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EFFECT OF GENDER-BASED CREDIT FINANCING ON THE SOCIAL PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN KAWANGWARE, KENYA

ADHIAMBO JOSPHINE

MDF/171546/2023

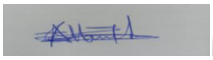
A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN DEVELOPMENT FINANCE AT STRATHMORE BUSINESS SCHOOL, STRATHMORE UNIVERSITY, NAIROBI, KENYA.

2026

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the document contains no material previously published or written by another person except where due reference is made in the research dissertation itself.

Adhiambo Josphine

Signature…………..**Date**……**19.04.2026**

Approval

The research dissertation of Adhiambo Josphine was reviewed and approved by the following:

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Signature…….....**Date:……20 /04/2026**

ABSTRACT

Empirical literature positions gender as a critical factor influencing access to credit, particularly by women. Drawing from this foundation, the present study aimed to expand on the existing knowledge by examining the effect of gender-based credit financing on the social performance of MSEs in Kawangware. The specific objectives were to determine the effect of gender-sensitive loan conditions; gender-based targeted financial literacy training; and gender-based credit financing lending models on the social performance of MSEs. The study was grounded on Gender and Development; Empowerment; and Social Capital theories, taking a duration of six months. Descriptive and causal-comparative designs were employed, aided by post- positivist philosophy. Census method was applied, across all the 323 registered MSEs in Kawangware, according to Nairobi City County records (2025). The target respondents were MSEs owners, both male and female to allow for comparative analysis. The unit of measurement was MSEs. Structured questionnaires were distributed through online platforms, with the aid of research assistants. Data was analysed using logistic regression model, further confirmed by linear regression and results presented in the form of tables and figures. The study found that collateral loan requirements, loan repayment terms, credit ceilings, debt management, group lending models and digital lending models have positive significant influence on the social performance of MSEs. These factors mainly affected women, who in the contrary, yield better social performance outcomes of MSEs. The study recommended formulation and effective implementation of policy frameworks that will enable women access higher credit facilities to improve social performance indicators of MSEs. The findings are likely to be of significance to policy makers, lending institutions, MSEs owners and other scholars, implying the need for gender-responsive financial policy implementation frameworks and lending practices that promote inclusivity in Kenya.

KEY WORDS

Gender-based credit financing; Micro and Small Enterprises (MSEs); Social performance; Gender Financing gap; Male-Women entrepreneurship; Credit access; Urban Informal Settlement, Kenya.

TABLE OF CONTENTS

DECLARATION i

ABSTRACT ii

KEY WORDS ii

TABLE OF CONTENTS iii

LIST OF TABLES viii

LIST OF FIGURES x

ABBREVIATIONS AND ACRONYMS xi

DEFINITION OF TERMS xii

DEDICATION xiii

ACKNOWLEDGEMENTS xiv

CHAPTER ONE 1

INTRODUCTION 1

1.1 Background of the Study 1

1.1.1 Social performance of Micro and Small Enterprises 4

1.1.2 Gender-based Credit Financing 6

1.1.3 Micro and Small Enterprises in Kenya 7

1.2 Statement of the Problem 9

1.3 Research Objectives 11

1.3.1 General Objective 11

1.3.2 Specific Objectives 11

1.4 Research Questions 11

1.5 Scope of the Study 11

1.6 Significance of the Study 12

1.6.1 To Policy Makers 12
1.6.2 To Micro and Small Enterprises' Owners 12
1.6.3 To Financial Institutions 12
1.6.4 To Scholars 13
1.7 Chapter Summary 13
CHAPTER TWO 14
LITERATURE REVIEW 14
2.1 Introduction 14
2.2 Theoretical Review 14
2.2.1 Empowerment Theory 14
2.2.2 Gender and Development (GAD) Theory 16
2.2.3 Social Capital Theory 18
2.3 Empirical Review 20
2.3.1 Gender-sensitive credit financing conditions and social performance of MSEs. 20
2.3.1 Gender-targeted financial literacy training and social performance of MSEs. 23
2.3.3 Gender-based credit financing lending model on the social performance of MSEs. 25
2.4 Summary of Literature and Research Gaps 27
2.5 Conceptual Framework 35
2.6 Operationalization of the Variables 36
2.7 Chapter Summary 39
CHAPTER THREE 40
RESEARCH METHODOLOGY 40
3.1 Introduction 40
3.2 Research Philosophy 40
3.3 Research Design 41

3.4 Population of the Study 42
3.5 Sample Design and Technique 43
3.6 Data Collection Methods 43
3.7 Data Analysis 44
3.8 Research Quality 47
3.8.1 Validity 47
3.8.2 Reliability 48
3.9 Tests of Statistical Assumptions 48
3.9.1 Test for Normality 48
3.9.2 Test for Multicollinearity 49
3.9.3 Test for Heteroscedasticity 49
3.9.4 Test for Linearity 49
3.9.5 Goodness of fit test 49
3.9.6 Brant and Likelihood ratio tests 50
3.10 Ethical Considerations 50
3.11 Chapter Summary 50
CHAPTER FOUR 51
PRESENTATION OF RESEARCH FINDINGS 51
4.1 Introduction 51
4.2 Response Rate 51
4.3 General information of respondents 52
4.4 Descriptive Analysis of the Variables 54
4.4.1 Gender-sensitive loan conditions 55
4.4.2 Gender-targeted Financial Literacy training 57
4.4.3 Gender-based credit financing lending model 59

4.4.4 Social performance of MSEs 60
4.5 Correlation Analysis 62
4.6 Diagnostic Tests results 63
4.6.1 Test for Normality 63
4.6.2 Test for Multicollinearity 64
4.6.3 Test for Heteroscedasticity 64
4.6.4 Test for Linearity 65
4.6.5 Goodness of fit test 65
4.6.6 Brant Test 66
4.7 Inferential Statistics 66
4.7.1 Linear Regression 67
4.7.2 Binary Logistic Regression 73
4.8 Overall Models 81
4.9 Chapter Summary 82
CHAPTER FIVE 84
DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS 84
5.1 Introduction 84
5.2 Summary of Main Results 84
5.3 Discussion 85
5.3.1 Gender-sensitive loan conditions and Social Performance of MSEs 85
5.3.2 Gender-targeted Financial Literacy Training and Social Performance of MSEs 87
5.3.3 Gender based credit financing lending model and Social Performance of MSEs 89
5.4 Conclusion 92
5.5 Recommendations 93
5.5.1 Recommendations for policy 93

5.5.2 Recommendations for theory 94
5.5.3 Recommendations for practice 94
5.6 Contribution of the study to extant literature 95
5.7 Limitations of the study 96
5.8 Areas for further research 96
5.9 Chapter Summary 96
REFERENCES 98
APPENDICES 106
Appendix I: Research questionnaire 106
Appendix II: Ethical Review Clearance 112
Appendix III: Research Permit from NACOSTI 113
Appendix IV: Plagiarism check 114
Appendix V: Additional Study Results 115

VT OMNES VNVM SINT

LIST OF TABLES

Table 2.1: Summary of the literature and research gaps 30

Table 2.2: Operationalization of Variables 36

Table 3.1: Target population and sample size 43

Table 4.1: Demographic characteristics 53

Table 4.2: Approximate amounts (in KES) 54

Table 4.3: Frequency distributions of Gender-sensitive loan conditions 56

Table 4.4: Extent of gender-sensitive loan conditions 57

Table 4.5: Gender-sensitive loan conditions are more pronounced in 57

Table 4.6: Frequency distributions of Gender-targeted Financial Literacy training 58

Table 4.7: Additional Frequency distributions of Gender based credit financing lending model 60

Table 4.8: Frequency distributions of social performance of MSEs 61

Table 4.9: Correlation Analysis Matrix 63

Table 4.10: Tests of Normality 64

Table 4.11: Multicollinearity Tests 64

Table 4.12: Test for Heteroscedasticity 65

Table 4.13: Linearity Test 65

Table 4.14: Hosmer and Lemeshow Test 66

Table 4.15: Brant Test of parallel regression assumption 66

Table 4.16: Regression analysis for gender-sensitive loan conditions factors without and with control variables 67

Table 4.17: Regression analysis for specific gender-sensitive loan conditions factors without and with control variables 68

Table 4.18: Regression analysis for gender-targeted financial Literacy training factors without and with control variables 70

Table 4.19: Regression analysis for specific attributes of gender-targeted financial Literacy training factors without and with control variables. 71

Table 4.20: Regression analysis for gender-based credit financing lending model factors without and with control variables 72

Table 4.21: Regression analysis for specific attributes of gender-based credit financing lending model factors without and with control variables 73

Table 4.22: Binary Logistic Regression analysis for gender-sensitive loan conditions factors without control variables 74

Table 4.23: Binary Logistic Regression analysis for gender-sensitive loan conditions factors with control variables 75
Table 4.24: Binary Logistic Regression analysis for gender-targeted financial Literacy training factors without control variables 76
Table 4.25: Binary Logistic Regression analysis for gender-targeted financial Literacy training factors with control variables 77
Table 4.26: Binary Logistic Regression analysis specific attributes for gender-targeted financial Literacy training factors without control variables 78
Table 4.27: Binary Logistic Regression analysis specific attributes for gender-targeted financial Literacy training factors with control variables 78
Table 4.28: Binary Logistic Regression analysis for gender-based credit financing lending model factors without control variables 79
Table 4.29: Binary Logistic Regression analysis for gender-based credit financing lending model factors with control variables 80
Table 4.30: Binary Logistic Regression analysis specific attributes for gender-based credit financing lending model factors without control variables 81
Table 4.31: Binary Logistic Regression analysis specific attributes for gender-based credit financing lending model factors with control variables 81
Table 4.32: Overall regression model 82
Table 4.33: Overall binary logistic regression model 82

VT OMNES VNVM SINT

LIST OF FIGURES

Figure 2.1: Conceptual framework 35

Figure 4.1: Response rate..... 51

VT OMNES VNVM SINT

ABBREVIATIONS AND ACRONYMS

CSR	Corporate Social Responsibility
EFA	Exploratory Factor Analysis
GDP	Gross Domestic Product
IFC	International Finance Corporation
MFI	Micro Finance Institutions
MSEA	Micro and Small Enterprises Authority
MSEs	Micro and Small Enterprises
NPGD	National Policy on Gender and Development
NGOs	Non-Governmental Organizations
NPGD	National Policy on Gender and Development
SDGs	Sustainable Development Goals
SSA	Sub-Saharan African
WBG	World Bank Group
WEDF	Women Enterprise Development Fund
WEF	World Economic Forum

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DEFINITION OF TERMS

Gender-based credit financing	Refer to a situation where a person's gender affects their ability to obtain financial services like loans or credit. Entails credit products and policies intentionally designed around gender, which could be positive (women-focused products) or simply differentiated(Brock & De Haas, 2023).
Social performance	The application of an organization's mission in accordance with socially acceptable principles, aimed at enhancing the quality of life for underprivileged and marginalized people as well as expanding community opportunities(Maldonado-Erazo et al., 2020).
Micro and Small Enterprises	A micro enterprise is an enterprise with 10 employees or less, and an annual turn-over of not more than Kenya Shillings five hundred thousand. A small enterprise has 11-50 employees and an annual turnover of not more than Kenya shillings one million (Micro and Small Enterprises Act (No. 55 of 2012).

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DEDICATION

Special dedication to my dear mum for her prayers; loving husband Vincent Magati and my daughters Ava and Adiah for their moral support and lots of compromise they had to make so as to see me through with this document. Their contribution towards my success is invaluable.

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CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Social performance of Micro and Small Enterprises (MSEs) acts as a crucial component in driving inclusive development through job creation, poverty reduction, community well-being and empowerment, among other social benefits (World Bank, 2022). MSEs often serve as survival means especially in the underserved and marginalized communities, contributing significantly to household incomes and overall community well-being (KNBS, 2023). The degree to which these MSEs can achieve positive social outcomes is highly linked to their ability to access financial resources, irrespective of the owners' gender, yet gender financing gap continues to exist as a persistent barrier, especially on formal credit access (Woldie et al., 2018; World Bank, 2022).

Globally, gender disparities in credit financing have persisted, with women entrepreneurs facing limited access to loans due to factors such as discriminatory lending practices, lack of collateral and entrenched socio-cultural norms(Buvinić & O'Donnell, 2019; IFC, 2022; UN Women, 2022; World Bank, 2022).Women-Owned MSEs face a $1.4 to $1.7 trillion as the estimated credit gap, with 70% of those in developing nations either turned away from financial institutions or are unable to obtain financial services on terms that are appropriate for their requirements (IFC, 2022). The World Bank's 2021 Global Findex Database states that 2.4 billion women across the world do not have equal rights economically as males and 740 million women are unbanked, making a54% of the world's unbanked adults. Comparing female-owned businesses to their male counterparts, the former is more probable to have loan rejections and receive lower loans overall (Demirguc-Kunt et al., 2018).

According to yearly data from the Federal Reserve Bank 2024, female-owned businesses, in contrast to male-owned enterprises, request for less credit and have a higher rate of loans rejection (only 45% loan approval rate for women, compared to 55% for men). A research by (admin, 2018) among 27,000 women-owned small businesses in the US found that male business owners get approximately 50% higher in funding than their female counterparts and the gap keeps widening. Care International report records a global financing gap of $1.7 million among female entrepreneurs and that nearly 80% of female entrepreneurs are either neglected or inadequately attended to when it comes to credit access. In developing nations where gender inequality is deeply

ingrained in society, the situation is even more concerning and startling. Obstacles to women entrepreneurs' access to productive economic resources stem from many forms of discrimination in the legal system, funding industry and financial markets(OECD, 2021). Among these various factors, discrimination against women by financial institutions is one of the possible reasons of the gender financing gap(European Investment Fund, 2021). Women also encounter difficulties in getting funding during the pitching process, which makes them opt for domestic or relatively smaller businesses in low-productivity industries(Brush et al., 2018).

In African context, just 37% of women own bank accounts in comparison to men at 48%, a variance that has been widening throughout the previous years. This is far worse in North Africa, where almost two-thirds of adults do not have access to banking and the gender gap in financial access is the biggest in the world at 18%(Morsy et al., 2020). For African leaders, these startling numbers pose pressing questions. What factors lead to the ever-increasing disparity in financial access by gender throughout the continent? And why is the difference even greater now than it was years ago, in spite of all efforts? The broad consensus among economists is that supply-driven obstacles, like high interest rates and collateral requirements, financial literacy among women, inadequate policy implementation frameworks play a crucial role in preventing women from accessing the formal credit market, thus disproportionately deter women from making applications for credit finance(Morsy et al., 2020). Women entrepreneurs are disproportionately discouraged from requesting for loans by rationing of credit through high interest rates and their access to loans may be restricted, relative to their male peers due to the absence of collateral (Morsy' & Youssef, 2019). López and Winkler (2019) report that lack of financial knowledge, risk aversion and fear of failure also make women self-exclude out of the formal credit market.

