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Effects of Credit Training Skills on Sales Performance among Women Entrepreneurs in Elgeiyo Marakwet County, Kenya

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Abstract

This research study sought to evaluate the effectiveness of Kenya Women Finance Trust (KWFT) training skills on sales performance of women micro-enterprises in Iten town, Elgeiyo Marakwet in Kenya. The research objectives were; to identify the effectiveness of KWFT credit training skills on sales performance of women micro-enterprises; and to examine the effectiveness of financial skills on the performance of micro-enterprises. Relevant literature on training and women micro-enterprises was reviewed. The study was guided by social capital theory identified by Chibber A. (2000) as being the value of social networks, bonding and bridging between diverse people with norms of reciprocity. The study adopted descriptive survey research design. The research instruments used were questionnaires and interviews. The instruments were developed and piloted before they were used. The study population comprised of ninety six women entrepreneurs. A sample size of thirty two women entrepreneur's respondents that represented 30% of the target population were selected through simple random sampling procedure. The data collected was analyzed using descriptive statistics; mean scores, percentages pie-charts, histogram and tables. The findings show credit skills are pertinent to borrowing for any micro-enterprises, women micro-enterprises increased greatly with knowledge on credit skills, marketing and financial skills offered by KWFT institution. The importance of planning and management skills is strongly emphasized by the study. The study recommends emphasis on methods of training and integrating the intervening variables that influence training outcomes given to women entrepreneurs in Elgeiyo Marakwet County. The findings of this study provides useful knowledge to KWFT policy makers, contributes knowledge on the role of women in micro-enterprises, knowledge to scholars and researchers in the field of micro-enterprises and assists governments in formulating economic policies particularly in regard to challenges facing women micro-enterprises.

Keywords: financing women, business skills, challenges of women entrepreneurs.

INTRODUCTION

Female entrepreneurs face problems common to all entrepreneurs, Justin G. et al (2003). The lack of access to credit has been a frequent problem for women who enter into business. Loan officers have pointed out that many times female applicants lack a track record in financial management and this creates difficulties in their loan approval by micro-finance institutions Dondo (1999). Access to financial resources has long been considered a stumbling block in the way of the success of women in micro-enterprises. It is believed that improving such access will enhance the performance of women's micro-enterprises.

A study in Ethiopia by Amha et al, (2002) showed that the rate at which women's micro-enterprises were set up increased once credit facilities began to be offered on women's doorsteps by microfinance institutions (MFIs). Amha et al, (2002) stated that the objective of MFIs is poverty reduction and the sources of their loan funds are mainly provided by donors. This is significant, as one of the main concerns of donors is in seeing that the bottom layer of the population have access to credit and eventually earn a living. This dictates the spending and allocation of much of the MFIs' resources.

However, the dependency of MFIs on donors raises some concern about the sustainability of supporting women's micro-enterprises. If the aim of providing microfinance to women is to help them achieve self-sufficiency, then the persistence of donor support defeats this purpose (Benzing et al, 2009). Therefore, this study aims to demonstrate how credit skills training can be used to attain self sufficiency among women's micro-enterprises.

One characteristic of MFIs is that their credit delivery modality is largely group-based, Williams, S. (1994). This is done to overcome the problems posed by borrowers' inability to put up individual collateral for individual loans. However, as the financial profiles of clients improve, the group system may not for the reasons; they continue to be practical, useful or relevant (Amha et al, 2002). For instance, one group member may want to borrow significantly more than the others, presumably to expand her business, but this may not be possible due to the size and structure of borrowers' groups. Thus microfinance models may actually hinder the growth of women's micro-enterprises. This study will seek ways in which credit skills training can be used to mitigate the constraints of microfinance borrowers' groups.

According to UNIDO (2004), entrepreneurial activities in Africa are gendered in terms of access, control and remuneration of resources. This creates handicaps that include insufficient capital, limited expansion and women's networks being restricted to micro-entrepreneurial activities. The aforementioned findings are confirmed by a World Bank (2005) study, which states that due to limited opportunities in the formal sector in Africa, many women are forced to work in the poorly paid and largely unregulated informal sector. In addition to gender, the study cites class as another obstacle to access and control over resources. This phenomenon of gender inequality to access and use of resources has placed many African women in low economic status and contributes to social disintegration, including unemployment (UNDP, 2010).

