

ABSTRACT

Micro-credit financing is the provision of small loans through Micro- Finance Institutions to, people who operate Small and Medium Enterprises; of which women based enterprises is part, in order to achieve sustained and enhanced business growth. Indeed, women are the majority of borrowers. Smithsonian theory of economics posits that Self-seeking individuals are always eager to employ their labour, capital and skills to their best interests, that eventually add up to the benefit of the entire society due to the work of the “invisible hand”. Business growth, which comprises quantifiable increase in business size, profits, and equity capital, relies heavily on financing; part of which is normally obtained through micro-credit financing. Women based enterprises which is part of Small and Medium Enterprises have shown minimal growth from the period transcending, 2009 to 2015, While micro credit financing channels have been on an increasing trend from the same period, the their performance and growth has been met with mixed reactions. The purpose of this study therefore was to determine the effect of Micro credit financing on the growth of women based enterprises because it is not clear how refinancing, credit volume and credit capital sufficiency affects growth of Women based enterprises. The specific objectives of the study are to; establish the effect of micro credit refinancing on growth of women based enterprises, determine the effect of Credit volume on growth of women based enterprises and analyze the effect of micro- credit capital sufficiency on growth of women based enterprises. correlation study design was used in this research since it is suitable for an in-depth study of the target population. The design is also able to indicate the causal relationship between variables in the study and hence the study could determine how one variable explains, or is explained by another. The target population was 1,500 Managers of registered women based enterprises in Kisumu County. A sample size of 385 Unit Managers of registered women based enterprises were selected using random Sampling method. Primary and secondary data comprising qualitative and quantitative aspects were used to triangulate qualitative data collected. Structured questionnaires were used in primary data while secondary data were gathered from financial statements. The results indicated that there is a positive but insignificant relationship between credit volume and growth at $\alpha_1 = 0.019, p = 0.461 < 0.05$. There is also a positive and a significant influence on credit refinancing and growth ($\alpha_2 = 0.329; p = 0.000 < 0.05$ level. Lastly, there is a positive, significant relationship between capital sufficiency and growth is positive and significant ($\alpha_3 = 0.316; p = 0.000 < 0.05$ level. The R^2 is 0.698; which means that the micro credit financing variables that this study considered explains 69.8% Growth in women based businesses in Kisumu County. The study recommends that the women entrepreneurs in Kisumu County must devote all that they can to ensure that they keep on refinancing their businesses. Such refinancing must be adequate to ensure that their business enterprises remain sustainable if at all they intend to increase their profit margins. This report may be beneficial to micro-credit policy formulators as well as enrich the field of academia on matters related to women financing.