According to the 2024 Fin Access Household Survey, eight in ten Kenyans (84.8%) have access to formal financial services; 5.2% Kenyans have access to informal financial services while 9.9% of Kenyans are excluded from financial services. Men and women's differences in financial access have fairly narrowed over time, going from 8.5% in 2016 to 5.2% in 2019 and then 4.2% in 2024. But the 4.2% is still a gap wide enough to call for further action, noting that only 1% gap was closed in a period of 5 years (2019 to 2024). In Nairobi, women entrepreneurs face a significant financing gap driven largely by barriers to credit access, high collateral requirements and unfavorable lending terms (Mwirigi et al., 2019). Nairobi specific data on MSME financing gaps

is limited, but the available sources indicate that less than 10% of women-owned MSEs in Nairobi have sufficient formal financing for growth or survival, meaning the rest remain under-financed (UN Women, 2022). According to Tala Media Report (2024), 56% of women in Nairobi report that financing is hard to access. Nairobi's informal settlements such as Kawangware, a densely populated low-income area of tens of thousands of residents, MSEs' activity is widespread and largely informal meaning businesses rely heavily on chamas, shop credit, mobile or digital loans and family networks rather than formal bank finance (Ng'ethe, 2022; KBA, 2024). These informal credit sources offer limited capital and unfavorable terms, thus worsening the financing problem (FSD Kenya, 2023). The barriers such as stringent loan conditions and collateral requirements deepen MSEs' exclusion from formal credit markets thus restricting their ability to scale their social performance including job creation, household income stability, women empowerment and contributions to general community welfare (FSD Kenya, 2023).

On the other hand, Peter and Orser (2024) counter the notion of credit access being a limiting factor for women entrepreneurs. Rather, the researchers argue that while significant gender differences in MSEs' demand for financing through debt are notable, the availability of credit is not gender specific. They observed that female entrepreneurs do not apply for credit as much as the male, due various reasons, including the fear of rejection. They conclude that while credit is available to both female and male-led MSEs, male entrepreneurs tend to apply for this credit more. Kathono, (2019) also clarifies that advancing credit to MSEs results in significant improvement in business performance, regardless of gender of the SME owner. The researcher affirms that MSEs owned by men and women have equal capability of achieving high business-related experience and perform at comparable levels (Kathono, 2019).

In response to the above glaring gender financing gaps, gender-focused financing efforts in Kenya have been deliberately established, largely with the main focus on women. There are a number of funds that women-led businesses in Kenya can access today, including Women Enterprise Fund; Uwezo Fund; Young Women in Creative Industries Fund; Kenya Women Microfinance Bank; African Guarantee Fund & KWFT Partnership; Gender SME & Microfinance Facilities (via EIB & KCB); Absa Bank Kenya (Women in Business) Fund; KCB Group-Female-Led & Made Enterprises (FLME) among others. Question is? Why is the gender financing gap still persistent despite all these efforts and what is the magnitude of its impact on the social performance of

MSEs? To what extent have the deliberate women financing efforts transformed the social performance of MSEs and how does this compare to social impact created by male led MSEs? Kenya does not have explicit male-targeted credit products, but many credit services are structurally male-oriented considering: gendered economic participation, asset ownership disparities, sociocultural roles and expectations (FSD Kenya, 2023).

The above patterns set the context for studying how gender-targeted credit interventions influence social performance outcomes (inclusive employment, household welfare, women empowerment and community wellbeing) among Kawangware MSEs. The study is motivated by the persistent gender financing gap, which negatively affect the social performance of MSEs and ultimately slow the achievement of sustainable development and livelihoods (IFC, 2022). While much research exists on financial inclusion, little links gender-differentiated access to credit with social performance in informal urban economies lie Kawangware.

1.1.1 Social performance of Micro and Small Enterprises

Social performance is the efficient application of an organization's mission in accordance with socially acceptable principles, which are related to enhancing the quality of life for underprivileged and marginalized population and their families as well as expanding community opportunities(CERISE, 2022). MSEs are increasingly acknowledged as key drivers of economic and social development in emerging economies (Denu et al., 2023). Over and above income and job creation, they also play a critical role in enhancing social wellbeing through women and youth empowerment, inclusive employment, community engagement among other social benefits(Denu et al., 2023). MSEs account for over 70% of total employment in sub-Saharan Africa, yet their contribution to social outcomes remains underexplored relative to their economic impacts (ILO, 2023).

The policy environment in Kenya increasingly acknowledges the social value of MSEs through frameworks such as the MSE Act (2012) and the National MSME Policy (2020), which emphasize inclusive development, gender parity and social enterprise models. However, challenges including inadequate formal credit access persist among many informal or under-resourced MSEs, thus limiting their potential to enhance social performance indicators (World Bank, 2022). In Nairobi County, where over 80% of employment is generated by MSEs, this dimension is especially important (KNBS, 2022). Kawangware, with tens of thousands of residents in a dense informal

settlement, relies heavily on microenterprises for livelihoods and their capacity to generate social outcomes is strongly linked to the financing options available (FSD Kenya, 2023).

Gender disparities in credit access shape these outcomes. Nationally, women own about 43% of MSEs, men own 28%, while the rest are joint (KNBS, 2023), yet reports indicate that women-owned businesses account for only ~7% of formal credit in Kenya, compared to male-owned enterprises that dominate loan portfolios (IFC, 2017; FSD Kenya, 2023). In Nairobi's informal settlements, women entrepreneurs mostly depend on informal financing through chamas, family or friends and digital microloans rather than banks (FSD Kenya, 2023). This reliance limits their ability to expand businesses and deliver broader social benefits such as sustained employment, improved household welfare and general community wellbeing (Gateri, 2021; Wambugu, 2020).

In Kawangware, a densely populated informal settlement in Nairobi County, MSEs are not just economic units, they are survival mechanisms embedded in the community. Many enterprises in Kawangware provide essential goods such as food, clothing and repair services, often targeting low-income consumers. These businesses also absorb underemployed youth and women, offering flexible and often family-friendly work environments (López & Winkler, 2019). Despite operating in resource-constrained conditions, MSEs in Kawangware exhibit strong social performance indicators such as local hiring, community engagements, women empowerment among others. Nevertheless, empirical studies show a mixed picture(KEPSA, 2024).While many Kawangware-based MSEs demonstrate informal mechanisms of social responsibility such as offering goods on credit to needy customers or mentoring youth and women, formal structures for social performance (e.g., labor contracts, sustainability plans, or workplace safety standards) are largely missing (Otiato, 2015; Muthee & Maina, 2023). This gap is often due to limited financial capacity, inadequate awareness and weak institutional support(Muthee & Maina, 2023).Given these realities, assessing the social performance of MSEs in Kawangware requires a contextualized approach that considers informal practices e.g., community embeddedness, social trust, mutual support(Denu et al., 2023). MSEs in Kawangware possess significant untapped potential to drive social transformation (Kenya MSMEs, 2025).

1.1.2 Gender-based Credit Financing

According to UN Women(2022), gender-based credit financing refers to the design, provision and regulation of credit services that intentionally consider and address the different needs, constraints and opportunities of men and women, particularly focusing on closing the disparity in access to finance by gender. It aims to reduce financial barriers that affect women disproportionately, such as discriminatory lending practices, collateral needs and limited financial literacy, by offering inclusive credit policies, products and services (UN Women, 2022; World Bank, 2022).

Gender-based credit financing is mainly attributed to socio-cultural norms, legal restrictions, lack of asset ownership, financial illiteracy among other factors (World Bank, 2022). More often, women face discriminatory laws, limited property rights and biases from lenders, thus hindering their ability to access credit (OECD, 2021; IFC, 2022; World Bank, 2022). Limited financial knowledge, concentration in informal sectors and unpaid care responsibilities further reduce women's eligibility and access to credit services (ILO, 2023; UN Women, 2022). There is also gender-based differences in the supply and demand for loans, for instance, overly stringent lending requirements making women choose to work in less capital-intensive or small-scale companies (López & Winkler, 2019).

Financial institutions have a customary reluctance to invest in less creative, less capital-intensive and high-risk small enterprises, yet these are dominated by women. Ultimately, moneylenders, who usually demand outrageous interest rates without providing secured financial availability, are the next alternatives available for women-led businesses(UNCDF, 2023). Male entrepreneurs in small businesses suffer fewer financial restraints than female entrepreneurs(Hansen & Rand, 2023). Evidence gathered from 47 African countries' credit markets, show that women-led enterprises in Africa avoid credit markets due to their perceived inferior creditworthiness (Tiwari et al., 2022). In Kenya, gender-based credit financing continues to be a critical development issue, especially for women-owned MSEs(FSD Kenya, 2023). Although women form a substantial proportion of MSE operators, they face unequal access to credit due to structural barriers such as collateral needs, limited financial literacy and perceived higher risk by lenders (World Bank, 2022; Singh & Dash, 2021). These challenges are often compounded by a lack of gender-sensitive loan conditions and insufficient gender-targeted financial training that could empower women with the skills and confidence to engage with formal credit systems(UN Women, 2022).

In low-income urban areas like Kawangware, a densely populated informal settlement in Nairobi, women entrepreneurs face even greater constraints due to poverty, informal business operations, and limited banking infrastructure(FSD Kenya, 2023). Many rely on informal credit sources like chamas (savings groups) and moneylenders, which often offer limited capital and unfavorable terms (FSD Kenya, 2023). While the Kenyan government; some financial institutions and development partners have introduced gender-focused credit financing facilities to try and address the above challenges particularly faced by women, such initiatives are yet to reach many grassroots women entrepreneurs effectively, contributing to the persistent gender-based credit financing gap(FSD Kenya, 2023).

Although social performance is influenced by multiple factors, the study justifies gender-based credit financing as a key determinant because equitable access to credit enhances enterprise growth, income stability and welfare outcomes among MSEs (World Bank, 2022).

1.1.3 Micro and Small Enterprises in Kenya

According to Micro and Small Enterprises Act (2012), MSEs in Kenya are businesses with less than 50 employees. The definition is also based on the turn over levels of a business. A micro enterprise is an enterprise with employees less than 10 and an annual turnover of below Ksh.1 million; a small enterprise has 10-50 employees and the annual turnover is between the range of Ksh.1 million and Ksh.5 million. The MSEs operate within formal and informal sectors in the Kenyan economy and are among the most effective sources of income generation, jobs creation and poverty reduction to the residents of low-income earning areas(FSD Kenya, 2023). Majority of the MSEs are informal, but are still crucial to GDP growth in Kenya (KNBS &FSD Kenya, 2023).

The most recent national baseline survey on MSEs in Kenya (CBK, KNBS, &FSD Kenya, 2023), indicates that there are 7.4 million MSEs in the country that employ roughly 14.9 million people, with the sector contributing30% of the country's GDP, on average. Several Kenyan laws shape the social performance of MSEs by promoting inclusion, decent work and sustainability. The MSEs Act (2012) supports marginalized groups, while the Gender Policy (2019) enhances women's access to finance (Republic of Kenya, 2012; Ministry of Public Service, 2019). The Procurement Act (2015) reserves for women, young people and persons with disabilities, 30% of tenders, boosting empowerment (Republic of Kenya, 2015). Other laws such as the Employment Act

(2007) and Environmental Act (1999), promote fair labor and environmental responsibility, aligning with Kenya's commitment to the SDGs (Republic of Kenya, 2007; NEMA, 1999; United Nations, 2015). Kawangware, an informal settlement located in Nairobi County, Kenya, hosts a vibrant yet under-resourced MSE sector. It has an average of 323 registered MSEs (Nairobi City County records, 2025). These enterprises are a cornerstone of the local economy, offering employment, income generation and essential services in the absence of formal economic opportunities (KNBS, 2016; Economic Survey, 2016).

Most MSEs in Kawangware are informal, family-run enterprises trading in sectors such as retail trade, food vending, tailoring, transport and small-scale manufacturing (UN-Habitat, 2017), Due to limited access to formal employment, many Kawangware residents rely on entrepreneurship as a survival means. However, MSEs in the area face persistent challenges, among them inadequate access to credit (IEA, 2016; KIPPRA, 2019). Gender disparities further affect the sustainability and growth of these businesses. Women entrepreneurs, who make up a significant portion of MSE owners, often encounter greater barriers in accessing financial services, collateral and markets due to entrenched socio-economic and cultural norms (FSD Kenya, 2023; IFC, 2022). Despite these challenges, MSEs remain a critical driver of Kawangware's social development, hence expanding credit access, particularly to marginalized groups such as women, could significantly improve the social performance of these enterprises (CBK, 2023; KNBS,2023).

Kawangware is most suitable for this study, considering the dense population of informal settlement where MSEs form the backbone of the local economy. It has substantial income disparity, considerable unemployment and restricted access to formal financial institutions (KNBS, 2022). Many entrepreneurs, especially women, face systemic barriers in accessing affordable credit, including gender bias in lending, lack of collateral and insufficient financial literacy (Oduol et al., 2020). By focusing on gender-based credit financing and its influence on the social performance of MSEs, this study looks into a critical gap in understanding how gender targeted credit financing can enhance community welfare, employment opportunities and economic empowerment in marginalized urban contexts. Other informal settlements in Nairobi, for example, Mathare, Kibera, Korogocho, have been saturated by previous studies (UN-Habitat, 2017; Thiga, 2016; Njeru & Mwaura, 2022).

1.2 Statement of the Problem

Social performance is an indicator of how enterprises contribute to societal well-being beyond financial gains, including outcomes such as employee welfare, community engagement, social inclusion and equitable distribution of benefits (OECD, 2021). Recent approaches to operationalizing social performance, integrate both financial value and social impact to provide a holistic performance measure (Young et al., 2022). For MSEs, social performance is particularly critical, as these businesses often operate within close-knit communities where their impact on livelihoods, trust and social cohesion is directly felt(Young et al., 2022).

MSEs in Kenya employ roughly 14.9 million people, with about 30% of the country's GDP generated from this sector (CBK, 2023; KNBS, 2023; FSD Kenya,2023), making them a cornerstone of economic and social development. In urban informal settlements such as Kawangware, MSEs play a vital role in jobs creation, supporting household incomes and driving local economic activities (KNBS, 2024). However, the social performance of MSEs in these settings remains underexplored, despite its importance in addressing poverty, reducing inequality and fostering inclusive growth. Evidence shows that ethical labor practices, active community participation and women empowerment are some of the integral factors in enhancing social outcomes (Okeyo & Omwenga, 2023). Despite these insights, there is a notable gap in comprehending how gender-based credit financing influences the social performance of MSEs, especially in marginalized urban areas.

Gender-based credit financing, characterized by gender-sensitive lending terms, tailored financial literacy training and targeted lending models, is intended to address financing inequalities that disproportionately affect women entrepreneurs (FSD Kenya, 2023). While some studies indicate that such financing can improve household stability, community welfare and business resilience (Johnson & Muthoni, 2022; Ghosh et al., 2023), others highlight persistent barriers such as loan size limitations, restrictive collateral requirements and minimal follow-up support. Mensah and Adjei (2020) in their study in Ghana, identified the gap of insufficient integration of social impact metrics in credit program evaluations and affirmed that few studies examined the long-term social effects of gender targeted credit financing. Njeru and Mungai (2021), in a Kenyan based study, found that gender-sensitive credit programs improved women's access and led to better employee

welfare and community reinvestment practices. Okeyo and Omwenga (2023) found negligible relationship between gender focused credit financing and the performance of MSEs in Nairobi, Kenya.

