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

The implementation of micro-crediting strategy helps to boost the performance of women-owned and operated Small and Micro Enterprises (SMEs). The growth of SMEs is reflected when there are high sales, job opportunities, profits and sustainable business activities. Despite this, women entrepreneurs lack access to micro-crediting strategies to enhance their economic activities. The Kenyan government introduced Women Enterprise Fund (WEF) as a micro-crediting strategy to boost women SMEs in the country. Each constituency in Kenya is allocated Kshs.2 Million each year. In spite of this effort, assessment of WEF indicates variation in the utilization and repayment of the fund in which case some constituencies utilize the loan well while others don't. Most women entrepreneurs have weak social capital. The purpose of this study was therefore to evaluate the influence government micro-crediting strategy on the growth of women SMEs. The specific objective of this study was to assess the influence of social capital strategy on the growth of small and micro enterprises 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. Quantitative 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 the study were that: there was a positive and significant relationship between social capital strategy and growth of SMEs. The study recommended the promotion of awareness campaigns on WEF group formation to boost social capital in the country.

Key Words: *Women Enterprise Fund, Social Capital Strategy, SMEs*

1.0 Background information

SMEs are important ventures for improving the welfare of poor women (ILO, 2007). According to the study by Organization for Economic Cooperation and Development (OECD) (2004), the SME sector remains the undisputed great contributor to economic growth and development. This is because these enterprises provide room for poor women to exploit their economic potentials fully especially through self-employment (Hassan & Mugambi, 2013; OECD, 2004). The SMEs, therefore, play central roles in uplifting favorable conditions for the generation of income and job opportunities (Pelham, 2000; Littlefield, 2004). However, there are concerns about the sustainability of enterprises implemented through micro-crediting. According to Straus (2010), the micro-crediting strategy is insignificant in boosting the development of women SMEs. Further studies reveal that women businesses perform poorly compared to men operated business enterprises (Akanji, 2006). This is because women have inadequate credit facilities, poor saving opportunities, insufficient training services and inadequate social networks (Adhiambo, Okelo & Ojera, 2013; ILO, 2007; Shane, 2003). Kenya is an example of nations facing such hurdles.

In the USA, the poor economic conditions have compelled most individuals to abandon formal jobs and seek self-employment in the informal sector. The number of females looking for micro-credits has gone up in the USA as the country has been undertaking major changes in the formal sector. However current trends show a major decrease of the SMEs (Buchanan, 2015). The provision of micro-crediting strategy has promoted women status in the family significantly. Women participation in the SMEs sector has indeed empowered women economically hence reducing the domestic violence that was previously pronounced. Women have been accorded respect from their husbands, unlike there before (Kabeer, 1998).

According to Sharma, Sapnadua, and Hatwal (2012), most of the SMEs are managed by female traders in developing economies basically as a matter of surviving but not for growth, business expansion and making more profits (Selamat, AbduRazak & Sanusi, 2011). In spite of this scenario, women continue to be active in the informal sector and as such remain fundamental for promoting grassroots developments. The environment where the majority of the women conduct their business activities provides hindrances that mostly affect business growth. Women enterprises are therefore affected by cultural practices (ILO, 2007).

In most African countries, women are not fully utilized as potential human resources. Ali and Michael (2003) indicate that over the years women have actively participated in business through SMEs, but their growth has been insignificant in many Sub-Saharan African countries over time. Studies show that SMEs business growth indicators can be measured through sales turnover, profits, number employees and technology (Marc, 2000). According to Mattis (2000) female owned and operated economic entities have low performance in relation to job creation and sales turnover. Boden and Nucci (2000) strongly observe that social-cultural factors and poor social networks among women hinder the performance of their entrepreneurial activities.

In Kenya, the SMEs sector contributes significantly to the GDP of the Kenyan economy (Financial Service Deepening (FSD), 2011). This report shows that SMEs contribution rose significantly to around 40 percent in 2008 over the year. The economic contribution of SMEs sector to the GDP rose from 13.8 percent in 1993 to about 40 percent. The SMEs provides about 80 percent of all employment and contributes to around 92 percent of new employment opportunities in the country (GoK, 2009). The vision of micro-crediting strategy is, therefore, to steer the growth of SMEs by providing easy access to credit to many people in Kenya (FSD, 2009). Micro crediting strategy remains a key element of the economy as it is considered to be an agent of enterprise growth as it promotes job creation and overall economic growth (Kinyanjui, 2006).

