Evaluation of Government Micro Crediting Strategy on the Growth of Small and Micro Enterprises: Case of Women Enterprise Fund in Kenya

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Abstract
Women are important elements in the economic advancement of many countries. The International Labor Organization (ILO) regards women as essential components of economic development. Despite this, women small-scale traders do not have easy access to micro-crediting opportunities for their economic activities. As such, they have low business performance. It is against these circumstances that the Kenyan government introduced Women Enterprise Fund (WEF) as a micro-crediting strategy to boost women small and micro enterprises (SMEs) in the country. However, most women in their capacity as small-scale traders, continue to experience inadequate access to credit. The specific objective of this study was to assess the influence of crediting strategy of WEF on the growth of SMEs in Kenya. The study adopted a descriptive survey design. The target population constituted women group beneficiaries. A sample size of 335 respondents was selected from a target population of 2032 using cluster sampling and simple random sampling. Structured interviews were used to collect primary quantitative data. The collected data was edited, coded and categorized into appropriate themes befitting the research variables. These data were analyzed using descriptive and inferential statistics by the aid of SPSS version 20-computer software. The study used ANOVA and regression analysis to establish the relationship between the independent variables and dependent variable. Microsoft Excel was used to generate appropriate graphs, charts, and figures. The findings of this study will help the government of Kenya and other stakeholders in developing sound business strategies which might help them to create and sustain successful business ventures so as to help achieve Kenya's vision 2030 and Sustainable Development Goals (SDGs). The findings of the study established a positive and significant relationship between crediting strategy and growth of SMEs. The study, therefore, recommends the government to increase loan sizes to women beneficiaries and implement fully the constitution and other legislation on gender parity to empower women to enjoy and exercise their economic rights. The study suggests similar research in other counties in Kenya.
Key Words: *Women Enterprise Fund, Crediting Strategy, SMEs*

1.0 Background Information

The implementation of micro-crediting strategy substitutes formal banking services in serving poor women. The strategy is effective for empowering the growth of women enterprises. This strategy provides access to financial services that were initially for the high-income earners in the placed society. Accessibility to micro-crediting strategies such as crediting, savings, training and social capital, uplift poor women to expand their businesses (Asmamaw, 2014)

Several microcredit strategies have been implemented to empower women enterprises worldwide, but their growth has been poor (Sajid, 2013). In the United States of America (USA) most women have left formal employment in preference for self-employment in the informal sector, but the growth of women-owned SMEs is dwindling. In recent times, there has been a decline of SME sector in the USA (Buchanan, 2015). In China women, enterprises continue to perform poorly despite government interventions through micro-crediting strategy. Women constitute about 50 percent of poor population reflected by the slow growth of women-operated SMEs (Canbin, 2013; Yulanda, 2014). Similar views have been raised in India where women SMEs continue to perform poorly despite government initiatives implementing microcredit strategies to promote women enterprises. Women's position in making decisions are low with patriarchal values being practiced through traditions, religion other social-political structures. Women participation in the workforce has been limited; with a general lack of access to credit leading to the poor growth of SMEs. Consequently, female workers' involvement in labor has been limited (UNESCO, India; World Bank, 2012).

In Malawi, poor growth of women-operated SMEs is a common phenomenon. Women businesses remain deprived mostly in agribusiness activities than male households. Even though the number of institutions offering micro-crediting strategy is high, female borrowers lack affordable access to credit (Sunita, 2003). The same is experienced in Ethiopia where the poor growth of women SMEs is noticeable. Women borrowers in the country are continuously reducing in number influencing the growth of women enterprises. There have been large numbers of female borrowers of microfinance credits, but the figures are continuously dropping (Asmamaw, 2014). There is an ongoing debate as to the best way to stimulate women SMEs that contribute to both economic and social inclusion (Welter, 2004). As a result of gender inequalities, women remain underutilized economic assets (Landes, 2003).

The Government of Kenya introduced WEF as a micro-crediting strategy of creating affordable credit for Kenya's poor women who were unable to access financial credit from microfinance institutions and banks. The Fund has improved earnings, diversified business, and increased access to other markets. However, WEF faces hurdles in terms of poor literacy, negative attitudes, insecurity and poor utilization of the loans (WEF, 2015). The total government allocation of the fund has shown variations with a generally declining trend as shown in table 1.1.