Training and education in financial management skills could enable women to acquire the necessary skills to save and to develop the confidence to explore viable business ideas and market opportunities for their products or services. This is particularly true at the moment due to the growth of e-business and telecommuting. It is now possible for women to do commercially viable work from home. Some skills in elementary accounting like financial recording and reporting are needed. The larger and more elaborate the enterprise or project, the more of the financial skills will be needed (Otuya, 2003). The most important conceptual point to make in financial training is that every transaction represents two elements: one party gives an amount of money, and another party receives that amount of money. That duality is represented in the principle of double entry accounting, (Justin G. et al, 2003).

The theoretical framework of this study will base on social capital theory which is mainly used by the poor without collateral in microfinance group lending. According to Chibber, A. (2000), the effort to alleviate poverty traditionally is used and was based on natural capital, physical or produced capital and human capital. Together they constitute the wealth of nations and form the basis of economic prosperity. His criticism is that the three types of capital determine only partially the effort to keep poverty at a minimal level but forgets to recognize the way in which the poor interact and organize themselves to generate growth and development. He says the missing link is social capital. This study will be guided by this theory in evaluation the effectiveness of credit training skills on sales performance among women entrepreneurs in Elgeiyo Marakwet County (EMC), Kenya.

Kenya Women Finance Trust (KWFT) is one of the many micro-finance institutions operating in Kenya funding women micro-enterprises. Majority of the women entrepreneurs are home workers with no direct information and skills on key matters that have a bearing on their enterprise performance. These skills include business finance, saving, customer relations, record keeping, business management and marketing skills, (Nakumicha, R.S, 1994).

Many Micro-finance institutions emphasize credit expansion and credit recovery in their programmes yet there are drop-outs and majority of them do not improve or expand, Stotsky, J.G. (2006).These cases of drop-outs may indicate inadequacy in training skills offered by micro-finance institutions. This study therefore evaluates the effectiveness of the training skills offered by KWFT on performance of micro-enterprises in Elgeiyo Marakwet county, Kenya. The study objectives are; to identify the effectiveness of training on credit skills offered by KWFT on the sales performance of micro-enterprises and to examine the effectiveness of training on financial skills of micro-enterprises in EMC.

The limitations in this study include response bias and unavailability of some respondents during questionnaire administration. These had to be replaced by available respondents in the study. The findings of this study provides useful knowledge to KWFT policy makers, contributes knowledge on the role of women in micro-enterprises, knowledge to scholars and researchers in the field of micro-enterprises and assists governments in formulating economic policies particularly with regard to challenges facing women in micro-enterprises.

MATERIALS AND METHODS

The study adopted a descriptive survey design to evaluate the effectiveness of KWFT credit training skills on the performance of women's micro-enterprises in Iten Town, Kenya. According to Kothari (2004), descriptive research studies are designed to obtain pertinent and precise information concerning the current status of the phenomena and where possible draw valid general conclusions from the facts discovered. Onen, D. and Oso, W. (2009) similarly perceive a descriptive survey design as one that provides an investigator with quantitative and qualitative data. The study area is peri-urban consisting a mix of the rich and poor; the literate and illiterate; businessmen and women.

Simple random sampling was utilized because every element in the population has an equal chance of being included in the sample. Simple random sampling was used to identify thirty two women entrepreneurs/respondents who are beneficiaries of, KWFT at Iten town. This sample represents 30% of the total women beneficiaries who are ninety six in number. Kerlinger, (1983) observes that a sample of 30% is representative of the population to be studied. Data from sampled respondents was collected using a questionnaire. In addition observation and key informant interviews were conducted to provide in-depth information on the study topic. These were selected through purposeful sampling.

To ascertain reliability and validity of the instruments, the questionnaires were prepared and submitted to the supervisor for cross checking and to assess the relevance of the content. The questionnaires and interview guides were pre-tested, modified and made free from ambiguity. Pilot study was carried out three weeks prior to the main study among respondents outside the sampled respondents.
Data collected was edited and checked for completeness; then coded and entered into the computer for analysis. The Statistical Package for Social Sciences (SPSS) was used to analyse quantitative data. Qualitative data was sorted and themes developed in line with the research objectives. Cross tabulations were used to analyze relations between elements in the study. Descriptive statistics were used to present data by way of frequency distribution and percentages.