Despite this positive contribution of the SMEs to the economy, the International Finance Corporation (IFC) (2011) points out very significant hindrances faced by SMEs including inadequate market information and poor of access to micro-credits (RoK, 2005; RoK, 2008). Further studies observed that female operated and owned SMEs are mostly smaller and prone to many obstacles compared to male-owned enterprises (Stevenson & St-Onge, 2005). These women entrepreneurs are also highly affected by patriarchal structures and have low survival rates than male-owned SMEs (Nyang'au, 2002; Stevenson & St-Onge, 2005). These challenges influence their performance and overall contribution to economic growth (FSD, 2009).

1.2 Women Enterprise Fund

The Government of Kenya’s Vision 2030 strategy recognizes a key role SMEs play in the economic development of the nation. Kenya’s Vision 2030 objectives provide room for financial inclusion; increased transparency and affordability, and a high level of competition in the financial sector for the benefit of the people and the broader economy (Kenya’s vision, 2030). A lot of effort has been made to promote women participation in the SMEs sector as well as developing an understanding of micro-crediting strategies (IMF, 2012).

To stress the significance of women inclusion in economic development (OECD, 2004), the Kenyan government considers the support of women enterprises to be a key priority. The government of Kenya, therefore, having noticed the importance of SMEs integrated the informal sector into the national development agenda (the Republic of Kenya, 2004) and established WEF strategy to empower women SMEs in 2007, through the then Ministry of Gender, Children and Social Development. The government of Kenya established

WEF strategy in order to empower women finically, as stipulated in international development goals. Successful execution of this strategy implies growth and sustainable SMEs (WEF, 2009). WEF was initiated to boost the fulfillment of vision 2030. The fund was motivated by the great success of microfinance institutions, which attained over 90 percent loan repayment hence improving women welfare. The implementation of WEF is under the Ministry of Devolution and Development (WEF, 2009; WEF, 2015).

WEF strategy was set up to mainly provide credit to female traders to commence or expand their businesses in order to generate wealth and create jobs. This strategy provides affordable credits through microfinance institutions, registered NGOs and SACCOs for on-lending to SMEs enterprises. WEF centers further provide advisory, training and information services to women thinking about starting a business as well as expand their business. The fund's management links groups to larger enterprises and helps in marketing goods and services of the clients both locally and internationally. The management also provides access to capital to existing and controlled women businesses or to help women entrepreneurs to create a business. Successful execution of this fund is meant to solve the daily challenges women face establishing, operating and growing sustainable SMEs (WEF, 2009 WEF, 2015).

The WEF Provides loans to women through Constituency Women Enterprise Fund (CWEF) and Financial Intermediaries (FIs) partners channels. CWEF loans- Jiinue loans are allocated to small scale micro traders without any charge of interest (Government of Kenya, 2009). Under the CWEF, the government disburses interest-free loans to support women entrepreneurs . The loan is offered in three installments, of one hundred thousand, two hundred and three hundred respectively. The minimum number of each women group is ten without a ceiling on the maximum size (WEF, 2009). FIs (Jimarishe loan) loan is given to individual women, self-help groups or companies owned by women at 8% rate of interest per annum on reducing the balance. A maximum amount per borrower is ksh.200, 000 and an amount ksh.500, 000 requires W.E.F. board's approval, and repayment is to a maximum of 36 months, and flexible security differs depending on a financial intermediary (Kawia, Njati, Thiaine & Guyo, 2014; Hassan and Mugambi, 2013).

According to WEF strategy, training services are offered to the clients to enhance business management skills. A training fee of Ksh. 100 is charged for each member. Group members are given training services on general business management skills as a condition for a loan application. A loan tracker booklet is issued to the group at the cost of K.sh 200 to monitor their transactions once they receive the loans. This supervisory strategy is executed to ensure loan repayment and loan utilization. The loan is interest-free with only 5 percent administrative fee and is repayable within one year with a grace period of one month. The repayment of loans is made through Mpesa or KCB. County operations are done by assistant credit manager in regional headquarters (WEF, 2015).