Table 1.1 CWEF Borrower Trends 2007-2012

Financial year	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Beneficiaries	1,740	98,400	76,920	67,950	146,400

Source: Kiraka, Kobia, Katwalo, Oliech (2012)

By the year 2011/2012, the total fund allocation had reduced by more than three quarters from one billion shillings offered in 2007/2008 financial year. Loan amount offered to microfinance institutions was more in the last five years. The 2008/2009 financial allocations remained uniform for the Constituency Women Enterprise Fund (CWEF) and Financial Intermediaries (FIs) partners' channels. The years that followed indicate a large gap between the two channels as shown in appendix VIII (Kiraka, Kobia,Katwalo, Oliech , 2012).

Reports show that women in Nyanza region are not utilizing WEF effectively. The uptake of WEF loans is low. Women from the region are yet to fully benefit from the funds due to fear that their property can be repossessed to repay the loans, making them to shy away from applying for financial credits (Ministry of Devolution and Planning, 2015). Out of Ksh 106,000,000 total allocation to Nyanza, only Ksh. 78,209,400 was disbursed to 47,790 beneficiaries from 32 constituencies (WEF, 2016). Women in Nyamira, Kisii, and Migori counties have access to WEF, but there is slow growth of women SMEs. In Kisii county, women beneficiaries of WEF incur challenges in loan repayment due to group membership, financial hurdles, legal constraints, and collaterals (Omaywa & Muturi, 2015; Osoro et al. 2013). In Nyamira county women SMEs face hurdles in the form of inaccessible credit, complicated loan procedures and requirement of collaterals (Momanyi, Muturi & Munene, 2014). Despite the implementation of micro-crediting strategy women continue to face challenges in utilizing this strategy. This forms the background against which this study was conducted.

1.2 Women Enterprise Fund

The government of Kenya has noticed the importance of SMEs integrated the informal sector into the national development agenda (the Republic of Kenya, 2004). The WEF strategy was initiated to provide microcredit to poor women to start or expand businesses. This strategy offers a variety of services that empower women beneficiaries. WEF was initiated to boost the fulfillment of vision 2030.It ensures access to resources to marginalized poor women. The government of Kenya introduced this strategy to empower women, as stipulated in international development goals. Effective implementation of the fund means growth and sustainable enterprises (WEF, 2009).

The WEF Provides loans to women through CWEF and FIs partners channels. Under CWEF loans are allocated to small-scale women traders without any charge of interest (Government of Kenya, 2009). Such support to individual women traders is difficult due to requirements such as opening bank account (Hassan & Mugambi, 2013). The borrowing from the WEF is currently generally low. Statistics available shows that the uptake of WEF funds has remained low since the fund was initiated in 2008. More than 23% remain unused. The situation is worse in CWEF where about 33% have not been unutilized *(*Mburu & Guyo, 2015).

1.3 Statement of the problem

Women play the essential position in Kenya's development. Consequently, the government introduced the WEF as a micro-crediting strategy to promote the growth of SMEs (Lois & Annette, 2005). Affordable credit gives women traders the ability to improve their businesses by increasing revenue and employment creation. However, most women are left out of the formal banking services and therefore only a limited number of SMEs benefit from the credit. As such women have no easy access to micro-crediting strategies to support their economic activities and therefore have low business performance compared men operated enterprise (Ekpe, Mat & Razaq, 2010). Generally, the idea of empowering women-owned and operated SMEs has not been effectively addressed as women SMEs success remain invisible and unacknowledged. Inadequate credit has been cited as barriers to the growth of SMEs (Kibas, 2006; WEF, 2015).

In Kenya, the borrowing trend from the WEF is currently generally low with high default rates (Olawale & Garwe 2010). The application process to obtain a loan from the CWEF is a major failure. Statistics show that only Shs.71Million out of Shs.256M loaned to women groups since 2007 had been repaid by May 2010 putting to doubt recovery of the balances. Some constituencies have not yet utilized their loan allocation fully. The performance of the Fund is poor in terms of loan disbursement and a small number of women groups for CWEF (Kilonzo, 2011; WEF, 2016). Therefore since the implementation of the WEF strategy nine years ago, not much has been achieved in terms of growth of SMEs. Women's economic, social and political positions remain low due to poor growth of women SMEs nationally (IFAD, 2012; Daily Nation, 2013, p.33). It is, therefore, not clear how far the provision of the WEF micro-crediting strategy is contributing to the growth of women SMEs (Hassan & Mugambi, 2013; Mburu & Guyo, 2015).