RESULTS AND DISCUSSION

Demographic Data of the Business women

Table 1.0 shows age categories of the respondents in the study. From these research findings, it is noted that majority 46.9 %, of the business women are middle aged 36-45.5 years. The youthful group constitutes 25 %.

Table 1.0: Age of Respondents

Age		Frequency	Percent
	<25.5	5	15.6
	26 - 35.5	8	25.0
	36 - 45.5	15	46.9
	46-55.5	4	12.5
	Total	32	100.0

Education levels of the respondents

Education forms a foundation for successful business management. The researcher sought to find out the education levels of the business women who participated in the study. Table 1.2 summarizes the education levels of the business women. Data shows 46.9 % did attain secondary education, 21.9 % attained a tertiary level college and 31.2% reached primary level of education.

Table 1.1: Education Level of Respondents

Education Level		Frequency	Percent
	Primary	10	31.2
	Secondary	15	46.9
	Tertiary	7	21.9
	Total	**32**	**100.0**

CHARACTERISTICS OF MEMBERSHIP OF KWFT

Length of Business Operations

In terms of duration that respondents have been in business, most of them reported for some time now. This follows the fact that KWFT policy requires that members must be doing and continue to do business. Twenty one percent (21.9 %) of the respondents have done business at least 5.5 years ago. The research findings also showed a very important characteristic of the business women. They had just joined KWFT less than two years ago. The reason given is because KWFT had just established an office in Iten town. The financial services had been brought closer to them as opposed to when they had to travel to Eldoret town (35 Km away). Table 1.3 and table 1.4 depict these data.

Table 1.2: Length in years of operating business

Length of years in business	Frequency	Percentage (%)
<5.5	7	21.9
6 - 10.5	10	31.2
11-15.5	11	34.4
16-20.5	3	9.4
Over 20.5	1	3.1
Total	**32**	**100.0**

Table 1.3: Year that you joined KWFT

Year	Frequency	Percent
This year	3	9.4
Last year	29	90.6
Total	32	100.0

EFFECTS OF TRAINING ON BUSINESS OPERATIONS

Effectiveness of training on credit skills

Credit skills are the bedrock upon which the entire financial organizations or the banking industry is built. Understanding the nature of the risk when lending money is fundamental to all sound financial institution. KWFT training offers distinct credit training products aimed at different ability levels. The one offered in the study area befits small upcoming businesses. Basically training on credit covers the fundamental aspects of lending, cash flow and leverage. Building knowledge step-by-step through the use of presentations, simulation and interactions, the business women delegates will gain understanding on all these aspects. When the clients are able to manage credit obligation the financial organization is set to escalate their profit.

KWFT offers training to women to establish and expand upcoming Small and Medium sized Enterprises (SMEs). The training is a program aimed at giving credit and marketing skills to their clients who are businesswomen. KWFT assumes this has the benefit of Return on Investment (ROI) since when their clients save they have enough to transact. The profits generated through interests are also increased through multiplicative factor. The research findings showed that the savings increased particularly after training. The figure 1.0 gives a summary of the findings.

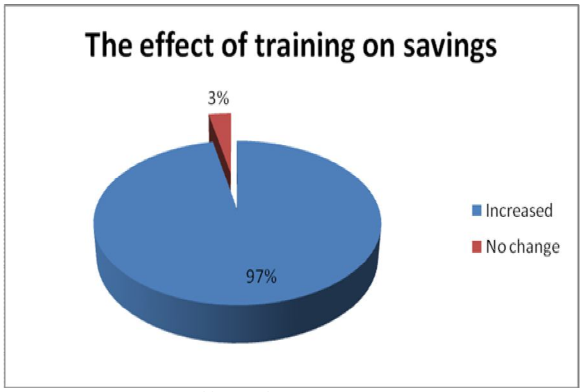

Figure 1.0: The effect of training on savings

Ninety (97%) of the respondents responded affirmatively to the fact that after training, their savings increased. However 3% of the businesswomen reported that there was no change in their savings. This is a drastic shift from the fact that before training 71.9% had their savings low while a few 28.1% had their savings high. This is shown on table 1.4 below