These conflicting findings are largely as a result of variations in measurement, context and methodology. Scholars have employed different indicators of social performance, creating heterogeneity which makes cross-study comparisons difficult(Ledgerwood et al., 2022). In addition, women entrepreneurs often access credit through smaller, informal channels, rather than large-scale formal loans, yet the type and size of credit accessed influences business and social outcomes in varied ways (World Bank, 2022). While gender-based credit financing aims to advance inclusion and positive social outcomes (FSD, 2024), it is not established whether, how and under what conditions such financing improves the social performance of MSEs in high-density, low-income urban settlements such as Kawangware. The socio-economic disparities in urban informal settlements are pronounced and the informal economy dominates, yet it remains unclear whether gender-focused credit initiatives effectively translate into measurable improvements in MSEs' social performance.

Existing studies have focused on narrow financial metrics like loan uptake and repayment rates, leaving out holistic enterprise-level social performance measures, such as inclusive employment creation, household welfare, women empowerment, community contribution and further linking these outcomes causally to specific features of gender-based credit financing (OECD, 2021; Kinyua, 2024). Other related studies also tend to focus more on Small and Medium Enterprises (SMEs), thus excluding the Micro enterprises, which make up the majority share of enterprises in urban informal set up like Kawangware.

This study therefore, aimed to bridge the above gaps by examining the effect of gender-based credit financing on the social performance of MSEs in Kawangware, defining and measuring social performance in a multidimensional manner and further linking these outcomes to the specific attributes of gender-based credit financing. It aimed to assess whether variation in gender-targeted credit features such as loan terms, financial literacy training and lending models are associated with measurable differences in social outcomes of MSEs. Addressing this gap will inform policymakers, financial institutions and development practitioners about which credit designs and

complementary interventions are most likely to produce meaningful social benefits in marginalized urban communities like Kawangware. No similar study had been done in Kawangware, thus bridging the geographical gap.

1.3 Research Objectives

1.3.1 General Objective

To establish the effect of gender-based credit financing on the social performance of MSEs in Kawangware, Kenya.

1.3.2 Specific Objectives

i. To determine the influence of gender-sensitive loan conditions on the social performance of MSEs in Kawangware, Kenya.

ii. To evaluate the effect of gender-targeted financial Literacy training on the social performance of MSEs in Kawangware.

iii. To examine the effect of gender-based credit financing lending model on the social performance of MSEs in Kawangware.

1.4 Research Questions

The study answered the following questions:

i. How do gender-sensitive loan conditions influence the social performance of MSEs in Kawangware?

ii. To what extent does gender-targeted financial literacy training affect the social performance of MSEs in Kawangware?

iii. Do gender-based credit financing lending models affect social performance of MSEs in Kawangware?

1.5 Scope of the Study

The study was limited to finding out the effects of gender-based credit financing on the social performance of MSEs. It was conducted in Kawangware, Nairobi County, specifically focusing on both male and female led MSEs. The main target respondents were the MSEs owners, both male and female, supplemented by Financial Institutions (Micro-Finance Institutions; Banks with

gender targeted credit products); Local Government Agencies and NGOs. The unit of analysis was the MSEs, with all the registered323 MSEs in Kawangware targeted. The specific objectives included gender-sensitive loan conditions, gender-targeted financial literacy training and gender-based credit financing model, all in relation to the social performance of MSEs in Kawangware. It was limited to Gender and Development Theory, Empowerment Theory and Social capital Theory and legitimacy theory. The study took a duration of 6 months (September 2025 to February 2026).

1.6 Significance of the Study

1.6.1 To Policy Makers

This study would be appropriate for policymakers in ensuring the legal and institutional frameworks on credit financing is gender balanced and does not discriminate any male or female. The identified gender gaps in credit financing will help the policy makers and regulators review and come up with robust policies and implementation frameworks aimed at ensuring the gaps are bridged and favourable credit financing environment is enabled for both male and female led MSEs.

1.6.2 To Micro and Small Enterprises' Owners

The study would add to the body of knowledge desired to provide understanding on the benefits of MSEs contributing to social performance indicators such as inclusive job creation, active participation in communal affairs, women empowerment and household welfare to MSEs owners. They will be enlightened on the social performance indicators of their businesses, how they have progressed towards achievement of such indicators and recommendations on areas of improvement.

1.6.3 To Financial Institutions

The financial institutions' boards and management would find value in the research findings for decisions that need to be guided by best practices of unbiased gender credit financing. It will also offer insights for microfinance institutions and banks on how to structure gender-based credit products that balance profitability with community impact, ensuring that the benefits of financing extend beyond the individual business to the wider community.

1.6.4 To Scholars

To the scholars and other researchers, the study would add on to the available empirical evidence on the association between gender-based credit financing and the social performance of MSEs. The study's conclusions and suggestions will be fundamental ground for upcoming research on the same subject. Future researchers will be able to refer to the gaps highlighted in this study, to conduct further research.

1.7 Chapter Summary

This chapter laid out the study background, establishing the role of MSEs as drivers of economic and social development in Kenya, particularly in informal settlements like Kawangware. The identified problem was the lack of conclusive evidence on whether gender-based credit financing, characterized by targeted loan conditions, gender-sensitive financial literacy training and lending model affect the social performance outcomes of MSEs. The study's specific objectives included; gender-sensitive loan conditions, gender-targeted financial literacy training and gender-based credit financing model, all in relation to the social performance of MSEs. The chapter also presents the scope and significance of the study. The next section, presents the theoretical, empirical and conceptual framework.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review gives scholarly foundation for a study by examining and synthesizing existing knowledge, theories and empirical findings related to the research problem. In this study, the review serves to clarify key concepts on gender-based credit financing and social performance of MSEs while situating them within established theoretical perspectives. The empirical review reveals gaps in prior studies and also justified the uniqueness and relevance of the current research. This chapter therefore, details literature review, both from a theoretical and empirical point of view and in accordance to the specific objectives of the study. The study was based on a triple theory. Further, the chapter outlines the conceptual framework, linking the dependent to the independent variables, alongside the control variables.

2.2 Theoretical Review

The theoretical review discusses the theories that can be used to explain the association between gender-based credit financing and the social performance of MSEs. The most popular theories that explain this relationship include Empowerment, Gender and Development and Social Capital Theories. Given that the study has more than one variable, it was crucial to consider a multiple theoretical approach. A single theory could not explain all the variables of the study.

2.2.1 Empowerment Theory

The Empowerment Theory emerged from community psychology, feminist theory and development studies in the 1980s. It initially focused on increasing individual and group agency, especially among marginalized populations (Rappaport, 1984; Cornell Empowerment Group, 1989). Over time, it became a key framework in development and gender studies, emphasizing that access to resources is essential for people to take charge of their lives, make strategic choices and effect social and economic change (Zimmerman, 1995). The theory originated from Rappaport (1984) but was later expanded by Freire (1989) and further by (Zimmerman, 1995; Kabeer, 1999; Nayak & Panigrahi, 2020).

The theory has developed over time starting with the 1980s-1990s, where it focused on individual psychological empowerment, including self-efficacy, control and confidence (Bandura, 1986;

Page & Czuba, 1999; Maton, 2008). 1990s-2000s it shifted to collective empowerment, such as women's groups or cooperatives advocating for resources and rights (Stromquist, 1995; Stromquist, 2015). 2000s-present the theory incorporates economic empowerment for example through microfinance, entrepreneurship and multi-dimensionality, including political, social and institutional empowerment (Huis et al., 2017; Kumari, 2020). Indicators like access to credit, participation in decision-making, control over income and enterprise ownership have become central in assessing women's empowerment (Kabeer, 1999; Kumari, 2020).

Proponents of the empowerment theory argue that true empowerment involves more than access to resources, it is a process that enables individuals, especially marginalized groups such as women, to take charge over their lives, make strategic choices and challenge the existing power relations (Kabeer, 1999). Rappaport Julian emphasizes empowerment as participation and self-mastery (Rappaport, 1984); Kabeer (1999) defines it through the interlinked dimensions of resources, agency and achievements; Rowlands highlights the transformation of power dynamics, including "power within" and "power with," (Rowlands, 1995);while Amartya Sen frames empowerment as expanding individuals' capabilities and freedoms (Sen, 1999). Therefore, in the context of empowerment theory proponents, gender-based credit financing to be empowering, it must not only provide financial access but also promote decision-making power, autonomy and social transformation.

Nayak and Panigrahi (2020) state that it is possible to develop frameworks that can be used to discover supportive structures, activities and behaviours that advance people's talents, thus enabling them to acquire resources to progress their lives. Empowerment entails strategies and actions that can be used to bring about societal transformation, enhancing competencies, thus bringing about measurable gains in the ability to accomplish societal goals (Nayak & Panigrahi, 2020). However, opponents to the empowerment theory such as Cheng et al. (2020), contend that while empowerment could make a person more productive, empowerment can also turn chaotic especially if the empowered individuals start pursuing their own beliefs and objectives. Furthermore, people may make biased decisions as a result of improper coordination and organization (Mukherjee & Bawa, 2022).

Current thinking on empowerment theory emphasizes its multi-dimensional, context-specific and process-oriented nature, moving beyond simplistic interpretations tied solely to economic

outcomes (Cornwall& Rivas, 2015; Nayak & Panigrahi, 2020). Scholars now view empowerment as encompassing economic, social, political and psychological dimensions, which all interact to shape a person's ability to make meaningful choices and influence their environment (Nayak & Panigrahi, 2020). Recent studies stress that empowerment is not a universal process, but is deeply shaped by local culture, gender norms and institutional contexts (Cornwall & Rivas, 2015). Furthermore, empowerment is increasingly seen as both an individual and collective phenomenon, requiring not only personal capacity but also enabling environments, supportive policies and collective action (Rowlands, 1995). As such, current perspectives emphasize the importance of structural transformation and relational change alongside individual advancement.

According to Annan et al. (2020), gender-based credit financing is a form of empowerment because it gives women the financial anchor to make decisions, grow their businesses and improve their social and economic status. It aligns with Empowerment Theory by enhancing women's agency and enabling them to influence outcomes in their families, enterprises and communities (Kabeer, 2021). This not only boosts business performance but also promotes social change through increased participation, job creation and community impact.

2.2.2 Gender and Development (GAD) Theory

The theory emerged in the late 1970s and 1980s as a response to the limitations of the Women in Development (WID) framework. While WID sought to integrate women into existing development programs, it often overlooked the deeper structural inequalities that limited women's participation and access to resources (Rathgeber, 1990). GAD arose as a transformative approach that shifted attention to the social relations between women and men, emphasizing how unequal power dynamics shaped opportunities and outcomes in development (Razavi & Miller, 1995). The development of GAD was significantly influenced by feminist scholars and practitioners who argued that gender must be considered a central category of analysis. Moser (1996) advanced the gender planning framework, which emphasized recognition of women's reproductive, productive and community roles in development. The theory emphasized the need to analyze the diverse experiences of men and women and how power relations structured these differences(Parpart et al., 2000).

The central focus of GAD is on gender relations and power dynamics rather than women alone. It examines how social, cultural and institutional structures create and perpetuate inequality, thereby limiting women's access to critical resources such as employment, education and credit (Rathgeber, 1990; Visvanathan et al., 2011). By emphasizing structural transformation, GAD promotes participatory approaches, institutional reforms and policies that look into the root causes of inequality rather than offering short-term or women-only interventions. In this sense, GAD provides a framework that is more comprehensive than earlier approaches, as it considers the interplay of both men's and women's roles in perpetuating or challenging inequality (Moser, 1993).

Proponents of GAD argue that without addressing the structural barriers that sustain inequality, women's participation in development will remain limited and superficial (Razavi & Miller, 1995; Moser, 1993). They argue that GAD's strength lies in its ability to move beyond token inclusion and instead push for systemic reforms that reshape power relations at multiple levels. Advocates also emphasize that GAD's focus on gender relations makes it particularly relevant for understanding resource distribution and institutional bias, which are central in contexts where access to credit and other productive assets by women is restricted.

Despite its strengths, GAD has faced several criticisms. The most common one is that while it identifies structural inequalities, it has often struggled to translate its insights into practical policy measures that can be effectively applied in diverse contexts (Parpart et al., 2000). Critics also argue that GAD focuses heavily on gender while sometimes neglecting the intersecting roles of class, ethnicity or age, which also shape access to opportunities and resources (Cornwall, 2003). Furthermore, some scholars suggest that GAD can be overly theoretical, making it less responsive to the everyday realities and practical needs of women entrepreneurs, particularly those working in informal economies(Parpart et al., 2000).

Current discussions on GAD emphasize its relevance to issues of financial inclusion, women's entrepreneurship and microfinance (Cornwall & Rivas, 2015; Mayoux, 2001; Kabeer, 2021). Contemporary scholars highlight the importance of integrating intersectionality into GAD, recognizing that access to resources by women is shaped by multiple overlapping identities beyond gender alone (Kabeer, 2015). At the policy level, GAD remains influential in shaping international agreements like the Sustainable Development Goals (SDGs), especially the SDG 5 on gender

equality, which stresses the elimination of structural barriers to women's economic empowerment and access to productive resources. This continued relevance shows that GAD remains a vital lens for analyzing and addressing persistent gender inequalities in development.

In the context of Kawangware, Kenya, GAD theory is particularly relevant to analyzing the effects of gender-based credit financing on the social performance of MSEs. Women entrepreneurs in informal settlements often face systemic barriers such as lack of collateral, patriarchal cultural norms and exclusion from mainstream financial institutions (FSD Kenya, 2023). These structural inequalities limit women's capability to expand their enterprises and contribute to community well-being. GAD provides a useful angle for understanding these barriers and for emphasizing the importance of designing gender-sensitive credit interventions. Such interventions not only increase women's access to finance but also address institutional and cultural biases that perpetuate inequality(FSD Kenya, 2023).

2.2.3 Social Capital Theory

The concept of social capital has its roots in early sociological thought, with foundations in the works of Durkheim and Weber (1978) who emphasized the place of social cohesion in shaping economic and social structures. However, the formal articulation of the term "social capital", gained theoretical prominence in the 1980s and 1990s. At its core, the theory elaborates the value of trust, networks and norms of reciprocity as key enablers of collective action and resource exchange (Coleman, 1988; Putnam, 1993).

The development of Social Capital Theory has largely been shaped by three scholars. Bourdieu (1986) defined social capital as the resources available to individuals and groups through durable networks, with an emphasis on inequality in access. Coleman (1988) extended the concept by framing social capital as a facilitator of rational action, where trust and obligations within networks reduce transaction costs and enhance cooperation. Putnam(1993) further advanced the theory in political science, popularizing it by linking civic engagement and democratic participation to the strength of social networks. This evolution has made social capital a cross-disciplinary concept, widely applied in economics, management and entrepreneurship, particularly in contexts where informal networks substitute for formal institutional structures.

