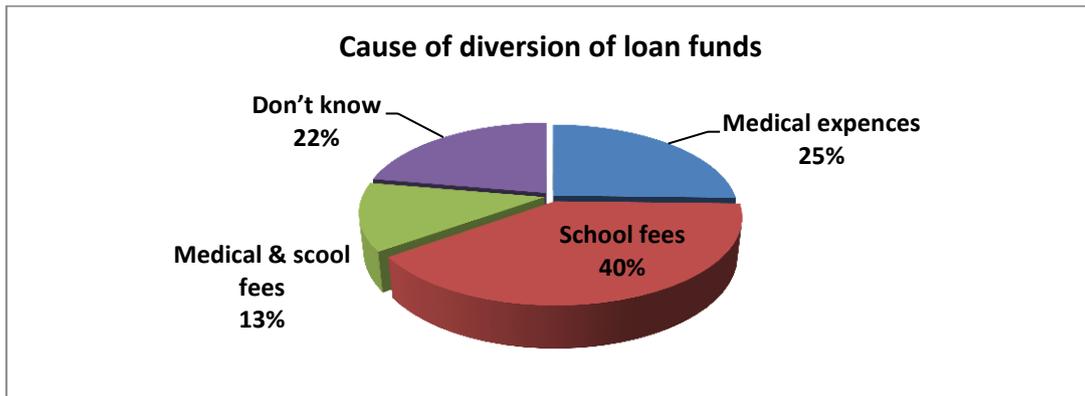


Figure 14. A pie chart showing causes of diversion of fund.

Table 15 showing how the diverted loan was paid

How was the payment of the diverted loan?	Frequency	Percentage
Never paid	3	3.9
Very difficultly paid	28	36.8
Difficultly paid	18	23.7
Paid well	17	22.4
Paid very well	1	1.3
No response	9	11.8
Total	76	100.00

Findings show that among those who had diverted the loans 3(3.9%) never paid, the majority 28 (36.8%) the repayment was very difficult, 18 (23.7%) paid but with difficulties, 17 (22.4%) paid well without any problem, with only 1(1.3%) respondent paid very well and 9(11.8%) had no response as shown by the pie chart **Fig. 15** below.

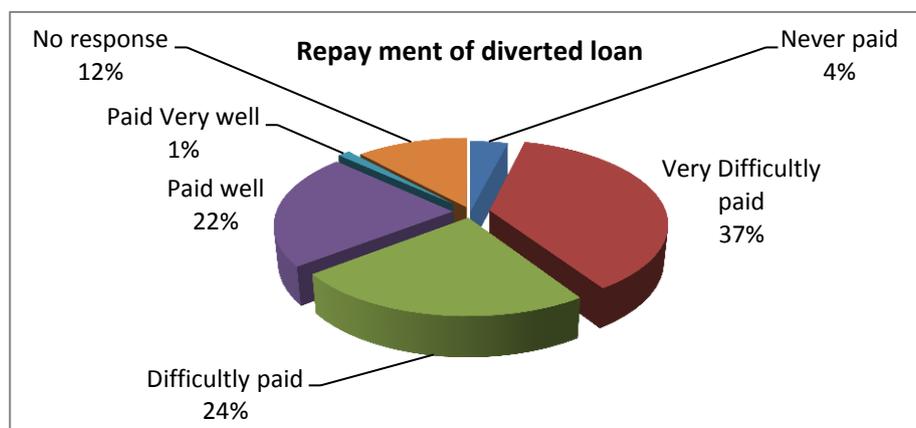


Figure 15. A pie chart showing repayment of diverted loan

4.5 Relationship between elements of the conceptual framework.

A correlational analysis test on the interrelationship between the elements of the conceptual framework and the dependent variable was determined and the results were as is shown in **table 16** below.