Reports indicate that most women clients do not have entrepreneurial skills to utilize the loans effectively. Inaccessibility to financial creditors is a common feature in arid and semi-arid areas. There is also lack of information about WEF concerning its accessibility and significance. Some group members are not able to select viable business opportunities. Additionally, low illiteracy levels render most clients unable to understand business plans especially those framed in English (WEF, 2009; WEF, 2015). The application process to obtain a loan from the CWEF is a major failure. In some places, the loan application forms are not available while in some cases the forms are issued in secrecy. Some creditors charge interest rates higher than the market rate while others require loan security before giving the loans. It has also been noted that the fund lack branding and this has led to the fund taking various names in government circles by the financial intermediaries, leading to confusion (WEF, 2015).

The uptake WEF funds are currently generally low. More than Sh300 million allocated to the WEF to be taken as loans have not been taken up in the constituency and from microfinance institutions . Further studies show that out of Sh1.5 billion allocated to the fund since its inception in 2009, only Sh1.15 billion has been lent to business women, leaving over 23 percent unutilized. The constituency channel of disbursement shows worse performance as over 33 percent of funds have not reached the target because out of the Sh465 million allocated, only Sh308 million has been loaned out (Mburu & Guyo, 2015).

1.3 Statement of the problem

The government of Kenya introduced WEF as a micro-crediting strategy to promote the growth of SMEs (Lois & Annette, 2005). This came as a realization that most women were left out of the formal banking services and therefore only a limited number of SMEs benefit from financial credits. 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). Poor social capital has been noted to be one of the hindrances to the growth of SMEs (Kibas, 2006; WEF, 2015).

The implementation of WEF strategy has not achieved much in terms of growth of SMEs. Poor growth of women SMEs is a common phenomenon in Kenya (IFAD, 2012). It is 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 micro crediting strategy on the growth of SMEs have produced varied findings in Kenya. Furthermore, the micro crediting model most commonly used internationally was borrowed from Bangladesh. The current literature is biased towards developed nations, creating a further gap in the emerging economies and their unique needs. 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 Objective of the study

The Specific objective of the Study was to assess the influence of social capital strategy of women clients of WEF on the growth of women owned SMEs.

1.5 Hypothesis of the study

H_{01} There is no significant relationship between the social capital strategy of women clients of WEF and the growth of SMEs.

2.0 Literature Review

2.1 Theoretical Review

This study was based on the Five Parts theory

2.1.1 Five Parts theory

According to Mintzberg (1980) organizations comprise five main parts. The operating core constitutes people who perform basic work of producing goods and services. The strategic apex ensures that the organization serves its purpose and the managers of the organization. The middle line managers perform delegated formal authority. The technostructure includes analysts who serve the organization in training others. The support staffs provide services outside the operative workflow. Mintzberg established that the management allocates resources, monitors the resources and relay information to others. Mintzberg (1994) observes that as a perspective, strategy gives the organization an image that reveals how people locate and perceive it. Kaplan and Norton (2001) equally identify communication and linkages as essential components of strategy implementation. According to Aldrich (1989) social networks through memberships in associations' affect business performance. Women entrepreneurs are involved in different networks than men. This study attempted to establish how social networks of women beneficiaries of WEF fund influenced the growth of SMEs in Kenya.

2.2 Empirical Review

This section provides empirical studies done by different scholars on social capital strategy and its influence on the growth of SMEs in Kenya.

2.2.1 Social capital strategy and growth of SMEs

According to Zuwarimwe and Kirsten (2010), the main role of social networking is to serve as a nerve center of information. Sabatini (2006) examines social network as the glue that unites people and their economic activities. Study findings on enterprise development demand social networking among the stakeholders. Successful micro traders tend to make use of social capital in promoting the performance of their business (Kickul et al. 2007**).** Social networking in an enterprise results in tremendous benefits due to high cooperation and information sharing among the traders. As noted by Massey and Maria (2011) this, in turn, leads to better performance of the enterprises. The same views are shared by Sathiabama (2011) who argues that women social networking results to woman empowerment. Despite these positive benefits, social capital faces problems that make its performance to below. Poor sharing of information, social norms, and inappropriate business management skills are disincentives to business growth (Kibas, 2005).