Proponents of the theory argue that trust and networks lower barriers to accessing resources and improve outcomes in both social and economic spheres. (Coleman, 1988)stressed that social relations serve as a form of capital because they facilitate action, while (Putnam, 1993) highlighted how strong community cohesion drives collective benefits. In business contexts, proponents note that enterprises with stronger ties to social networks can more easily access credit, reduce transaction costs and build legitimacy. For women entrepreneurs in particular, group lending models and microfinance programs explicitly build on the logic of social capital by leveraging solidarity, peer monitoring and trust (Lin, 2001).

Despite its wide adoption, Social Capital Theory has not been without criticism. Scholars argue that the concept is too broad and lacks consistent definition, making it difficult to operationalize (Portes, 1998). Others note that strong bonding social capital close, tight-knit networks may reinforce exclusion and inequality by keeping outsiders marginalized (Woolcock & Narayan, 2000). In addition, critics highlight that while social capital may facilitate access to informal credit, it cannot always substitute for structural barriers in formal financing systems such as collateral requirements.

Contemporary discussions of social capital emphasize its role in the digital economy, informal settlements and financial inclusion programs. Scholars are particularly keen in balancing between bonding and bridging social capital, where bridging describes relationships between varied groups and bonding describes bonds inside homogeneous groups, both of which are critical for sustainable development (Woolcock, 2001). In the field of microfinance, social capital remains central to understanding group lending dynamics and repayment behaviors.

The relevance of Social Capital Theory to this study on gender-based credit financing and the social performance of MSEs in Kawangware is significant. Women entrepreneurs in Kawangware, who often lack collateral and face systemic barriers, rely heavily on trust-based community networks such as chamas, SACCOs and microfinance groups to access credit (FSD Kenya, 2023). These networks not only enable access to financing but also influence repayment behaviors and reinforce community trust. On the outcome side, strong social ties enhance the social performance of MSEs by promoting community contributions, job creation and household welfare. Thus, Social Capital Theory provides a valuable framework for explaining both the mechanisms of credit access

and the pathways through which gender-based financing affects social performance in informal economies.

2.3 Empirical Review

In this section, the study reviews various empirical studies that relate with how gender-based credit financing affect the social performance of MSEs. It is sub-divided into three sections, presenting a review of studies related to gender sensitive loan conditions, gender-targeted financial training and gender-based credit financing lending models, all in line with social performance of MSEs.

2.3.1 Gender-sensitive credit financing conditions and social performance of MSEs.

Existing literature attest to the disparities in financing availability between female-led and male-led businesses. Singh and Dash (2021) conducted a global assessment of 125 papers on gender discrimination in financing and found that while women-owned businesses encounter some restrictions just like their male counterparts, they are more exposed to numerous obstacles just because of their gender. Some initiatives have been adopted to improve financial inclusion, but systemic challenges still persist, including banks risk aversion toward women borrowers, lack of collateral, stricter lending conditions and limited access to financial services (Singh & Dash, 2021). The study findings highlight a disconnect between women's proven reliability as borrowers and the discriminatory practices still prevalent among financial institutions. The study however, only relied on secondary data from 125 articles, leaving out the lived experience of the MSEs owners. It was also conducted at global level; therefore, the findings cannot be generalized to perfectly fit Kawangware context, especially with the small sample size of 125 articles to give a global view.

Abor et al. (2024) did related research in Ghana, with the results showing that women receive relatively smaller amounts of loan even though they posses' stronger repayment histories than men. The study applied a qualitative research methodology and relied on secondary data from multiple sources between the year 2020 and 2024.The findings further revealed that financial constraints, especially among women significantly contribute to MSEs failure, thus negatively impacting their broader economic and social performance. Similarly, a study in Nigeria by Ogunleye and Adetutu (2024) points out to additional barriers such as fear of loan default, social stigma and limited collateral access that discourage women from credit application, even in cases

they qualify. The study recommended adoption of lending models that are not just financially inclusive but also socially aware (Ogunleye &Adetutu, 2024). The two studies applied qualitative methods using case study approach, leaving out the quantitative aspects of the study area, thus presenting methodological gaps. Equally, Ghana and Nigerian's context differs from Kenyan context where the current study was conducted, hence the findings cannot be directly generalized.

Wanjiku et al. (2023) carried out a study in Kitui, Kenya, involving 324 borrowers through a purposive sampling approach to establish the effects of gender norms on loan acquisition and utilization. They employed a mixed-methods approach and a convergent research design. Used both primary and secondary data. The Statistical Program for Social Scientists (SPSS) was used to code and analyze quantitative data, while qualitative data was presented in narrative form. The study found that the impact of borrowing on household livelihoods was highest through women than men. It therefore recommended flexible loan conditions that factor in gender biased norms to avoid exclusion of women in credit access. However, the study only looked at one aspect of social impact i.e., livelihoods, leaving out the other variables that make up social impact. It also used purposive sampling approach exclusively, which is prone to high possibilities of biasness and representation challenges. The current study aimed to unpack other social performance parameters including, inclusive employment creation; household welfare; women empowerment and community contribution. It used census method, ruling out biases resulting from sampling approaches.

Wario (2021) examined how credit accessibility affects the performance of (MSEs) in Isiolo North Sub-County, an area marked by high unemployment, low education levels and limited financial access. The study analysed 144 MSEs using regression analysis and descriptive statistics to assess the influence of collateral requirements, credit awareness, lending procedures and interest rates. Findings showed that credit awareness and lending procedures positively and significantly impacted MSE performance, while interest rates and collateral requirements had a negative and significant effect. Collateral requirements emerged as the strongest negative predictor. The study recommended simplifying loan procedures, increasing financial education, offering flexible collateral options and reviewing interest rates to improve MSE access to credit and boost performance. However, the study was limited in geographical scope, lacked a gendered perspective and focused solely on financial outcomes rather than broader social performance. These gaps

justify further research in diverse contexts such as Kawangware, with attention to gender-based credit access and its effects on the social performance of MSEs. Isiolo is an ASAL and nomadic area with different socio-economic factors from Kawangware which is an urban informal settlement.

A study by Odhiambo (2023), analysed gender disparities in MSME credit access in Kenya using the 2016 KNBS MSME survey. The study found that women-owned enterprises were less likely to secure loans and often received smaller amounts, mainly due to collateral demands, documentation barriers and small firm size, despite women showing strong repayment performance. It recommended gender-sensitive lending practices such as flexible collateral requirements and tailored products for informal firms. While the study gives a gendered perspective on credit access, it only focused on financial outcomes, without linking lending conditions to broader social performance indicators like welfare or empowerment. It also relied on secondary, national-level data that does not adequately unpack urban informal contexts such as Kawangware. These gaps were addressed by the current study, focusing on holistic social performance outcomes, through primary data collection directly from the MSEs owners.

Jama (2024) conducted a related study in Nairobi's informal settlements, aimed at examining how development financing through e-lending, collateral-free credit and business grants affect the financial performance of MSMEs in Nairobi County. Using a descriptive design and survey of 120 MSMEs, the study applied regression analysis and found that all three financing mechanisms positively and significantly enhanced business growth and profitability. It recommended scaling up digital lending, collateral-free credit and grant programs to strengthen MSME sustainability. However, the study was limited to financial outcomes; did not address how gender-sensitive credit conditions specifically affect women entrepreneurs and only focused on one aspect of credit conditions, i.e., collateral. These gaps provide space for a focused study on gender-sensitive financing and social performance of MSEs in Kawangware, expanding it to additional loan conditions such as credit ceilings, repayment terms and collateral requirements.

Hansen and Rand (2023) argue that presenting detailed proof of discrimination against women in the financial sector is difficult because, in most circumstances, women simply self-exclude out of formal credit market. According to Morsy et al. (2020), women are less confident when applying for credit finance because they assume their applications will be denied. Other researchers also

reject gender-based discrimination argument in loan-granting process and claim that banks have policies that are gender-neutral (World Bank, 2020). In addition, there is a belief that women make better borrowers than men do and are equally supported by government policies (Mascia & Rossi, 2017), hence, the banking industry is compelled to lower interest rates and loosen collateral requirements so as to support women entrepreneurs. To preserve their identity based on equality, some reports, however, indicate that most nations do not forbid gender discrimination on credit provision to women owned businesses (Galli et al., 2020).

2.3.1 Gender-targeted financial literacy training and social performance of MSEs.

González-Prida et al. (2024) studied the linkage between financial literacy and Peruvian microentrepreneurs' decision-making ability. They employed a non-experimental correlational descriptive design and a scientific approach, more precisely the hypothetical-deductive technique. The study used a quantitative methodology on 186 micro-business owners from a population of 361 owners, adopting a Likert scale questionnaire. The results showed a positive correlation between the independent and dependent variables, pointing that more work should be done to incorporate financial literacy into any kind of entrepreneurial training that aims to enhance the sustainability aspects and characteristics of micro-entrepreneurs' decisions. It also suggested that financial literacy be the primary focus of any future policies and a key component of any plan aimed at enhancing the microenterprise sector. However, the study focused only on financial literacy and decision-making, without linking these to broader performance indicators or social outcomes. Furthermore, being based in Peru, its findings may not be directly transferable to contexts such as Kawangware and lacks gender-disaggregated analysis leaving unexplored differences in how female and male entrepreneurs benefit from financial literacy. These gaps were filled by the current study through a gendered analysis of financial literacy training and an all-rounded view of social performance outcomes.

Pureheart and Opusunju (2021) assessed the effect of financial literacy on the growth of MSMEs through a study in Nigeria, utilising a descriptive survey research design, primary data source and qualitative data which was changed into quantitative form using five-point Likert scaling. They administered a total of 208 data collection instruments, with a 96.1% response rate. Analysis was done using inferential statistic and the results showed that financial literacy and MSMEs' growth

have a positive correlation. Budgeting literacy had negligible impact, whereas debt management literacy had the greatest positive influence on MSMEs' growth among the four financial literacy proxies examined. Bookkeeping and banking services literacy came in second and third, respectively. According to the survey, organizations that want to effectively fulfil their Corporate Social Responsibility (CSR)obligations to support the expansion of MSMEs should provide them with training in debt management, bookkeeping and financial services. While the study was well operationalized allowing for nuanced insights into specific financial literacy dimensions, it presents theoretical gap by simply applying business growth model theory which does not address social performance indicators and gendered aspects of financial literacy training. This gap was addressed by the current study through application of Gender and Development; Social Capital and empowerment theories.

According to a study by Koomson et al. (2023), financial literacy reduces poverty through the mechanisms of transforming financial inclusion and entrepreneurship. The Intermedia Financial Inclusion Insights Program's wave 5 data for Tanzania, Kenya and Uganda were used in the study to examine the both the direct and indirect effects of financial literacy on poverty levels. Endogeneity-corrected results showed that an increase in financial literacy results into a 6.9% reduction in poverty (Koomson et al., 2023). Similarly, Mberia (2023), found that training in financial literacy and MSEs' financial success are strongly positively correlated, from a comparable study with 33 women's self-help organizations established and trained by Equity Bank in Machakos, Kenya. The study looked at how financial literacy training skills affected the performance of these groups, recommending that stakeholders keep educating women entrepreneurs on financial literacy topics including budgeting, debt management, savings and banking products. While both studies showed positive relationship between the variables, Mberia's work was limited by its small, localized sample and a narrow focus on financial success, overlooking wider social outcomes. Similarly, Koomson et al. (2023) relied on secondary, cross-country data without disaggregating gendered aspects into financial literacy to shape enterprise and household outcomes.

A study examining the effects of training on women-run MSEs in Kawangware, Nairobi County found that training improved women's entrepreneurial capacity in record keeping, planning and management, which in turn enhanced business survival and revenue stability (Njoki, 2019). The

study focused on advisory services, capacity building and networking; using a descriptive survey design with questionnaires and interviews. It recommended expanding gender-focused training, mentorship and networking to strengthen women's enterprises. However, the study focused on women only, losing out on the comparative aspects of the effect of financial training between male and female led MSEs. The study has also been overtaken by events, considering time lapse. Its reliance on cross-sectional data also limits causal analysis. The current study aimed to bridge these gaps; being gender comparative in nature, current and through application of a research design that addresses causality.

Other researchers reveal that gender-targeted financial training does not always lead to improved social performance of MSEs. Kinnan (2020) found that financial literacy had limited or no impact on poverty reduction in some contexts across Kenya, Tanzania and Uganda, highlighting the role of structural barriers. Similarly, Banerjee et al. (2020) reported that in some cases, women lacked control over finances despite being trained and receiving loans, thus limiting the intended social benefits. In Kenya, Kithinji and Wanjala (2023) observed that financial training, especially when coupled with microloans, sometimes led to increased financial stress and strained social relationships. These findings suggest that financial training alone is insufficient to enhance the social performance of MSEs without addressing deeper systemic and socio-cultural constraints.

2.3.3 Gender-based credit financing lending model on the social performance of MSEs.

A study in Ethiopia by Tura and Tesfaye (2024) examined how group lending affected the formation of enterprise capital and the creation of jobs in Salale, Oromia. Questionnaires were used to collect primary data, supplemented by interviews of key informants. The effects of group lending on the income of enterprises and the creation of jobs were determined using the PSM estimation. Simple two-stage random sampling technique was applied to draw the sample. Data collected from 388 respondents were analysed using econometric model. The estimation of PS was done using the probit model. The study deduced that group lending has a significant impact on enterprise income, but not on employment creation. The methodological rigor and combination of quantitative analysis with interviews were key strengths of the study. However, it narrowly focused on income and employment outcomes while overlooking broader social performance indicators such as household welfare, empowerment and community wellbeing. The lack of a gender-sensitive perspective also limited insights into how group lending might differently affect men and

women entrepreneurs. The current study aimed to bridge these gaps by looking at a gendered lens of lending models on broader social impact of MSEs.

According to research by Goda and Gomera (2022), microlending models of microfinance banks contribute to the growth of MSEs. The study's main goal was to evaluate how Tanzanian MSEs owners benefited from Microfinance Bank's microlending programs. 179 respondents were targeted through mixed-approaches, using convenience and purposive sampling methods and an explanatory design. Primary and secondary data were gathered through questionnaires and document reviews respectively. Quantitative data analysis was performed using descriptive statistics, specifically SPSS, while a content analysis of qualitative data was performed using MAXQDA10.The study recommended that microfinance banks should apply appropriate lending model that is compatible with the nature of MSEs for enhanced growth and sustainable operations. While the study offers useful insights through mixed-methods approach, its context is specific to Tanzania, which limits the generalizability of its findings to other settings like Kawangware. In addition, the reliance on convenience and purposive sampling raises concerns about sampling bias and limits the representativeness of the results.

In order to determine how lending model affect MSE's business performance in Isiolo, Kenya, Mwenda et al. (2021) carried out a study, employing a descriptive sample test architecture, with 120 MSEs as the target population. The study established that the success of MSE's operations in Isiolo is positively and significantly correlated with lending models. The study suggested that to give more MSE enterprises access to finance, the lending institutions should streamline their lending models. Mbithi and Ogilo (2023) carried out a related study to find out how credit lending models impacted the loan performance of savings and credit cooperative societies (SACCOs) taking deposits in Nairobi, Kenya. The study specifically examined the models of cooperative lending, digital credit, individual lending and group lending. A descriptive cross-sectional design was used in the investigation, with a census method targeting 176 people respondents. They found that loan performance of the SACCOs was significantly impacted by credit lending models. Both studies demonstrate strength in highlighting the importance of lending models and offering practical recommendations for streamlining credit access. However, they focused narrowly on financial and operational outcomes, neglecting social performance. They also lacked a gender-sensitive perspective and relied on cross-sectional designs, limiting causal insights.