Table 1.4: Savings before training

Level of savings	Frequency	Percentage (%)
High	9	28.1
Low	23	71.9
Total	32	100.0

Effects of Training on Borrowings

The research findings showed that the business women who underwent training have changed their attitude in terms of borrowing. The research findings showed that training has the effect of increasing the loan borrowed by the client. This may be explained by the fact that ‘risk of taking loan" appears no longer a risk but the norm, thanks to the training programmes by KWFT officers. The concept of co-guarantee is the epitome of lending in KWFT and augurs well among upcoming businesses.

Effectiveness of Training on Financial Skills

Financial skills are a very important aspect of business operation. Financial skills involve aspects of book keeping. Book keeping is commonly referred to as keeping the books which is the process of keeping full, accurate, up-to-date business records. The research findings showed that training had an effect on the financial skills of business women. Asked if they kept financial records before training, most of them reported a positive answer. Of the respondents 83.9% were found to have kept records before the training. On the other hand 16.1% did not keep financial records, before training. Table 1.5 shows these facts.

Table 1.5: Keeping financial records before training

Financial records	Frequency	Percent (%)
Yes	27	83.9
No	5	16.1
Total	32	100.0

Despite this above findings, the financial records kept by the business women included daily record sales, balance sheet and cash book (fig 1.2).

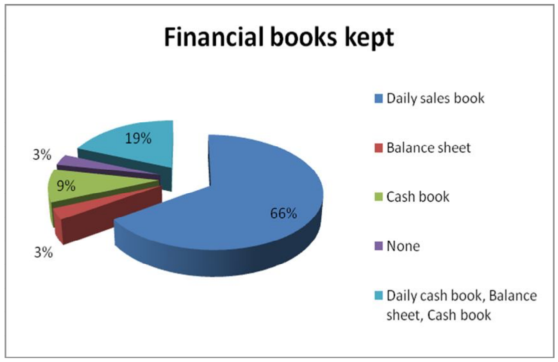

Figure 1.2: The books kept by the business women

Of the respondents, 66% were found to keep daily sales book; 3% kept balance sheet while 9% kept a cash book. A minority 19% kept all the three financial books. However, the findings show respondents' did not keep any other books. The training on financial skills has helped them on various business knowledge and operations. This has assisted them to run their businesses.

One quarter (25%) of respondents reported that the training has helped them to know the profit that they make, 6.2% indicated it will help them to know total expenses made, while 15.6% got to know the value of their stock. A good proportion however reported that the training has helped them in all the above aspects (Table 1.6).

Table 1.6: Has the financial skill training assisted you in running the business?

Assistance	Frequency	Percent (%)
To know profit made	8	25.0
To know the total expenses	2	6.2
To asses value of stock	5	15.6
Know profits, expenses and stock value	17	53.1
Total	32	100.0

Effects of Management Training on Marketing

Financial success often depends on marketing ability. Finance operations, accounting, and other business functions will not really matter if there is no sufficient demand for products and services so the company can make a profit. In the business press, countless articles are devoted to marketing strategies and tactics. The marketing skills induced in the business of women funded by KWFT have gone a long way in enhancing demand for some of their goods and services.

Marketing activities and strategies result in making products available that satisfy customers while making profits for the companies that offer those products. The research findings showed that 90.6% of the respondents have undergone training in marketing. The respondents reported that indeed marketing has helped them performance in their sales.

Table 1.7: Did the marketing skills obtained increase your business sales?

Sales performance	Frequency	Percent
No	1	3.1
Yes	31	96.9
Total	32	100.0

Of the total respondents, 96.9 % responded affirmative with only 3.1 % reporting negative to the question whether training improved sales performance. The respondents' were trained on marketing activities that include everything needed to get a product off the drawing board and into the hands of the customer. These are; customer care, packaging and displaying of goods.