Studies by OECD (2004*)* indicate that there is less social capital among the females compared to the males. The women networks are mostly linked to the family related tasks that may be a challenge in the marketplace. Women social capital is adversary affected by the traditional division of labor. This report explains that women entrepreneurs are a major source of knowledge and essential tools in the growth of SMEs. The study shows that women are different from men in relation to the nature of networks they form but lack the crucial information needed for effective enterprise development. This is because social capital is very resourceful to the success of the business.

Literature available observes that most women use group formation to acquire funds for enterprise activities. However, group conflicts are a common feature in this type of borrowing. Women prefer individual credits rather than group loans because personal loans are much more. Conflicts within the group emerge because some members are not open to how they utilize the funds. The maximum amount of individual loans is about Ksh 500,000. Despite this, there are tough conditions for a person to qualify for individual loans. In this case, they need security for the loan, some business experience, an operational business plan and bank account to qualify for the credit (Kadurenge, Wokabi, Ng'etich, 2014).

Women join groups as social units due to a strong sense of solidarity exhibited in such social environment. Women solidarity becomes a powerful tool for empowering women in making sound business decisions and sharing of information relating to business matters. Microfinance institutions tend to make women more attractive to microfinance providers than men. This is informed by the assumption that women are more docile when they are in groups and easier to manage in microfinance programs than men groups (Rahman, 1999). Women clients respond to peer pressure and will do what it takes to repay their loans from MFIs. Most of them don't like a shame that is associated with loan defaulting and are therefore loyal to their group and MFIs. These presumptions are the actual motivations that make MFIs focus more on women than on men. It is argued that MFIs tend to gain more from micro crediting than women do (Rahman, 1999).

According to Olomola (2002), group networks are essential elements for starting and developing business enterprises even though most female small scale traders lack these networks that could help them to obtain microcredit strategies. Social links contribute greatly to the development of SMEs in many parts of Africa

(Lawal et al.; 2006). According to Rahman (1999), group formation strategy improves implementation of microcredit programs. The finding shows that women solidarity empowers the capability of making sound business decisions by supporting business needs through information sharing. As Olomola (2002) observes most micro traders in most parts of the world do not have adequate networks hence the failure to practice linkages deny them the opportunity to share business information. This is in spite the fact that social networks have a profound effect on the effectiveness of SMEs (Lawal et al., 2009). Boden and Nucci (2000) indicate that inadequate social networks hinder the success of SMEs from the time the business starts to operate. In spite of all these, there are inadequate studies connecting microcredit strategies and the growth of SMEs (Isidore, Norsiah, Razli, 2010).

2.3 Knowledge Gap

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, social capital, training and micro saving strategies promote the success of SMEs (Lawal et al., 2009) while other studies indicate that these strategies do not show any sign of contribution on the growth of SMEs (La Porta & Schliefer; 2008; Kevany, 2010; Bateman, 2011; Cain, 2010; Stoney, 1994). A study that comprehensively evaluates the effectiveness of micro crediting strategy of WEF is quite necessary. Due to the varied study findings, this study sought to shed light on the influence of social capital 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 social capital strategy and 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 (social 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 social capital strategy on business growth

In this section, the analysis was done to establish the influence of social capital strategy on the growth of SMEs. The results of the analysis are shown in table 4.1 below. Firstly, the study sought to establish whether women awareness on WEF activities improved business growth. The findings indicate that majority of the respondents agreed with the statement as shown by a mean of a score of 2.1456 and a standard deviation of 0.96774. This standard deviation shows a small variance from the mean. This response, therefore, implies a positive relationship between women awareness on WEF activities and growth of business activities.

As to the statement on whether social bonds among women clients facilitated loan utilization, the majority of the respondents concurred with the state as shown by a mean of 2.2848. The standard deviation of 1.17459 indicates many variations from the mean, signifying that some of the respondents disagreed on the significant relationship between social bonds and business growth.

Furthermore, the respondents were asked to respond to whether group problem solving of business matters improved business growth. Majority of the respondents agreed that sharing and solving business problems jointly assisted the beneficiaries to improve their business growth as reflected by a mean of 2.7508. The standard deviation of 1.32387 indicates much variability from the mean score. This implies that some respondents were not in agreement with the statement since they did not find a significant relationship between these two variables.