Other studies reveal mixed to negative outcomes between lending models and the social performance of MSEs depending on the design. Group lending models, while effective for promoting repayment discipline, have been criticized for creating social pressure and in some cases, conflict among members, limiting their broader social benefits (Roodman, 2018). Individual lending models can expand access for more capable entrepreneurs but often exclude the poorest, reinforcing inequality and producing limited community-level welfare gains (Banerjee et al., 2020). Digital credit models provide quick access to funds but have been strongly linked to over-indebtedness, predatory terms and repayment stress, which negatively affect household welfare and undermine social outcomes such as education and health security (CGAP, 2020). Overall, while these models increase financial access, they can harm social performance when repayment rigidity, exclusion or over-indebtedness outweigh the intended benefits (GSMA, 2019).

2.4 Summary of Literature and Research Gaps

This sub section discusses the research gaps in detail and further gives a tabular summarised outlook of the reviewed literature based on author, tittle, the findings, gaps and how the current study aimed to fill the identified gaps. Though related studies had been conducted on gender-based credit financing, there still existed several gaps that the current study aimed to fill.

First, there exist conflicting findings or disagreement gaps from previous researchers, evident by the inconsistencies in the existing literature on the association between gender-based credit financing and social performance of MSEs. While some studies indicate that such financing improves social performance of MSEs (Johnson & Muthoni, 2022; Ghosh et al., 2023); others show insignificant effect (Mensah & Adjei, 2020; Njeru & Mungai, 2021). Therefore, while gender-based credit financing aims to advance inclusion and positive social outcomes(FSD Kenya, 2023), it is not clearly established whether, how and under what conditions such financing improves the social performance of MSEs. A gap that this study aimed to fill.

Beyond disagreement gaps, there also exist conceptual gaps that this study aimed to address. In the existing literature, gender-based credit financing has been conceptualized differently in relation to performance of MSEs. A study by Wanjiku et al. (2023), only looked at one aspect of social performance i.e., livelihoods, while the current study included other social performance parameters such as inclusive employment creation, household welfare, women empowerment and community contribution. Related studies byJaradat and Rahman (2022); Kambura and Kanyiri (2021) and

Wario (2021) focused on the financial and economic performance of MSEs, excluding the social performance indicators which are crucial and are aligned to sustainable development goals. Catherine (2022), looked at the association between credit financing and performance of MSEs in general, leaving out the gendered aspect of credit financing. The current study aimed to bridge the above gaps by establishing the effect of gender-based credit financing (gender-sensitive loan conditions; gender-targeted financial literacy training; gender-based credit financing lending model), all in relation to the social performance of MSEs.

In addition, this study aimed to fill existing methodological gaps. Previous related studies have applied different methodologies including descriptive survey design, non-experimental correlational descriptive design and the hypothetical-deductive techniques (Goda & Gomera, 2022; González-Prida et al., 2024); others have employed secondary data analysis (Singh & Dash, 2021) and some, qualitative methods (Abor et al., 2024), which have given different results and findings. This study being quantitative, employed a descriptive and causal-comparative research design to determine the effect of gender-based credit financing on the social performance of MSEs.

Most of the previous related studies present contextual gaps that the current study aimed to fill. The studies had been done in other regions of Kenya and beyond (Abor et al., 2024; Wario, 2021; Jaradat & Rahman, 2022) but little focus has been given to Kawangware, Nairobi County, a unique informal settlement characterized by high population density, gender disparities and reliance on MSEs for livelihoods. This creates a contextual gap, as findings from other contexts cannot be directly generalized to Kawangware due to its distinct socio-economic dynamics. Contextual gap is also evident from the target population. A related study by (Morsy et al., 2020) focused on businesses in general, not specific on which type of businesses; González-Prida et al., (2024) narrowed their study to micro enterprises, excluding the Small Enterprises, while Mberia (2023) focused only on women led MSEs trained by equity bank, excluding other MSEs. The current study seeks to bridge the above contextual gaps by examining the effects of gender-based credit financing on the social performance of MSEs in Kawangware.

Previous studies have used theories such as capability approach; business growth model theory, which do not create linkage between gender-based credit financing and social performance of MSEs (Pureheart & Opusunju. , 2021; González-Prida et al., 2024). The current study aimed to

bridge this theoretical gap by applying Empowerment, Gender and Development and Social Capital theories which link the gendered aspect of credit financing and the social performance of MSEs in Kawangware.

Table 2.1: Summary of literature and research gaps

Author	Title	Findings	Gaps	How the study fills the gap
Singh and Dash (2021)	Gender Discrimination in Women-Owned Businesses' Access to Financing.	There are various credit access obstacles that women encounter simply because of their gender, compared to male counterparts.	**Methodological gap:** The study relied only on a review of 125 articles to give a global overview of the study area. This does not give the lived experience by MSEs.	This study expanded the data source by utilizing primary data from MSEs owners, giving a lived experience.
Abor et al. (2024)	Accessing finance among women-owned small businesses in Ghana.	Despite the availability of collateral for small firms, the patrilineal inheritance system discriminates against women micro-entrepreneurs.	**Methodological gap:** The study applied qualitative methods using case study approach, leaving out the quantitative aspects of the study area. **Contextual gap:** The study was in Ghana, a country with different socio-economic set up from Kenya.	This study looked at the quantitative aspects of the study area. The study was conducted in Kenya, specifically in the informal settlements of Kawangware.
Wanjiku, Njoroge and Wanjama (2023)	Effects of gender norms on loan acquisition and	The impact of borrowing on household livelihoods was highest through women than men.	**Conceptual gap:** The study only looked at one aspect of social impact i.e., livelihoods, leaving out the other variables that make up social impact.	This study unpacked other social performance parameters including, Inclusive employment

	utilization in Kitui, Kenya.			creation; Household welfare; Women empowerment and Community Contribution.
Wario (2021)	Credit conditions and performance of MSEs in Isiolo, Kenya.	Interest rates and collateral requirements are inversely related to MSE performance, while lending practices and credit knowledge have a direct relationship.	**Conceptual gap:** The study focused mainly on the financial performance parameters, excluding the social performance indicators. **Contextual gap:** Socio-economic factors differ between Isiolo which is an ASAL and nomadic area from Kawangware which is an urban informal settlement.	The current study looked at the social performance indicators of MSEs, adding into the previous research on financial aspects. The current study revealed comparative findings from an urban informal settlement, Kawangware.
Pureheart and Opusunju (2021)	Financial literacy's impact on Nigeria's MSMEs' expansion.	Debt management literacy has the biggest influence on MSE's growth, followed by bookkeeping then banking services. Literacy about budgeting has negligible impact.	**Theoretical gap:** The study used business growth model theory, which does not create linkage to social performance and gender inclusion aspects.	This study relied on empowerment and legitimacy theory which incorporates both social and business aspects of the study area.
Mberia (2023)	Impact of financial literacy training on	Training on budgeting, savings, banking products	**Population gap:** The study focused only on women self-help groups	The current was broader in terms of population,

	the effectiveness of women's self-help groups trained by Equity Bank in Machakos, Kenya.	and debt management positively influence women entrepreneurs' performance.	trained by equity bank, which is narrow in scope.	targeting MSEs owners in Kawangware, whether in self-help groups or not and not specifically tied to a given financial institution.
González-Prida et al. (2024)	The connection between Peruvian micro-entrepreneurs' decision-making and financial training.	Entrepreneurial training that incorporates financial literacy enhances the sustainability aspects and characteristics of microentrepreneurs' decisions.	**Population gap:** The study only focused on micro enterprises, which is narrow in scope. **Methodological gap:** The study examined the quantitative aspects using a non-experimental correlational descriptive design and the hypothetical-deductive technique.	This study included both micro and small enterprises. The study employed Descriptive-cross sectional design which comprehensively takes care quantitative aspects of the study, while also explaining the linkage between the variables.
Catherine (2022)	Role of credit access on the performance of MSEs in Nairobi, Kenya.	Availability of credit, flexibility and ease of access contribute positively to business growth, profitability, and sustainability.	**Conceptual gap:** The study looked at credit access in general, leaving out the gender specific aspects of credit access.	The current study had a specific focus on gendered aspects of credit access and link it to the social performance of MSEs in Kawangware.

Jaradat and Rahman (2022)	Impact of financial accessibility on performance of MSMEs in Malaysia.	Financial accessibility has a positive association with the performance of an MSMEs.	**Conceptual gap:** The study focused on the economic performance of MSEs, measured through profitability, leaving out the social performance aspects. **Contextual gap:** The study was in Malaysia, a country with different socio-cultural contexts from Kenya.	The current study looked at financial accessibility, but link it to the social performance indicators of MSEs. This study was done in Kawangware, yielding findings from an urban informal settlement.
Morsy et al. (2020)	African Women's Self-Selection from the Credit Market.	Due to their perceived lack of creditworthiness, female entrepreneurs tend to withdraw themselves from the credit market.	**Population gap:** The study focused on businesses in general, not specific on which type of businesses.	The current study was specific to MSEs in Kawangware, Kenya.
Goda and Gomera (2022)	Lending models of microfinance banks and growth of MSEs in Tanzania.	Models tailored to business needs enhance improvements in business growth.	**Methodological gap**: The study used convenience and purposive sampling techniques, which are prone to high levels of biasness and subjective risks.	The current study applied census method to eliminate biases arising from sampling.
Kambura and Kanyiri (2021)	Influence of lending models on	Access to appropriately structured loans models enable entrepreneurs to	**Conceptual gap:** The study focused on the financial performance of MSEs,	The current study looked at the lending models, but also link it to the social

	performance of MSE's in Kenya.	expand operations and increase revenues.	leaving out the social performance parameters of the MSEs.	performance indicators of MSEs.

Source: Researcher (2026)

2.5 Conceptual Framework

This section presents in a diagrammatic form, the link between the dependent and the independent variables, controlled by other variables. In this case, the conceptual framework depicts the link between the three independent variables, namely: gender-sensitive loan conditions; gender-targeted financial literacy training and gender-based credit financing lending model and the dependent variable, social performance of MSEs. The control variables include; size of the MSEs, age of the MSEs, education levels of MSEs owners and government interventions. The section also gives a further discussion and operationalization of the variables.

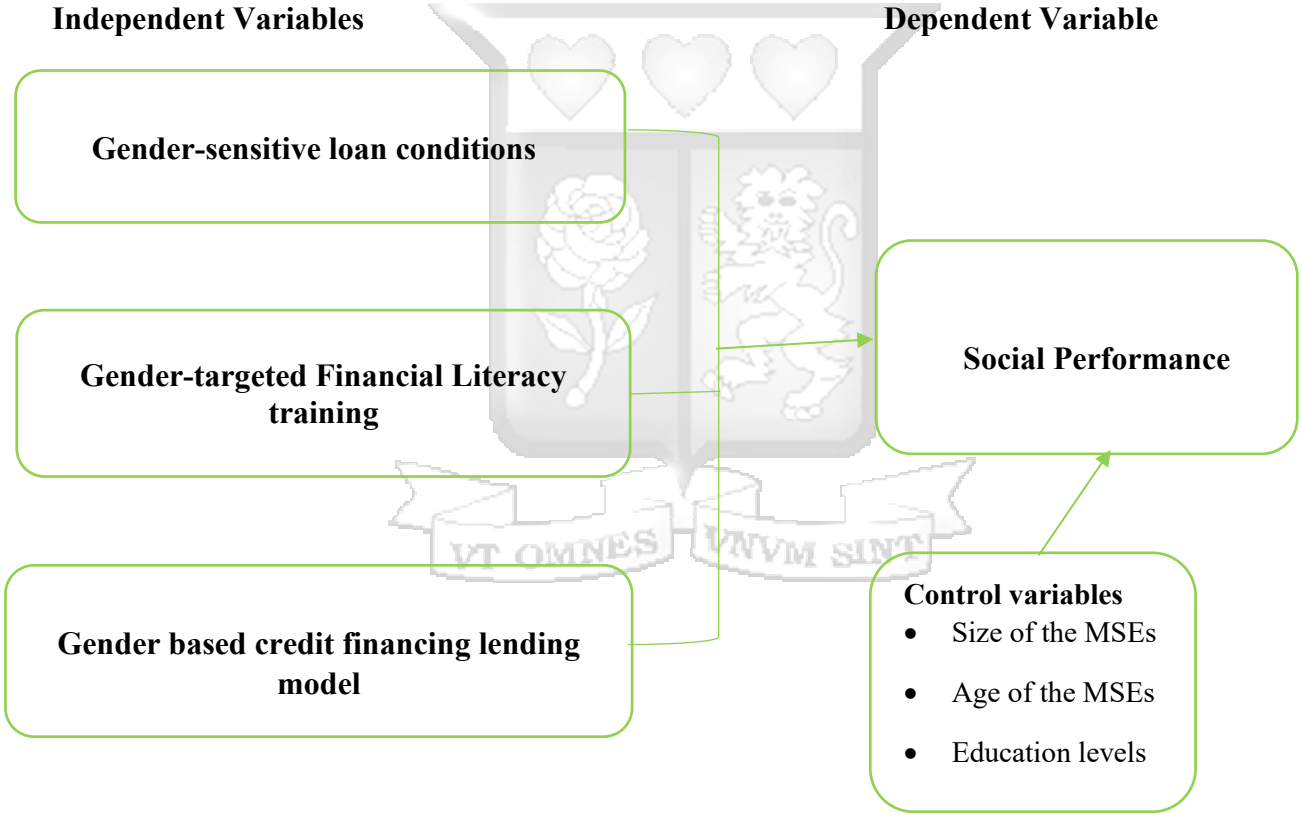


Figure 2.1: Conceptual framework

Source: Researcher (2026)

2.6 Operationalization of the Variables

This sub-section presents information on the operationalization of the study variables. It presents the study variables, type, attributes, indicator, measurement scales, analysis approach, supporting literature and the supporting theory.