Studies on the influence crediting strategy on the growth of SMEs have produced varied findings in Kenya. More importantly, in the study sites, comprehensive studies are very little. Furthermore, the micro-crediting model most commonly used internationally was borrowed from Bangladesh. As such majority of the findings on the strengths and weaknesses of micro-crediting strategy are measured under this pretext. This study, therefore, was designed to fill this contextual gap.

1.4 Objectives of the study

The Specific objective of the Study was to assess the influence of crediting strategy of WEF on the growth of women-owned SMEs.

1.5 Hypothesis of the study

H_{01} There is no significant relationship between crediting strategy of WEF and the growth of SMEs

2.0 Literature Review

2.1 Theoretical Review

According to Kombo and Tromp (2006), a theoretical framework explains a phenomenon. This study was based on the Five Parts theory, Organizational Architectural theory, McKinsey 7S model, Diamond of National Advantage theory; and how each influences WEF strategy in Kenya.

2.1.1 Diamond of National Advantage Theory

According to Porter (1990), any nation is in a position to establish productive variables, like the expertise of manpower, technical know-how, government support, organization culture and a strong knowledge base. This theory identifies key variables that can make a nation to have a competitive advantage over other countries. The variables include adequate skills and innovation, resources, information, and effective company goals. Kim and Mauborgne (2005) further indicate that valuable information is necessary for strategy implementation. According to Ahmed (2002), financial firms obtain customer information in order to establish the creditworthiness and consequently secure the loans once issued. Stevenson and St-Onge (2005) observe further that few women access to credit when financial institutions become more formal due to lack of security. This study sought to establish how accessibility credit of WEF influenced the growth of women SMEs in Kenya.

2.2 Empirical Review

This section provides empirical studies done by different scholars on micro-crediting strategy in relation to accessibility to the provision of credit and its influence on the growth of SMEs in Kenya.

2.2.1 Crediting strategy and growth of SMEs

A study by Ibru (2009) observes that credit facilities are a necessary source of creativity, expansion and business capital. This study notes that resources are critical in supporting entrepreneurial activities because such capital is used for establishing and improvement of existing businesses. Kuzilwa (2005) notes that many SMEs fail to expand due to limited financial resources as this derails the growth of SMEs (Kuzilwa, 2005). Ali and Michael (2003) argue that there is a high percentage of women willing to participate in SMEs in African countries but lack financial ability. Marc (2000) observes that business growth can be measured better in terms of better technical know-how, increased sales, good profit margins, and a high number of job creation. Carpenter and Petersen (2002) argue that business enterprises whose demand for capital is more than the financial resources at its disposal may be limited in its pursuit of business growth. The study points out that the limitation of financial resources is the major reason for the failure of most SMEs in developing countries. Following this scenario, micro-credits become the best solution because the amount of capital needed to operate SMEs is quite low. Micro credits enable entrepreneurs to meet business expenses in terms of capital equipment, maintenance, and expansion.

A study by UWFT (2005) found that most SMEs that had abundance access to adequate funds from financial institutions, especially MFIs, were able to expand their sales and acquire more profits. Such business enterprises were able to obtain assets using the micro-credits. These findings are further supported by a study by UNDP (2000) which established that SMEs in Kenya were able to acquire more assets and technology using credit facilities from MFIs. This study found a positive correlation between the number of loans and attainment of goals and objectives of the SMEs. More studies that have been done show that inadequate financial resources incapacitate business growth and expansion and that more loans empower SMEs to qualify for medium enterprises. The high amount of credit given to entrepreneurs enables their SMEs to employ enough labor than those enterprises that receive fewer loans. Microloans from MFIs that are regular, with fair interest rates and immediate repayment periods, make SMEs sustainable (Makokha, 2006).