On the statement of whether group unity encourages loan repayment among the clients, a mean of 2.8864 indicates that majority of the respondents agreed that group unity had indeed helped most beneficiaries to repay their loans while a standard deviation of 1.34700 shows some of the respondents disagreed with the statement. This response shows much variability from the mean, implying that some beneficiaries did not find a positive relationship between group and loan repayment,
Lastly, on the question of whether social capital improves business growth, a mean of 2.6136 indicates that a large number of respondents agreed to the statement by acknowledging that social capital promotes growth of their SMEs whereas a standard deviation of 1.27750 indicates much variability from the mean, which implies that some respondents did not find significant relationship between social capital strategy and business growth.

Table 4.1 Respondents' opinion on social capital strategy and growth of SMEs

Statement	Frequencies	Mean	Std. Deviation	Variance	Min	Max
Does women awareness improve business growth	**308**	2.1456	0.96774	0.937	1.00	5.00
Do social bonds facilitate loan repayment	**308**	2.2848	1.17459	1.380	1.00	5.00
Does group problem solving of business matters improve business growth	**308**	2.7508	1.32387	1.753	1.00	5.00
Does group unity encourage loan repayment	**308**	2.8864	1.34700	1.814	1.00	5.00
Does social capital improve business growth	**308**	2.6136	1.27750	1.632	1.00	5.00

Source: author's computation (2017)

4.2 Regression analysis of social capital 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 the social capital 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 (social capital strategy)

α = constant

β_1 =the coefficient of the independent variable

u = the error term.

The table below represents a regression model on social capital strategy and the growth of SMEs. As represented in the table, the coefficient of determination R square is 0.031 and R is 0.177 at 0.05, significance level. The coefficient of determination indicates that 22% of the variation in social capital strategy influences the growth of SMEs. This confirms that there exists a significant positive relationship between social capital strategy and growth of SMEs.

Table 4.2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.177[a]	.031	.022	1.20466

a. Predictors (Constant)

The analysis of variance further confirms that the model fit is appropriate for this data since the calculated p-value of 0.024 is less than the critical value of 0.05 as shown in the table below. This implies that there is a significant positive relationship between social capital strategy and the growth of SMEs. The F-statistics of 3.180, shows that it is very unlikely that 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.
1	Regression	13.845	3	4.615	3.180	.024[b]
	Residual	426.652	294	1.451		
	Total	440.497	297			

Source: author's computations (2017)

a. Dependent variable: the growth of SMEs,

b. Predictors: social capital strategy

In the table below the results demonstrate that social capital strategy has a positive and significant effect on the growth of SMEs. This is the fitted model Y= 1.323+0.302 which implies that any unit change in social capital strategy has an effect on the growth SMEs by the rate of 0.302.

Table 4.4 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.323	0.155		8.521	.000
	Social capital factors	0.302	0.064	0.281	4.693	.000

Source: author's computation (2017)

4.3 Hypothesis testing

To determine whether the social capital strategy of women clients of WEF influences the business growth of SMEs, a null hypothesis (H_{01}) which states that “There is no significant relationship between the social capital strategy of WEF and the growth of SMEs was tested. Since the calculated p-value of 0.024 is less than the critical value of 0.05 as shown in table 4.3, it implies that there is a significant positive relationship between social capital strategy and the growth of SMEs. The null hypothesis (H_{01}) is rejected and the alternative hypothesis (H_{01}) which states that: “There is a significant relationship between the social capital strategy of WEF and the growth of SMEs” is accepted.

5.0 Conclusion

The study’s findings established a positive and significant relationship between social capital strategy and the growth of SMEs. The overall implication is that social capital strategy leads to the improved growth of SMEs in terms of business growth, improved loan utilization, and loan repayment. From the findings, it is it can be concluded that social capital strategy of women clients helps to increase the growth of SMEs.

5.1 Recommendations

In regards to the influence of social capital strategy on the growth of SMEs, the study recommends that the WEF agency should promote awareness on WEF group formation. Such women groups encourage loan utilization, loan repayment, and business problem solving among loan beneficiaries.

5.2 Suggested areas of further study

The researcher recommends other studies to be undertaken on the evaluation of other strategies not addressed in this study.

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