Table 2.2: Operationalization of Variables

Variable	Type	Attributes	Indicator	Scale	Supporting Theory and literature
Dependent variable					
Social Performance of MSEs	Ordered (Categorical)	• Inclusive employment creation. • Household welfare. • Women empowerment. • Community Contribution.	% of women employees. % Change in monthly income. % of women involved in household or business decisions. # Of community projects supported.	5-point Likert Scale	Empowerment; Gender &Development theory. Kiberenge and Kiraka (2021)
Independent variables					
Gender-sensitive loan conditions	Binary and Categorical	• Collateral requirements • Loan repayment terms • Credit Ceilings	% of borrowers reporting collateral as a barrier. Level of satisfaction with repayment schedule. Perceived adequacy of credit limit.	5-point Likert Scale Nominal	Gender & Development Theory. Johnson and Muthoni (2022)

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Gender-targeted Financial Literacy training	Categorical (ordered)	• Debt management • Book keeping • Budgeting	% of respondents who have positively changed their debt management behavior. % of respondents who have adopted effective book keeping practices. % of respondents who have adopted budgeting practices.	5-point Likert Scale	Empowerment theory. (Mwangi & Kimani, 2022; González-Prida et al. (2024))
Gender based credit financing lending model	Categorical	• Individual lending • Group lending • Digital lending	Proportion of credit advanced to respondents on individual basis. Proportion of credit to respondents on group basis. Proportion of credit to respondents via digital platforms.	5-point Likert Scale	Social Capital and Empowerment Theory Kambura and Kanyiri (2021)
Control Variables					

Size of the MSEs Age of the MSEs Education levels Government interventions	Categorical & Continuous Categorical Categorical Categorical		# of employees Average monthly revenue. # of years of business operation Primary; Secondary; Tertiary. Type and level of government support received.	Ordinal Ordinal Ordinal Ordinal	Empowerment theory.

Source: Researcher (2026)

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2.7 Chapter Summary

This chapter reviewed existing theoretical and empirical literature on the areas of gender-based credit financing and the social performance of MSEs. The theoretical foundations underpinning this study have equally been discussed. It has identified the research gaps, mainly highlighting the discrepancies in the existing literature with regard to the association between gender-based credit financing and the social performance of MSEs. The next chapter outlines the methodological approaches that were applied to collect the data necessary to respond to the research questions and the data analysis tools and models.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a systematic procedure of solving the research problem. The methodology section sets out the various procedures that the researcher employed to assist in achieving the research objectives. The chapter details the research approach of this study. The research philosophy; associated research design; population and sampling methods; data collection and analysis techniques; research quality and ethical considerations are all outlined in this chapter.

3.2 Research Philosophy

This idea pertains to the proper collection, analysis and use of data regarding a phenomenon (Creswell & Creswell, 2018). According to (Lopes, 2015), philosophy as a foundation of knowledge, helps researchers identify, comprehend and reduce study biases. Various research philosophies can be applied in any kind of study, including: pragmatism, positivism, realism, interpretivism and post-positivism.

The foundation of the pragmatist philosophy is the assumption that for a research question to be relevant, it must encourage action (Saunders & Lewis, 2017). The researcher is therefore at liberty to choose the best approach that can yield results that practically support real-world applications, rather than being advised to adopt any particular approach. The foundation of positivism is the presumption that knowledge that is derived objectively, free from the individual opinions of the researcher, by observation and measurement is valid. According to Saunders and Lewis (2017), positivism is appropriate for studies that aim to forecast or explain phenomena. The foundational notion of the realism philosophy is that reality and the human mind are non-interdependent. According to the interpretivism concept, research should be guided by human interest, as a result, the focus should be on comprehending people's distinct interpretations and ideas about phenomena (Saunders & Lewis, 2017). Post-Positivist philosophy recognizes that all observation is fallible and that absolute truth is unattainable (Creswell & Creswell, 2018).

This study was anchored on a post-positivist research philosophy. Post-positivism is founded on the belief that reality exists independently but cannot be perfectly understood due to the influence of human perceptions, social contexts, and potential biases. Unlike positivism, which assumes

absolute objectivity, post-positivism acknowledges that knowledge is provisional, fallible and open to revision (Creswell & Creswell, 2018). In the context of this study, the effects of gender-based credit financing on the social performance of MSEs in Kawangware are real and measurable, but they are also shaped by diverse social and cultural factors that influence how entrepreneurs experience and report such outcomes.

The post-positivist stance was appropriate because this study combined the need to test measurable relationships such as the extent to which gender-based access to credit influences indicators of social performance, with an awareness of the broader social context. For example, while quantitative measures such as household income or employment generation can be statistically analysed using an ordered logit regression model, social outcomes like empowerment, decision-making and inclusion are shaped by subjective experiences that may not be fully captured by numerical indicators (Mertens, 2020). Post-positivism therefore provides the flexibility to acknowledge these limitations while maintaining methodological rigor. The philosophy aligns with the study's objective of generating evidence-based insights while recognizing possible biases and errors in data collection (through questionnaires and interviews) and interpretation. It further fits this study's research design (descriptive and cause-comparative); analysis method-descriptive and inferential statistics (including ordered logit regression) and the reliability and validity tests ensuring rigor and triangulation used to minimize bias.

By adopting a post-positivist approach, the study ensured that findings are both empirically grounded and contextually sensitive, thereby offering a nuanced understanding of how gender-based credit financing contributes to the social performance of MSEs in Kawangware (Saunders et al., 2019).

3.3 Research Design

This is the framework that helps interpret the research questions ((Newby, 2014). The procedures for data collection, analysis, interpretation and sampling are all outlined in the research design. Various research designs are suitable for different kinds of studies including descriptive design, correlational design, causal-comparative and experimental designs (Almalki, 2016).

This study employed a descriptive and causal-comparative research designs to determine the effect of gender-based credit financing on the social performance of MSEs, in Kawangware.
The descriptive research design aided in the systematic presentation of an accurate picture of how gender-based credit financing manifests among MSEs in Kawangware(Saunders et al., 2019). It described the characteristics, patterns and distributions of the study variables such as gender-focused loan conditions, financial literacy training and lending models, all in relation to the social performance of MSEs(Creswell & Creswell, 2018).

The causal-comparative design was used to explore probable cause and effect relationships between independent and the dependent variables of the study. The design was appropriate since it examined naturally occurring differences between pre-existing groups without manipulating variables, making it practical and ethical in real-world financial contexts (Creswell & Creswell, 2018; Saunders et al., 2019).While it cannot establish definitive causality due to the absence of randomization, it enables statistically supported comparisons that reveal patterns of influence relevant for policy and practice (Creswell & Creswell, 2018).

The two designs give no room for manipulation of data, making it possible to accurately analyse the interdependence between the dependent and the independent variables in this study. Other related studies have successfully applied the same research designs (Wario,2021; Goda & Gomera, 2022).

3.4 Population of the Study

Saunders et al. (2019) defines target population as the comprehensive enumeration of the set of individuals with similar characteristics. The target population for the study comprised 323 registered MSEs owners in Kawangware, both male and female (Nairobi City County records, 2025). The researcher had chosen Kawangware, considering its vibrant informal settlement characterized by a high concentration of MSEs that play a critical role in local livelihoods and poverty reduction. Many MSEs in Kawangware are owned or managed by women who face persistent challenges accessing affordable credit due to structural, socio-cultural and gender-related barriers (KNBS, 2016).

3.5 Sample Design and Technique

Sampling is the process of selecting a portion of the target population (Saunders et al., 2019).The target respondents were the MSEs owners, both male and female. The number of MSEs in Kawangware being manageable and the distances not far apart, the study used census method. This involved gathering data from all the registered MSEs. By surveying all the 323 MSEs, census method would eliminate the risk of sample biasness that may occur when the study only focuses on a particular proportion of the MSEs (Martínez-Mesa et al., 2016). Census method would also provide an opportunity to obtain data that would have been left out by sampling a small percentage of the Enterprises.

Table 3.1: **Target population and sample size**

Type of business	**Target population**	**Population (%)**	**Sample size (%)**
Wholesalers	47	15%	100%
Food and restaurants	92	28%	100%
Clothes sellers	101	31%	100%
Groceries sellers	83	26%	100%
TOTAL	**323**	**100%**	**100%**

Source: Nairobi City County records (2025)

3.6 Data Collection Methods

This includes the tools and instruments utilized in studies to collect the necessary data (Bryman & Bell, 2007). The study focused on primary data, with the use of questionnaires for data collection. The rationale for this source was because there existed no repository for secondary data that could provide information on the variable, but the primary data source would also make it possible to get the lived experience of the MSEs owners on the study area. The questionnaires had both open and close ended questions to allow the respondents some room to explain their opinion. (Lopes, 2015), confirms that a questionnaire is prevalent in social sciences, therefore, it is a good fit for the current study. In addition, questionnaires are easy to administer, can be issued both physically and through online platforms, they are cost effective and user-friendly. The questionnaires were

complemented by key informant interviews to capture deeper insights, explanations and contextual factors about the study variables (Creswell & Creswell, 2018).

Fresh questionnaire was developed to suit the specific research objectives and context. This was necessary since no existing standardized tool directly measured the relationship between gender-based credit financing and social performance of MSEs within informal urban enterprises in Kenya. Questionnaires used in other studies were not sufficiently contextualized to capture localized dynamics. Consistent with methodological guidance by Creswell (2014) and DeVellis (2017), the fresh questionnaire was developed from clearly defined theoretical constructs and relevant empirical literature to ensure content validity and contextual relevance.

The questionnaire had various sections. Section one aimed to collect data on the entrepreneur (age, gender, education level, experience in business) and the enterprise (size, age, source of capital and ownership structure). Section two focused on the independent variables including: gender-sensitive loan conditions; gender-targeted financial literacy training; gender-based credit financing lending model. Section three focused on the social performance of MSEs (Inclusive employment creation, household welfare, women empowerment and community contribution).

The questionnaire was limited to Likert scale data for the variables while incorporating closed and open question types for entrepreneur and enterprise information, but also for any necessary additional explanations. Nominal scale was adopted in the background section, while five-point Likert scale that require respondents to indicate their level of agreement with the statements for each of the variables were used for measurement in the other sections. Distribution of the questionnaires was both physical and online, through use of KOBO collect tools.

3.7 Data Analysis

(Lopes, 2015) define data analysis as the process of comprehending collected data in order to find relevant information and patterns discovered during the investigation. Similarly, data analysis is defined by Quinlan et al. (2015) as the systematic use of logical and statistical techniques to explain, show, condense and evaluate data in line with the study's aim. In this case, gathered data was first cleaned and then analysed quantitatively. As Lopes (2015) states, raw data collected from the field requires cleaning, coding and analysis before it can be easily interpreted. Data was analysed through the use of advanced excel and Statistical Package for Social Science (SPSS)

version 27, considering their simplicity, cost effectiveness and availability. The tools allowed for detailed descriptive and inferential statistical analyses.

To determine the level of correlation between the characteristics of the study variables, an exploratory factor analysis (EFA) was conducted. Attributes that had factor loadings more than 30% were to be retained for further examination (Hair et al., 2010). While 70% is the highly recommended factor loadings criterion, real-world circumstances make this impossible to achieve. As a result, empirical scholars have consistently chosen a range of 0.4 to 0.7 to retain attributes for further study.

Logistic regression analysis and Spearman's rank correlation form the inferential statistics that were used in the research. Regression analysis examined the nature of the relationship between gender-based credit financing and social performance of MSEs, while the strength of the relationship was examined using Spearman's rank correlation analysis. Spearman's rank was used since the variables were measured in ordinal scale. A correlation coefficient between +1 and -1 was used to determine the Spearman's rank correlation. The dependent and independent variables have a perfect positive correlation when the coefficient is +1. An inverse effect of the independent on the dependent variables is shown by a co-efficient of -1. A zero (0) coefficient shows that there is no association between the dependent and independent variables (Sekaran &Bougie, 2013).

Ordered logit regression was applied since the dependent variable, social performance of MSEs, is ordinal (low, medium, high). The model assumes an ordinal outcome, independent observations, no multicollinearity, linearity of log odds for continuous predictors and adequate sample size (Agresti, 2010; Williams, 2016). The most critical is the proportional odds (parallel lines) assumption, which requires that the effect of gender-based credit financing is consistent across all thresholds of social performance (Long & Freese, 2014). To test this, the Brant test and likelihood ratio tests was used (Hosmer et al., 2013). If the assumption is violated, remedies would include a generalized ordered logit or partial proportional odds model or collapsing categories where conceptually appropriate (Agresti, 2010; Liu et al., 2017).

Regression model therefore, took the expression below:

Model for the independent variables

$$\text{Logit}(Y) = \alpha + \beta 1\{\text{loan condition}\} + \beta 2\{\text{Fin Lit Training}\} + \beta 3\{\text{lending model}\} + € \qquad \textbf{(3.1)}$$

Y = Social performance of MSEs

α = y intercept, the level of MSEs' social performance when all factors are zero.

€=Error term

β1, β2 &β3 = Beta co-efficient of the independent variables (gender-sensitive loan conditions; gender-targeted financial literacy training and gender-based credit financing lending models)

Model including the control variables

$$\text{Logit}(Y) = \alpha + \beta 1\{\text{loan condition}\} + \beta 2\{\text{Fin Lit Training}\} + \beta 3\{\text{lending model}\} + \beta 4\{\text{MSE size}\} + \beta 5\{\text{MSE age}\} + \beta 6\{\text{Education levels}\} + \beta 7\{\text{government intervention}\} + € \quad \textbf{(3.2)}$$

Y = Social performance of MSEs

α = y intercept, the level of MSEs' social performance when all factors are zero.

€=Error term

B4, β5, β6&β7 = Beta co-efficient of the control variables (Size of the MSEs, Age of the MSEs, Education levels of MSEs owners and government interventions).

Further, ordered logit regression modelling assumed that: at least one predictor variable may be categorical, ordinal or continuous; the dependent variable must be ordered; the coefficients of parallel regression should have similar co-efficient and predictor variables should not be influenced by multicollinearity. In this study, social performance; gender-sensitive loan conditions; gender-targeted financial literacy training; gender-based credit financing lending models were measured using a five-point Likert scale that range from strongly disagree, disagree, neutral, agree to strongly agree, supplemented by ratios. Control variables which including: business' size; age of the business; education levels and government interventions were categorical.

Ordinary Least Squares (OLS) thus linear regression was used as a confirmatory inferential test to confirm results of the logistic regression. Linear regression is a statistical technique used to model the relationship between dependent (output) variable and one or more independent (input) variables by fitting a linear equation to observed data (Darlington & Hayes, 2016).

Model for linear regression

$$y_i = \boldsymbol{\beta}_0 + \boldsymbol{\beta}_1 x_{1i} + \boldsymbol{\beta}_2 x_{2i} + \cdots .. + \boldsymbol{\beta}_k x_{ki} + €$$

Where:

y_i is the dependent outcome variable or obsevation i

$\boldsymbol{\beta}_0$ is intrecept value of y when all $x = 0$

$\boldsymbol{\beta}_1, \boldsymbol{\beta}_{2,\ldots..}$ slope coefficients

$x_{1i}\, x_{2i}$ independent/explanatory variables

€ is the Error term

3.8 Research Quality

Pre-test was conducted to establish content validity through expert review. Pilot study was later carried out to assess face validity and reliability. Sekaran and Bougie (2013) and Saunders et al. (2019) emphasize that piloting allows for easy examination of the research instrument's strengths and weaknesses. According to Mugenda and Mugenda (2008), 10% of the population is adequate for the pilot study. Therefore, 32 respondents were selected to participate in the pilot. Feedback from both the pre-test and pilot study helped refine the questionnaire by correcting ambiguities and improving clarity and user-friendliness.