Effectiveness of Training on Planning and Management on Sales Performance

The essence of business planning and management course is to equip managers and leaders of organizations with skills necessary to steer their organizations into long-term future amidst ever increasing environmental changes. The training offered by KWFT to women entrepreneurs has numerous impacts on their businesses in Iten town. The first impact is 96.9% of the respondents received planning and management training. Management skills that the respondents received include; managing customers, physical resources, financial resources, budgeting and time keeping. These skills attained have helped the business women improve their business operations especially sales performance. Out of 32 women entrepreneurs, 90.6 % responded that the management training improved their business operations (table 1.8).

Table 1.8: Has planning and management skills improved your business operation?

Improvement	Frequency	Percent
No	3	9.4
Yes	29	90.6
Total	**32**	**100.0**

The training on planning and management had positive impacts on product sales and overall business operations. The research findings depict increased punctuality in business, promptness in payment of domestic expenses and supplies. The chart below shows the proportion of the response per each item of the impact.

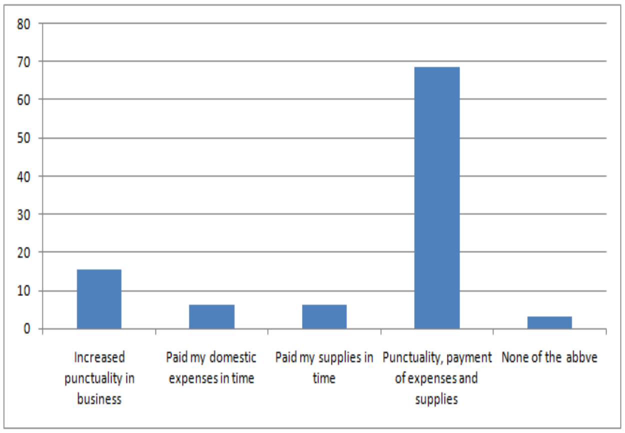

Figure 1.3: Impacts of training on planning and management

Responses from key informants supported the fact that respondents gave a positive link between the sales performance and the training offered by KWFT. However, the economically weak member did not show a positive link between the training and business success. This category blamed the negative impacts of training on business on intervening variables. Responses from KWFT supported the link between the training and sales performance but also pointed out the disparity of results arising from the economic status of trainees/ entrepreneurs and intervening variables.

From the study, some of the intervening variables include; level of profit margin, the marital status, level of education and methods of training used. The research findings indicated that the training skills were indeed equally offered by KWFT, but results through group interviews indicate those intervening variables had an effect on the efficiency of the training offered. The implication is that training alone may not improve the sales performance of the micro-enterprises. The members who are economically stable reported improvement while those below economic stability indicated no change.

CONCLUSIONS

Credit skills are pertinent to borrowing for any micro-enterprises. This research concurs with studies by Amha, W. et al, (2002) who explained that women micro-enterprises increased greatly with knowledge of credit skills offered by micro-finance institutions. Financial skills for women micro-enterprises are very important as highlighted in this study. The study agrees with literature by Otuya, R. (2003) who explains that the larger and more elaborate the enterprise the more the need of more financial skills. The study showed the importance of marketing skills for women micro-enterprises. It concurs with Amha W. et al's (2002) study which recommended that market access, affordable technology and opportunities for bulky purchases are important for success of any micro-enterprise. The importance of planning and management skills is strongly emphasized by the study. The study agrees with the explanation by Carter, C. (2000) who explains that proper management of a business enterprise is the key for business success.

The major factors leading to the downfall of many micro-enterprises are not training skills but intervening variables like low-profit margin, marital status, low-level of education and the inappropriate methods of training which are mainly informal.

RECOMMENDATIONS

Training curriculum should be specially designed to meet the subject standards for any small businesses especially new entrants. This versatile Business Management Training print-based curriculum features comprehensive coursework or in need-to-know business principles such as management, accounting, business law, marketing, and sales. There should be continuous cycle of training on business management skills .These should cover aspects of how to plan, organize and control, the process of motivation, employee relations; training, communication, coordination, cost control and work simplification.

There is need to maintain and understand accounting methods, preparing financial statements and balance sheets, accounting journals including accounts receivables and payables, inventory, sales, purchases and payroll. Understand the various principles of business finance; plan, marketing strategy, focusing on product, pricing, promotion, and distribution. Proper management skills should be the key knowledge of any successful entrepreneur. Women entrepreneurs should therefore know how to manage financial resources, their creditors, their stock and their time to ensure their business success.

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