Table 16. Relationship between elements of the conceptual framework

		Business failure	Gender roles	Entrepreneurial skills	Diversion of funds	Parameter
Business failure	Pearson Correlation	1	.449**	-.548**	-.215	.393**
	Sig. (2-tailed)		.000	.000	.083	.002
	N	76	76	76	76	76
Gender roles	Pearson Correlation	.449**	1	-.257*	-.412**	.488**
	Sig. (2-tailed)	.000		.034	.001	.000
	N	76	76	76	76	76
Entrepreneurial skills	Pearson Correlation	-.548**	-.257*	1	.378**	.395**
	Sig. (2-tailed)	.000	.034		.002	.001
	N	76	76	76	76	76
Diversion of funds	Pearson Correlation	-.215	-.412**	.378**	1	.423**
	Sig. (2-tailed)	.083	.001	.002		.001
	N	76	76	76	76	76
Parameter	Pearson Correlation	.393**	.488**	.395**	.423**	1
	Sig. (2-tailed)	.002	.000	.001	.001	
	N	76	76	76	76	76

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 4.7 contains information on the relationship between business failure, gender role, entrepreneurial skills and diversion of funds default of loan repayment. The results (R=0.488; P=0.000; N=76) show a significant positive correlation between the elements of gender roles and default of loan repayment at 0.05 level of significance, a positive and significant relationship between diversion of funds (R=0.423; P=0.001; N=76) and default of loan repayment at 0.05 level of significance, a positive and significant correlation with entrepreneurial skills (R=0.395; P=0.001; N=76) and finally, a positive and significant correlation business failure (R=0.393; P=0.002; N=76) at 0.01 level of significance. This means that according to the respondents, gender roles was the factor most responsible for default of loan repayment followed by diversion of funds then lack of appropriate entrepreneurial skills and lastly business failure in decreasing order of effect.

V. Summary, Conclusions and Recommendation

5.1 Summary

The content of the analysis showed that to most of the respondents, the amount of loan given out by WEDF to them was not enough for their business needs, the accruing profit from the investment was low therefore they had problems with their loan repayment due to the low profit. With regard to the gender roles, a majority of the respondents felt that multiple and competing gender roles had an effect on their ability to repay loans as it robbed them of time to concentrate in the business thus contributing to default. Majority of the borrowers had attended training however many did not find the applicability of the training in running their businesses. Lastly, according to a majority of the borrowers, diversion of WEDF loan fund to other purposes other than its intended investment in income generating was found to be a reality due to the desperate conditions of most of the beneficiaries. Loan officers interviewed for the study observed that loan default was most predominant among married women an indicator that gender roles enhanced default particularly when the loanees had competing roles which robbed of time to concentrate in money generating activities or where the loaned chooses to divert the money to be used for other domestic purposes other than the intended one. They also acknowledged being aware of cases where business of borrowers had collapsed and suggested that business failure could most probably lead to default.

5.2 Conclusion

Conclusions of the study findings were made based on the relationships that were established for each of the different research objectives. From the preceding discussion on causes of default in repayment of loans advanced by WEDF (micro-credit) to small scale women entrepreneurs in Msambweni constituency of Kwale County, the study established that business failure, competing gender roles, lack of appropriate entrepreneurial skills and diversion of funds were the major culprits with gender roles that compete with business management activities being the most predominant.

5.3 Recommendation.

From the observations made in the course of this study, it is deemed appropriate that various stakeholders should put in place the requirements for utilization of funds obtained in form of loans from WEDF to facilitate adequately loan repayment thus minimize default. To begin with, all stakeholders should work in concert to ensure that beneficiaries of WEDF are appropriately trained to equip them with requisite entrepreneurial skills thus minimize business failures cases which were found to often lead to loan repayment default. Then, the WEDF should consider increasing the amount given out to its members hence enhancing the viability of the projects initiated using such amounts. Further, beneficiaries of the WEDF should be encouraged to have other income generating activities besides the one due to the loan so as to minimize cases of diversion of loan monies to other unintended but critical needs.

5.4 Suggestion for further research

The following areas should be considered for further research:

- i. A study of the effects of socio – cultural factors on the success of businesses due to loans from WEDF.
- ii. A similar study to be replicated in other regions to compare their findings.

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