3.8.1 Validity

According to Mills and Gay (2019), validity of data collection tool is defined as the potential of an instrument to measure what it was intended to. This study ensured validity in multiple ways. Internal validity was enhanced by controlling for confounders and using appropriate models, while external validity was supported through representative sampling, in this case, census for broader generalization (Creswell & Creswell, 2018). Construct and content validity were achieved by basing instruments on theory, expert review and exploratory factor analysis (Hair et al., 2019). Criterion validity was ensured by comparing findings with external benchmarks and face validity through pilot test (Taherdoost, 2016). Content analysis enabled the researcher to ensure that all the research themes are not only captured but are also adequate to achieve the study objectives. At the

same time, peer debriefing with fellow researchers was conducted to help improve the data collection instruments.

3.8.2 Reliability

Reliability of a research instrument refers to the ability of the data collection tool to give consistent findings in repeated trials(Kothari, 2017). In this case, the researcher established whether a particular research instrument yields the same findings when it is administered to same set of respondents at least more than once. The researcher tested for reliability by administering the questionnaire through test-retest approach. The same set of respondents were subjected to the same questionnaire at least twice within a given time interval then comparisons made between two datasets. Cronbach Alpha test was further done to evaluate the reliability of the data. A Cronbach Alpha test above 0.70 is a sign of reliability.

Results for reliability test for all the 25 variables which were on Likert scale had a Cronbach Alpha of 0.709, an indication of consistency in the data collection tool. Further details of these results are contained in appendix v.

3.9 Tests of Statistical Assumptions

Prior to data analysis, tests of statistical assumptions were conducted to determine whether the obtained data satisfies the heteroscedasticity, autocorrelation, multicollinearity, normalcy and proportional odds assumptions. Measures of central tendency, dispersion, significance, association and prediction tests were conducted based on this information. Tests of statistical assumptions depended on specific assumptions regarding the study variable; failure to meet these assumptions would imply that the study results are not trustworthy (Osborne & Waters, 2002).

3.9.1 Test for Normality

Normality test was performed, considering that this study requires the use of regression analysis model to predict the dependent variable based on the given independent variables. According to Osborne and Waters (2002), this kind of analysis assumes that data is normally distributed. To check for normality, the Shapiro-Wilk test was used in particular. Through the detection of skewness or kurtosis, this test determined the degree of normality in the data. If the test findings

are statistically insignificant, meaning the significance value is greater than 0.05, the data would be regarded as normally distributed (Cheng & Liu, 2011).

3.9.2 Test for Multicollinearity

Multicollinearity test was performed to determine whether there is a strong correlation between the research variables. This arises when independent variables exhibit a high degree of correlation with one another, which impacts the predictor variable's capacity for prediction (Mugenda & Mugenda, 2008). When evaluating hypotheses with regression analysis, multicollinearity is presumed to be absent; nevertheless, this must be verified by performing the multicollinearity test. The test was calculated using the Variance Inflation Factors (VIF) and their reciprocal, the tolerance, to ascertain whether one predictor has a strong linear association with the other. VIFs above 10 are often seen as an indication of severe multi-collinearity that has an impact on the study (O'Brien, 2007).

3.9.3 Test for Heteroscedasticity

Heteroscedasticity was tested to determine if the variability of variables is equal or uneven over the range of values of a second variable that predicts it (Brooks, 2019). To find out whether there is heteroscedasticity, Lagrange Multiplier (LM) test was used. The LM test compares the $\chi 2$-test value from the chi square tables with the $\chi 2$-test statistic (Wooldridge, 2020). The number of observations multiplied by the model's R 2 yield the $\chi 2$-test statistic.

3.9.4 Test for Linearity

Means test was used to show whether there exists a linear relationship between independent variables (gender-based credit financing components) and the dependent variable (Social performance of MSEs).

3.9.5 Goodness of fit test

The goodness of fit test by Hosmer and Lemeshow was applied in this particular study. According to Greene (2012), the Hosmer and Lemeshow goodness of fit test determines how closely the anticipated and observed frequencies match. According to Greene (2012), a better fit result from a closer match.

3.9.6 Brant and Likelihood ratio tests

The Brant test was used to check whether each predictor meets the proportional odds assumption, while the likelihood ratio test used to compare the ordered logit model with less restrictive alternatives to see if the assumption holds overall. The Brant test gives a χ^2 statistic with degrees of freedom and a p-value. A significant result in either test suggests that the assumption is violated (Brant, 2012; Hosmer et al., 2013). If $p > 0.05$, the assumption holds (no evidence of violation) and if $p \leq 0.05$, the assumption is violated (Brant, 2012; Hosmer et al., 2013).

3.10 Ethical Considerations

According to Lopes (2015), ethics is the standard behaviour that guides the researcher's demeanour during a study in relation to all those involved or affected by the study. The respondents in this research were notified through writing and by verbal means to obtain their consent. They were guaranteed of confidentiality and willing participation in the process. The researcher ensured all information sourced from the respondents is treated with high level of confidentiality. The questionnaires were anonymous and only identifiable through assigned codes to enhance confidentially and anonymity of sensitive information that might have been provided by the respondents. As a form of introduction to the respondents, the researcher availed an introduction letter obtained from Strathmore University. The respondents were also assured of the availability of the findings of the study upon their request. Further, the study ensured all the necessary approvals are obtained from the Strathmore University Institutional Scientific and Ethical Review Committee and the National Commission for Science Technology and Innovation (NACOSTI).

3.11 Chapter Summary

This chapter discussed the research methodology that was used in the current study. The research philosophy, design, population, sampling technique, data collection, data analysis, research quality, tests of statistical assumptions and ethics, have all been discussed in the chapter. This study was guided by the post positivism philosophy, using descriptive and causal-comparative research designs. Data collection was done through structured questionnaires administered to owners of MSEs in Kawangware, Kenya.

CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

Effect of gender-based credit financing on the social performance of MSEs in Kawangware, Kenya is discussed in this fourth chapter. Three separate sections comprise the chapter's presentation of the study's findings. The diagnostic tests are highlighted in section one, the study variables' descriptive statistics are discussed in section two and the inferential statistics for the three objectives are examined in section three.

4.2 Response Rate

The study aimed to collect data from the entire population of323 registered MSEs in Kawangware, Nairobi, Kenya. A total of 286 responses were received, representing approximately 88.5% of the total population. The study achieved a high response rate of 88.5%, demonstrating strong engagement and interest in the subject by the respondents. This substantial response rate aligns with prior studies, such as Kambura and Kanyiri (2021), which recorded 88.2% response rate while examining the influence of lending procedures on the performance of MSEs in Isiolo North Sub-County, Kenya. Equally, Ayele and Belete (2023), achieved an 86.3% response rate through a through a study aimed to examine the role of microfinance institutions in women's entrepreneurship development in Assosa, Ethiopia. These comparable response rates highlight consistent levels of high interest in the study area and reinforce the reliability of the findings.

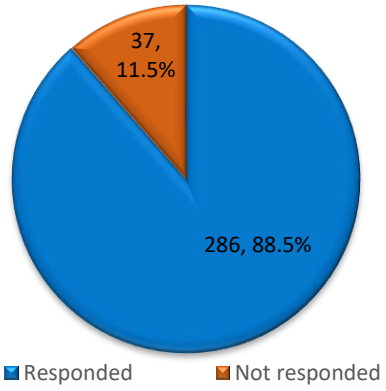


Figure 4.1: Response rate

Source: Author Computation (2026)

4.3 General information of respondents

Demographic characteristics results in Table 4.1 below. Male respondents accounted for 53.7% (151) whereas females were 46.3% (133). The contrast between the two groups indicates a gender imbalance, with more male participation in MSEs. This is contrary to the general public perception that most MSEs are run by females. However, the relatively high percentage of female respondents still suggests significant female involvement. This distribution implies that while males dominate, there is a notable representation of women.

In terms of respondents' age in years, about half 47.2% (133) were aged 36 – 50 years, about a third 28% (79) were aged 25 – 35 years, those aged above 50 were 15.2% (43) and lastly respondents aged 18 – 24 years being the least at 9.6% (27). This contrast highlights a significant concentration of middle-aged participants in the study, particularly in the 36-50 years age range. The group 25-35 years (28%) also show notable participation, indicating strong involvement in MSEs by those in their late 20s and early 30s. On the other hand, younger respondents aged below 24 years (9.6%) and those aged above 50 years (15.2%) make up a smaller portion, suggesting least engagement by the younger generation.

Regarding distribution of respondents' highest level of education, over half of the respondents had tertiary level of education 56.5% (157), those with secondary level of education were 40.6% (113) and those with primary accounted for 2.9% (8). The findings show that MSE ownership is largely dominated by relatively well-educated entrepreneurs, with over half of the respondents (56.5%) having attained tertiary education and a further 40.6% possessing secondary-level education. This suggests a strong human capital base within the sector, which is likely to enhance business management capacity, financial literacy and the ability to adopt innovative business practices. The very small proportion of entrepreneurs with only primary education (2.9%) implies that higher levels of formal education may be increasingly important for successfully starting and sustaining MSEs. These results challenge the general assumption that MSEs are run by less educated people. It may also speak to the high levels of unemployment, where educated yet jobless individuals opt to create self-employment by establishing MSEs.

Looking at years of experience as an entrepreneur, about half of the respondents 44.3% (125) had 3- 5 years, some 29.4% (83) had 6- 10 years of experience, above 10 years were 14.9% (42) whereas those with 2 years and below were 11.5% (32). This indicates that the majority of MSE

owners are relatively experienced, with nearly three-quarters (73.7%) having more than three years of entrepreneurial experience. The largest proportion of respondents (44.3%) had 3-5 years of experience, suggesting that many enterprises are beyond the start-up phase and have somehow achieved a level of operational stability. However, the 11.5% of respondents with two years or less experience reflects ongoing entry into entrepreneurship, highlighting the dynamic nature of the MSE sector.

Relationship with the business, over half 59% (167) indicated being prime owners, some 28.3% (80) were co-owners and12.7% (36) indicated being employees. This suggests that the findings mainly reflect perspectives of individuals with direct control and decision-making authority within the MSEs.

It is expected sources of finance for business can be from multiple. Most of the respondents sourced their finances from bank loans 59.6% (170), personal funds were 55.4% (158), informal lenders 44.9% (128), micro-finance 35.8% (102) while the rest had less than 10%. This indicates that MSEs rely on a mix of formal and informal financing sources, with bank loans being the most common source (59.6%), highlighting the importance of the formal banking sector in business financing. Personal funds (55.4%) also feature prominently, suggesting that many entrepreneurs depend on personal savings either to start or supplement business operations. A substantial proportion of respondents (44.9%) reported using informal lenders, reflecting gaps in access to affordable formal credit or the need for flexible and quick financing. Additionally, microfinance institutions (35.8%) play a significant role in supporting MSEs, particularly for smaller or short-term financing needs. The remaining sources, each accounting for less than 10%, appear to play a limited role.

Table 4.1: Demographic characteristics

Variable	Category	n	%
Gender	Female	130	46.3%
	Male	151	53.7%
	Total	281	100.0%
Age in years	18-24 years	27	9.6%
	25-35 years	79	28.0%
	36- 50 years	133	47.2%
	Above 50 years	43	15.2%
	Total	282	100.0%
Highest level of education	Primary	8	2.9%
	Secondary	113	40.6%

	Tertiary	157	56.5%
	Total	278	100.0%
Years of experience as an entrepreneur	2 years and below	32	11.3%
	3- 5 years	125	44.3%
	6- 10 years	83	29.4%
	Above 10 years	42	14.9%
	Total	282	100.0%
Relationship with the business	Co-owner	80	28.3%
	Employee	36	12.7%
	Prime owner	167	59.0%
	Total	283	100.0%
Sources of finance for business	Bank loan	170	59.6%
	Personal funds	158	55.4%
	Friends	28	9.8%
	Informal lenders	128	44.9%
	Relatives	18	6.3%
	Micro-Finance Institutions	102	35.8%
	Other sources	10	3.5%
	Total	286	100.0%

n = 286

Source: Author Computation, 2025

Table 4.2: Approximate amounts (in KES)

	Minimum	Maximum	Mean	Standard Deviation	Sum
Total amount of capital you invested to establish your business	5000	980000	209,771.9	235,631.8	59,785,000.0
Approximate amounts for Bank loan	5000	700000	173,235.3	162,079.1	29,450,000.0
Approximate amounts for Personal funds	3000	350000	58,626.6	63,149.9	9,263,000.0
Approximate amounts for Friends	10000	300000	51,250.0	62,429.6	1,435,000.0
Approximate amounts for Informal lenders	5000	250000	47,984.4	50,936.4	6,142,000.0
Approximate amounts for Micro-Finance Institutions	10000	500000	109,117.6	111,463.8	11,130,000.0
Approximate amounts for other sources	30000	100000	53,000.0	17,669.8	530,000.0

Source: Author Computation (2026)

4.4 Descriptive Analysis of the Variables

This descriptive analysis explored all the independent variables, dependent variable and control variables. The analysis looked at frequencies, percentages and distributions of these factors. The purpose of this section is to provide a better understanding of how these characteristics differ within the sample population and how they might affect how well MSEs perform socially. The

knowledge gained prepared the way for additional investigation into the connections between these variables and MSEs' social performance.

4.4.1 Gender-sensitive loan conditions

Table 4.3 below highlighted frequency distribution of Gender-sensitive loan conditions. Majority of the respondents 89.9% indicated being in agreement that Gender-sensitive loan conditions are necessary to boost social performance of MSEs; over two thirds 69.4% indicated that Gender sensitive loan conditions exist in the lending institutions; some 59.6% had personally benefited from gender sensitive loan conditions. Over half of the respondents 53.7% agreed that collateral requirements favor men more than women, while half 50% agreed that credit ceilings are higher for men, compared to women. The rest of the factors examined had less than 50% rating with the least rating 11.9% being; generally, being a male have negatively affected one's level of credit access.

Looking at the ranking of extent of gender-sensitive loan conditions, those respondents who indicated average were 37.8% (210), high ranking 29.9% (166), Low24.3% (135) and very high8.1% (45) as indicated in Table 4.9. Results in Table 4.10 on where gender-sensitive loan conditions are pronounced was mostly 73% (206) in formal lending institutions, some 13.8% (39) in equal levels and 13.1% (37) in Informal lending institutions.

Means and standard deviations for each attribute were calculated as in the Table 4.3 below and all except Gender-sensitive loan conditions are necessary to boost social performance of MSEs which had a mean of 4.02, the rest had a mean when rounded off to the nearest whole number of 3. This result indicates respondents had neutral ratings for the attributes. When standard deviations are factored in, the ratings would either agree or disagree as they had values between 0.73 and 1.19.