Yaron, Benjamin, and Piperk (1997) study indicate that an enterprise can start business activities by obtaining financial resources from either internal or external sources. Internally, a business firm can raise funds from its own savings or part of the profits it retains from its transactions. Externally, a firm can obtain funds from banks, government and non-governmental organization or through microfinance institutions. Women in the SMEs sector do not find either of these sources reliable. Lack of external credit leaves many small-scale entrepreneurs with inadequate savings as the only recourse. Firms with fewer resources find it hard to expand and make high profits. In the developing countries, women entrepreneurs' lack of business capital and inability to access credit for business, are caused by lack of collateral, poverty, inadequate income and societal discriminations (Peter,2001).

Research findings indicate that microcredit loans lend to the poor increases not only their income but also mobilize their savings (Central Bank of Nigeria, 2005). Studies by Sinha and Matin (1998) and Asenso-Okyere *et al*. (1993) on the economies of less developed countries, reveals that small loans granted to women can help them to build capital base which is usually used for investment in small-scale businesses such as fish processing, crop farming, weaving, pottery making, production of art and craft, and food processing. This is shared by Berger (1995) Khandker (1998) and Osmani (2007) who argue that small loans given to women bring financial autonomy and empowerment which may have wider social implications, in terms of more say in family matters, including family finances.

Yunus (2003a) also argues that micro-crediting strategy can help a poor woman to overcome their deprivation. Micro crediting empowers women, socially and financially, to access better medical and educational services. Evidence from the literature shows that adequate credit aids entrepreneurship performance (Cater & Shaw, 2006). The micro-crediting assistance to women entrepreneurs leads to better income, output, employment and overall well-being of entrepreneurs (Kuzilwa, 2005). Access to credit has been found to have a positive impact on business performance in Kenya (Peter, 2001, Kuzilwa, 2005, Samiha, 2007).

Studies show that women entrepreneurs, mostly in developing countries, do not have easy access to credit for their entrepreneurial activity (Iganiga, 2008; Iheduru, 2002; Lakwo, 2007; May 2007), despite the fact that the rate of women participation in the informal sector of the economy is higher than males. Lack of capital to start or run business lead them to request for credits from micro-finance institutions (Porter & Nagarajan, 2005; Roomi & Parrot, 2008). women SMEs in developing nations experience difficulties in obtaining credit for enterprise activities even though the number of female entrepreneurs' engagement is high (Akanji, 2006; Akinyi, 2009; Ibru,2009). Insufficiency of capital compels women to look for micro-crediting. This is necessitated by the inability of women to save, high levels of unemployment and low business income (Porter & Nagarajan, 2005). As Lesvitsky (1983) observes financial credit is a major problem for expansion of business activities at all stages of entrepreneurship. Most SMEs, therefore, fail to expand due to limited financial credit as financial deficiency limits their growth (Yaron, Benjamin & Piperk, 1997).

A study by Lakwo (2007) shows that availability of credit facilities promotes the performance of SMEs. Kuzilwa (2005) and Martin (1999) argue that the amount of credit given to women leads to increased revenues, job creation, and better general living standards of the micro traders. Microcredit, therefore, improves the business performance of women entrepreneurs as well as the well-being of women (Lakwo, 2007). As Ibru (2009) and Kuzilwa (2005) observe women, SMEs lack adequate capital, human capital and social network which make them struggle for small loans. Therefore, providing women with micro-credits provide suitable conditions for women to participate actively in business resulting in high income and generally improved business performance (Brennan, 2008).

Ali and Michael (2003) argue that there are high women participation and growth of SMEs in African countries. As Marc (2000) observes, business growth can be sufficiently be measured in terms of better technical know-how, increased sales, good profit margins, and a high number of jobs. A prospect in business is however thwarted by social-cultural beliefs that limit their full devotion to business activities (Birley & Muzyka, 2000). As Boden and Nucci, (2000) observed societal norms constrain women efforts for business growth. The provision of microloans is seen to be a hurdle to the development of potential businesses owned by women.

According to inadequate initial capital, complex loaning processes, high-interest rates and lack of knowledge on micro-credits in inhibiting the growth of SMEs (ILO, 2008; Peter, 2001).

Hellen (2002) observes that inadequate access to credit is one of the main factors that affect the growth of SMEs in Kenya. Inadequate access to funds makes women entrepreneurs struggle for credit from MFIs (Kuzilwa, 2005). Sessional paper No.2 of 2005 also notes cites inaccessibility to credit as a major factor inhibiting the growth of women SME. This study establishes two categories of problems that hinder acquisition of funds as lack of collateral for loans and limited access to funds from formal institutions by SMEs.

Researchers conducted to determine the influence of crediting strategy on the growth of SMEs, remain debatable (Owusu et al., 2013). Some studies have shown that micro-crediting promotes women enterprises (Holcombe, 1995; Hulme and Mosley, 1996; Khandker, 2003; Valentinov & Chatalova, 2014). Studies by Straus (2010) found that micro-crediting has an insignificant impact on new business creation and growth (Karlan & Zinman, 2009; Banerjee et al. 2009). It has been found out that the microloans are rather used for subsistence instead of promoting the growth of business enterprises (Dichter (2006). Today unsustainable micro-crediting indebtedness is pronounced in many developing countries (Kevany, 2010; Bateman, 2011; Cain, 2010). According to Ghokale (2009), the implementation of micro-credits leads to further engagement with the local loaning agencies for the poor beneficiaries in order to clear the microloans. A large amount of money is used for settling loan deficit instead of being invested in productive ventures (Milford, 2011).

2.3 Knowledge Gap

Women play a key role in economic developing by creating wealth and employment (ILO, 2007). Most SMEs are mainly run by women (Sharma, Sapnadua, & Hatwal, 2012). OECD (2004) and Hassan and Mugambi (2013) note that women micro traders create new jobs and provide viable opportunities for enterprise development. Even though SMEs play a crucial part in economic growth, Straus (2010) shows that female-owned SMEs have high mortality rate than male-owned enterprises. Women enterprises in Migori, Kisii, and Nyamira go through similar experiences. This research, therefore, assesses the influence of crediting strategy on the growth of SMEs.

Studies carried out show a lot of controversy surrounding micro-crediting strategy and its influence on the growth of SMEs. Some studies argue that the amount of credit promote the success of SMEs (Lawal et al., 2009) while other studies indicate that these strategy does not have significant contribution on the growth of SMEs (La Porta & Schliefer; 2008; Kevany, 2010; Bateman, 2011; Cain, 2010; Stoney, 1994). The variation in conclusions could be as a result of varied approaches used to determine the influences. A study that comprehensively evaluates the effectiveness of the micro-crediting strategy of WEF is quite necessary. Due to the varied study findings, this study sought to shed light on the influence of WEF strategy on the growth of SMEs in Migori, Nyamira and Kisii County.

3.0 Research Methodology

3.1 Research design

A research design is a conceptual structure within which research is conducted (Kothari, 2004). Descriptive research design studies all the design information to obtain pertinent information concerning the status of the phenomena and draws conclusions from the facts discovered (Kumar, 2005). Descriptive survey research design was adopted in this study to collect and analyze the opinion of women beneficiaries of WEF on their experience on crediting strategy and growth of SMEs. Using this design, the researcher attempted to find answers to questions by assessing crediting strategy influenced the growth of SMEs. The target population consisted of all groups' leaders beneficiaries of CWEF from all the constituencies of Migori, Nyamira and Kisii Counties. In the current study, the target population was 2032 respondents, and this included all group leaders from a total of 2032 groups. The group leaders were selected purposively because they have experience and detailed information concerning WEF strategy and its influence on SMEs. The researcher targeted women group leaders who benefited from the CWEF between the year 2013 and 2015. A sample size of 335 was used for this study, constituting women group leaders who had benefited from CWEF between 2013 and 2015 in all constituencies of Nyamira, Kisii and Migori counties. The study selected women group leaders from a population of 2032 by using Yamane (1967) sampling frame formula:

$$n = N/1+N(e)^2$$

Where n= sample

N= population

e^2 = margin error (0.05).

$n= 2032/1+2032(0.05)^2$

n=335

Women respondents were selected in a random manner from each site proportionally. Cluster sampling was ideal for selecting women group leaders. A list of all beneficiary women groups was selected from each case study site by the use of simple random sampling, using random numbers through computer programs. The researcher then selected women group leaders from each cluster as respondents. All the women group leaders' of the selected clusters then became units of observation and were included in the sample. Gupta (2008) suggests that a sample is regarded as large if it exceeds 30 and therefore 335 was an appropriate size. The duration of credit was considered an important ingredient to track the impact after a long period. This gave a better understanding if WEF had any influence on the growth of women SMEs.

Structured interview schedules were used to collect primary data from the respondents. According to Mugenda and Mugenda (2003), structured interviews are research tools used to collect information from the study population. The structured interviews had closed-ended questions that were simple to analyze and aided in obtaining quantitative data. Likert scale with 5 response categories was used to measure research variables. Piloting of the research instruments was done to ensure content validity, correct wording, clarity of expression and understandability. Piloting was done on a sample of 10% of the respondents from cluster groups that were excluded from the final study. Cronbach alpha method was used to test the reliability of the research tools. The research tools were administered twice to the same group of respondents in an interval of one week. A reliability of 0.78 was obtained and considered significant for this study. The research instruments were tested and pretested on the randomly selected respondents to ensure that the research tools were accurate and would be correct to be used by others. Content validity was used for this purpose. The quantitative data in this research was analyzed by descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS version 20). In this study, descriptive statistics included measures of central tendencies, measures of dispersion, frequencies, and percentages. The study used ANOVA and regression analysis to establish the relationship between the independent variables and dependent variable. The model $y = \alpha + \beta_1 X_1 + u$ was subjected to a test using linear regression to establish whether crediting strategy was a predictor of growth of SMEs.

Where Y =dependent variable (growth of SMEs)

$X_{1=}$ independent variable (crediting strategy)

α = constant

β_1 =the coefficient of the independent variable u = the error term.

Thereafter results from data analysis procedure were tested to establish if they were statistically significant in order to decide on whether to reject or accept the null hypothesis hold at 0.05 confidence level. Microsoft Excel was used to generate tables and figures for data presentation. The researcher endeavored to maintain ethics while carrying out this research. The researcher sought ethics approval from MKU Ethical Research Committee.

4.0 findings

Three hundred and thirty-five (335) respondents were invited for the interviews, out of which 308 respondents turned up, representing a response rate of 92 %. Sekaran (2000) and Cooper and Schindler (2003) confirm that a response rate above 70% is sufficient for a study. The total sample size of 308 was therefore sufficient enough to guarantee generalization of the study problem.

4.1 Descriptive analysis of crediting strategy on the growth of SMEs

This section provides an analysis of crediting strategy on the growth of SMEs. To determine the influence of the WEF loan on the growth of SMEs, the participants were requested to respond to a set of statements on the five-point Likert scale. The first question was enquiring whether the loan size obtained by women beneficiaries was adequate for successful business growth. Majority of the respondents agreed that the number of loans they received from WEF was adequate for business growth as evidenced by a mean of 2.040 while a standard deviation of 1.2077 shows that some respondents did not agree with the statement. The standard deviation indicates a high variation from the mean. The respondents were also asked whether loan provision from WEF improved sales turnover. The mean of 2.0957 indicates that majority of the respondents were in agreement with this statement. The standard deviation of 0.85394 indicates a small variation from the mean score depicting that some respondents were not in agreement with this statement. This response signifies a positive relationship between loan provision and savings. The respondents' opinion was also sought to establish whether loan provision from WEF improved savings of the loan beneficiaries. The findings indicate that majority of the beneficiaries agreed that the loans they received from SMEs enabled them to save as reflected by a mean score of 2.0651 and a standard deviation of 0.88321. This response signifies a positive relationship between loan provision and savings. As per the fourth question on whether the provision of the loan from WEF promoted employment, the mean of 2.51132 indicates that majority of the respondents were in agreement with the statement. A standard deviation of 1.22635 signifies many variations from the mean depicting that some of women beneficiaries did not find a positive correlation between WEF loans and creation of employment. On the issue of whether the loan obtained from WEF eventually increased family consumption of the loan beneficiaries, the mean score of 2.1765 indicates that majority of the participants were in agreement with the statement while the standard deviation of 0.84634 shows that some of the respondents did not agree with this statement. However, this response signifies a positive relationship between loan provision and family consumption. Lastly, the respondents were asked about whether the loan size they received promoted business growth. A large number of the respondents agreed that the loan size obtained from WEF indeed had a significant effect on business growth. This is reflected by a mean score of 2.0422 and a standard deviation of 0.90322. The response is a reflection of a positive relationship between the loan size from WEF and business growth. In conclusion, the results from the mean and standard deviation in the table 4.1 below show that there exists a significant relationship between the crediting strategy of WEF and the growth of SMEs.

Table 4.1 Respondents opinion on crediting strategy and growth of SMEs

Statement	Observation	Mean	Std. Deviation	Variance	Min.	Max
Is the loan size adequate for business growth	**308**	2.040	1.20770	1.459	1.00	5.00
Does the loan provision improve sales turnover	**308**	2.0957	.85394	0.729	1.00	5.00
Does the loan provision improve savings	**308**	2.0651	0.88321	0.780	1.00	5.00
Does the loan provision promote employment	**308**	2.5113	1.22635	1.504	1.00	5.00
Does the loan provision improve family consumption	**308**	2.1765	0.84634	0.716	1.00	5.00
Does loan size promote business growth	**308**	2.0422	0.90322	0.816	1.00	5.00

Source: author's computation (2017)

4.2 Regression analysis of crediting strategy on the growth of SMEs

The model $y = \alpha + \beta_1 X_1 +$ u was subjected to a test using linear regression to establish whether crediting strategy was a predictor of growth of SMEs. Algebraically the model as follows:

Growth of SMEs $y = \alpha + \beta_1 X_1$ + u

Where Y =dependent variable (growth of SMEs)

$X_{1=}$ independent variable (crediting strategy)

α = constant

β_1 =the coefficient of the independent variable

u = the error term.

The table below represents a regression model for crediting strategy and the growth of SMEs. As shown in the table, the coefficient of determination R square is 0.369 and R is 0.608, at 0.05, significance level. The coefficient of determination indicates that 36.3% of the variation in crediting strategy influences the growth of SMEs. This means that 36.3% of the variation in the business growth is explained by crediting strategy. This implies that there exists a positive relationship between crediting strategy and the growth of SMEs.

Table 4.2 model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.608[a]	0.369	0.363	.66691

Source: author (2017)

The ANOVA results as shown in table 4.3 below confirm that the model fit is appropriate for this data since the calculated p-value of 0.000 is less than the critical value of 0.05. This implies that there is a significant positive relationship between crediting strategy and the growth of SMEs. The F-statistics of 57.610, shows that it is very unlikely that the results are computed by chance and are highly significant (P<0.001).

Table 4.3 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	76.868	3	25.623	57.610	.000[b]
1	Residual	131.205	295	0.445		
	Total	208.074	298			

Source: author (2017)

The results further indicate that crediting strategy has a positive and significant influence on the growth of SMEs. The fitted model Y= 0.881+0.196 implies that any unit change in crediting strategy results to an increase in growth of SMEs by the rate of 0.196.

Table 4.4 coefficients

Coefficients	Std. Error	t	Sig.
0.881	.140	6.309	.000
0.196	.039	5.023	.000

Source: author's computation (2017)

4.3 Hypothesis testing

To determine whether crediting strategy influences business growth of SMEs, a null hypothesis (H_{01}) which states that "There is no significant relationship between crediting strategy of WEF and the growth of SMEs" was tested. The ANOVA results shown in Table 4.3 confirms that the model fit is appropriate for this data since the calculated p-value of 0.000 is less than the critical value of 0.05. This implies that there is a significant positive relationship between crediting strategy and the growth of SMEs. The null hypothesis is rejected and the alternative hypothesis which states that "There is a significant relationship between crediting strategy of WEF and growth of small and micro enterprises" is accepted.

5.0 Conclusion

The findings of the study revealed that there was a positive and significant relationship between crediting strategy provided by WEF and the growth of SMEs. The general overview is that, providing women clients with microloans results to the improved business growth of SMEs in terms of improved sales turnover, business savings, and employment opportunities. From the findings, it is therefore prudent to conclude that the provision of credit to women clients of WEF helps to increase the growth of SMEs.

5.1 Recommendations

From the study findings, in regards to the influence of the crediting strategy on the growth of SMEs, the study recommends that the government increases the loan sizes so as to empower women beneficiaries with more funds to finance their business activities. The current minimum amount of Ksh. 100,000 and a maximum of K.sh 300, 000 are insufficient for the groups, whose maximum number is unlimited. Adequate loan sizes will ensure the growth of SMEs by enhancing savings, sales turnovers, family consumption, and create more jobs.

5.2 Suggested areas of further study

The researcher recommendations other studies to be undertaken on the evaluation of government micro-crediting strategy on the growth of women-operated SMEs by focusing on Financial Intermediaries scheme.

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