Table 4.3: Frequency distributions of Gender-sensitive loan conditions

	Strongly disagree %	Disagree %	Neutral %	Agree %	Strongly agree %	Mean	Std. Dev	Total %
Gender sensitive loan conditions exist in the lending institutions	2.1%	25.0%	3.5%	60.6%	8.8%	3.49	1.03	100.0%
I have personally benefited from gender sensitive loan conditions	1.4%	36.8%	2.1%	51.9%	7.7%	3.28	1.09	100.0%
Collateral requirements favour men more than women	1.4%	41.4%	3.5%	43.2%	10.5%	2.89	0.76	100.0%
Loan repayment terms favour men more than women	2.1%	47.7%	6.0%	35.1%	9.1%	3.01	1.13	100.0%
Credit ceilings are higher for men, compared to women	1.1%	41.9%	7.0%	39.1%	10.9%	3.17	1.12	100.0%
Generally, being a female has positively affected my level of credit access.	0.4%	32.0%	46.6%	19.8%	1.2%	2.89	0.76	100.0%
Generally, being a female negatively affected my level of credit access.	0.4%	18.2%	49.0%	31.6%	0.8%	3.14	0.73	100.0%
Generally, being male has positively affected my level of credit access.	0.4%	21.6%	35.3%	38.8%	3.9%	3.24	0.85	100.0%
Generally, being a male has negatively affected my level of credit access.	3.0%	45.7%	39.6%	11.3%	0.4%	2.6	0.74	100.0%
Gender has nothing to do with loan conditions, which are all neutral	12.1%	38.8%	6.4%	38.1%	4.6%	2.84	1.19	100.0%
Gender-sensitive loan conditions are necessary to boost social performance of MSEs?	1.1%	7.0%	2.1%	68.8%	21.1%	4.02	0.78	100.0%

Source: Author Computation (2026)

VT OMNES VNVM SINT

Table 4.4: Extent of gender-sensitive loan conditions

	N	%
Low	135	24.3%
Average	210	37.8%
High	166	29.9%
Very high	45	8.1%
Total	285	100.0%

Source: Author Computation (2026)

Table 4.5: Gender-sensitive loan conditions are more pronounced in

	N	%
Equal levels	39	13.8%
Formal lending institutions	206	73.0%
Informal lending institutions	37	13.1%
Total	282	100.0%

Source: Author Computation (2026)

4.4.2 Gender-targeted Financial Literacy training

Results in Table 4.6 below on Gender-targeted Financial Literacy training had most factors with high levels of agreement. The factor which had highest level of agreement was; I will be willing to attend another training on gender-based credit financing financial literacy training at 96.5%. Gender-targeted financial literacy training has a positive impact on social performance of MSEs had 95.7%; the trainings have positively changed my financial behavior had91.8%; the trainings have increased my chances of accessing gender-targeted credit had 74.8% while the training timings were favorable to both men and women had 68.7%. The factors which had least agreement were; the training facilitators used gender responsive content/approach at 27.2% and the trainings are ineffective and have no relationship with credit financing at only 0.8%. The highest ranked Financial Literacy Training variable on the social performance of MSEs was debt management, followed by book keeping and finally budgeting. The results show overwhelming support for gender-targeted financial literacy training, with most respondents acknowledging its positive impact on financial behavior, access to credit and the social performance of MSEs, as well as a strong willingness to attend future trainings. While the training is largely viewed as effective, lower agreement on the use of gender-responsive content and suitable timing suggests areas for improvement in training design and delivery.

Looking at mean values and standard deviations for gender targeted financial literacy training ratings in appendix v, the trainings are ineffective and have no relationship with credit financing had the least mean of 1.67 an indication it leaned towards disagreement. The training facilitators used gender responsive content/approach had neutral rating. The other attributes had a mean which was 4, an indication the rating was in agreement with the statements.

Table 4.6: Frequency distributions of Gender-targeted Financial Literacy training

Attribute	Category	N	%
Been trained on financial literacy	No	22	7.7%
	Yes	263	92.3%
	Total	285	100.0%
The training targeted	Both men and women	207	78.7%
	Men	17	6.5%
	Women	39	14.8%
	Total	263	100.0%
The training area focused on	Debt management	198	75.0%
	Book Keeping	225	85.2%
	Budgeting	258	97.7%
	No answer	0	0.0%
	Total	264	100.0%
The most effective financial literacy trainings I attended were organized by:	Financial Institutions/private Institutions	96	35.2%
	NGOs	138	50.5%
	The government	39	14.3%
	Total	273	100.0%
Rank of training component that has mostly impacted my financial behavior positively - Debt management	1	25	9.0%
	2	43	15.5%
	3	60	21.7%
	4	66	23.8%
	5	83	30.0%
	Total	277	100.0%
Rank of training component that has mostly impacted my financial behavior positively- Book keeping	1	19	6.9%
	2	42	15.2%
	3	74	26.7%
	4	81	29.2%
	5	61	22.0%
	Total	277	100.0%
Rank of training component that has mostly impacted my financial behavior positively - Budget literacy	1	3	1.1%
	2	30	10.8%
	3	58	20.9%
	4	124	44.8%
	5	62	22.4%
	Total	277	100.0%

Source: Author Computation (2026)

4.4.3 Gender-based credit financing lending model

Table 4.7 below highlights Gender based credit financing lending model frequency distributions with 4 out of 5 factors exhibiting very high levels of agreement with an exception of, 'There is no relationship between lending model and gender-based credit financing' which was at 22.8%. The type of gender-based credit financing lending model affects the social performance of MSEs had an agreement of 91.6%; I understand the requirements for accessing loans under gender-targeted lending models had 70.5%; I am aware of existing lending models under gender-based credit financing had 71.6% and I can differentiate between women-focused lending models and general lending models 56.1%. Results on additional frequency distributions of Gender based credit financing lending model are contained in appendix v.

Regarding the type of lending model that had been used before to grant access to gender-based credit financing, most respondents 68.4% (195) indicated individual lending model, group lending model had 37.1% (212) and digital lending model 28.4% (162). On model which had been the most instrumental in accessing gender-based credit financing, group lending model was reported to have been more instrumental with slightly over half of the respondents 51.6% (147), digital lending model had 27.4% (78) and individual lending model 20.7% (59).Main benefits experienced from the most beneficial lending model included, easier access to credit 38% with 253 mentions, business growth support services (e.g., training) had 34.4% with 229 mentions and networking opportunities 22.2% (148).

The computed means and standard deviations had; there is no relationship between lending model and gender-based credit financing being at 2, an indication the rating was disagreeing. The other attributes had a rating of 4 which was in agreement with statements for respective attributes.

Table 4.7: Additional Frequency distributions of Gender based credit financing lending model

		n	%
Type of lending model that has been used before to grant you access to gender-based credit financing	Individual lending model	195	34.2%
	Group lending model	212	37.1%
	Digital lending model	162	28.4%
	Others	2	0.4%
Which model has been the most instrumental in accessing gender-based credit financing?	Individual lending model	59	20.7%
	Digital lending model	78	27.4%
	Group lending model	147	51.6%
	Others	1	0.4%
Main benefits you have experienced from the most beneficial lending model	Easier access to credit	253.	38.0%
	Lower interest rates	36	5.4%
	Networking opportunities	148	22.2%
	Business growth support services (e.g., training)	229	34.4%

Source: Author Computation (2026)

4.4.4 Social performance of MSEs

Results in Table 4.8 which investigated social performance of MSEs attributes had the following descriptive findings: Majority of the respondents 89.1% (253) indicated they understood social performance expectations of MSEs while very few respondents 10.9% (31) did not understand. On performance of women owned MSEs on social indicators, two thirds of the respondents 67.4% (192) indicated they do perform better while a third 32.6% (93) indicated they do not perform better, compared to male owned MSEs. As regards permeance of male owned MSEs, about two thirds 65.1% (181) indicated they do not perform better compared to women owned MSEs, while a third 34.9% (97) had positive approval. On gender-based credit financing having led to an increase in number of women employees in the business by numbers, slightly more than half 53.7% (153) indicated one to five employees, six to ten were a third 34.4% (98) while those who indicated above ten were 8.8% (25) and insignificant change were 3.2% (9).

Responses on Gender-based credit financing having improved one's household welfare had majority of the respondents 97.9% (279) indicating it had improved household welfare while only 2.1% (6) indicated it didn't. Of those who indicated it had improved household welfare, some 40.5% (115) indicated improvement increased by below 10% (115), a third of them 34.2% (97)

10% to 30% and 25.4% (72) reported above 30% household welfare improvement. As regards the question on whether gender-based credit financing enhance decision making power of women, majority of the respondents 90.2% (157) did agree. On gender-based credit financing having enabled one contribute more to community projects, most of the respondents 97.5% (276) agreed. Poverty Alleviation- Feeding programs, supporting children's homes and vulnerable street children etc. was the project undertaken mostly by 62.5% (178).

Table 4.8: Frequency distributions of social performance of MSEs

		n	%
I understand social performance expectations of an MSE	No	31	10.9%
	Yes	253	89.1%
	Total	284	100.0%
In your opinion, Women owned MSEs perform better on social indicators?	No	93	32.6%
	Yes	192	67.4%
	Total	285	100.0%
In your opinion, Men owned MSEs perform better on social indicators?	No	181	65.1%
	Yes	97	34.9%
	Total	278	100.0%
Gender-based credit financing has led to an increase in number of women employees in my business by?	Above Ten	25	8.8%
	Insignificant change	9	3.2%
	One to Five	153	53.7%
	Six to Ten	98	34.4%
	Total	285	100.0%
Gender-based credit financing has improved my household welfare	No	6	2.1%
	Yes	279	97.9%
	Total	285	100.0%
If yes, please indicate the average monthly increment	Below 10%	115	40.5%
	10% to 30%	97	34.2%
	Above 30%	72	25.4%
	Total	284	100.0%
Gender-based credit financing enhance decision making power of women	Strongly disagree	3	1.1%
	Disagree	1	0.4%
	Neutral	24	8.5%
	Agree	159	56.0%
	Strongly agree	97	34.2%
	Total	284	100.0%
Gender-based credit financing has enabled me contribute more to community projects.	Strongly disagree	1	0.4%
	Disagree	0	0.0%
	Neutral	6	2.1%
	Agree	189	66.8%
	Strongly agree	87	30.7%
	Total	283	100.0%
Nature of community projects undertaken	Environmental Sustainability- (waste recycling, clean energy solutions (e.g., briquettes/solar), urban farming, tree planting, etc.)	138	48.4%

Health Sanitation-hygiene awareness campaigns, affordable toilets, clean water points etc.	102	35.8%
Poverty Alleviation- Feeding programs, supporting children's homes and vulnerable street children etc.	229	80.4%
Economic Empowerment Skills Development-	178	62.5%
Community Infrastructure; Services- Building/Refurbishing community centers, creating public learning or recreation spaces etc.	99	34.7%
Total	285	100.0%

Source: Author Computation (2026)

4.5 Correlation Analysis

Data for the three independent variables was composited to form one single variable per independent variable and measured against Social Performance indicator (dependent variable).

Results in Table 4.9 showed strong positive correlation between independent variables. Gender-sensitive loan conditions had a strong positive correlation on Gender-targeted Financial Literacy training with ($r = 0.392$, $p < 0.01$) while Gender based credit financing lending model had a strong positive significant correlation with Gender-sensitive loan conditions ($r = 0.709$, $p < 0.01$) and Gender-targeted Financial Literacy training ($r = 0.335$, $p < 0.01$). The Social Performance indicator (dependent variable) used in this study being Gender-based credit financing having improved household welfare had strong and significant positive correlation with Gender-sensitive loan conditions ($r = 0.672$, $p < 0.01$), Gender-targeted Financial Literacy training had strong positive significant correlation ($r = 0.842$, $p < 0.01$) and Gender based credit financing lending model had weak positive significant correlation ($r = 0.212$, $p < 0.01$).

Table 4.9: Correlation Analysis Matrix

Variables		1	2	3	4
1. Gender-sensitive loan conditions	Pearson Correlation	--			
	N	285			
2. Gender-targeted Financial Literacy training	Pearson Correlation	.392**	--		
	Sig. (2-tailed)	0			
	N	285	285		
3. Gender based credit financing lending model	Pearson Correlation	.709**	.335**	--	
	Sig. (2-tailed)	0	0		
	N	285	285	285	
4. Gender-based credit financing has improved my household welfare	Pearson Correlation	.672**	.842**	.212**	--
	Sig. (2-tailed)	0.001	0.000	0.000	
	N	284	284	284	284

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
Source: Author Computation (2026)

4.6 Diagnostic Tests results

Before conducting parametric tests for this study linear regression and binary logistic regression, the study performed diagnostic tests which included Normality, Multicollinearity, Heteroscedasticity, Linearity, Goodness of fit and Brant and Likelihood ratio tests.

4.6.1 Test for Normality

The normality assumption ensures that the model residuals have a normal distribution. To obtain precise standard errors for the model parameter estimates, normalized residuals were necessary. To verify that the error terms were normally distributed, we employed the Shapiro-Wilk test(Bader et al., 2022). According to Cheng and Liu (2011), if the test findings are statistically insignificant, meaning the significance value is greater than 0.05, the data would be regarded as normally distributed. Since the p-values of both in Kolmogorov-Smirnov and Shapiro-Wilk tests were greater than 0.05, we fail to reject the null hypothesis based on the data in Table 4.10. As a result, we determine that the data has a normal distribution.

Table 4.10: Tests of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Gender-sensitive loan conditions	0.144	30	0.115	0.132	30	0.099
Gender-targeted Financial Literacy training	0.108	30	0.247	0.148	30	0.198
Gender based credit financing lending model	0.168	30	0.102	0.176	30	0.062

Source: Author Computation (2026)

4.6.2 Test for Multicollinearity

To determine whether there was a strong association between one or more study variables and one or more of the other independent variables, a multicollinearity test was performed. According to (O'Brien, 2007), a significant degree of connection between the independent variables indicates the possibility of multicollinearity. He further asserts that multicollinearity exists when Variance Inflation Factor (VIF) is greater than 10 and tolerance is less than 0.1. This criterion was adopted in the current research in testing for collinearity problems between the independent variables of the research. Gender-sensitive loan conditions (tolerance= .891, VIF =1.123); Gender-targeted financial literacy training (tolerance= .725, VIF =1.1380); Gender-based credit financing lending model (tolerance= .671, VIF =1.489). These results confirm that multicollinearity is not a concern in this dataset, confirming that regression analysis is a reliable statistical method for analyzing the relationships between variables (Table 4.11).

Table 4.11: Multicollinearity Tests

	Collinearity Statistics	
	Tolerance	VIF
Gender-sensitive loan conditions	0.891	1.123
Gender-targeted financial literacy training	0.725	1.380
Gender-based credit financing lending model	0.671	1.489

Source: Author Computation (2026)

4.6.3 Test for Heteroscedasticity

Heteroscedasticity refers to differing variance. Pernecky (2016), holds that heteroscedasticity can be a problem when using regression analysis since it can invalidate statistical tests that presume the modeling error is normally distributed and uncorrelated. The study applied Breusch Pagan method to assess for the presence for heteroscedasticity problems in the regression model. With p

value > 0.05 this is an indication no problem of heteroscedasticity as shown in Table 4.12 below. Specifically, Gender-sensitive loan conditions (p=.330), Gender-targeted financial literacy training (p= .221) and Gender-based credit financing lending model (p= .127).

Table 4.12: Test for Heteroscedasticity

Construct	Statistics		
	Chi-square	df	Sig
Gender-sensitive loan conditions	0.949	1	0.330
Gender-targeted financial literacy training	1.495	1	0.221
Gender-based credit financing lending model	2.334	1	0.127

Source: Author Computation (2026)

4.6.4 Test for Linearity

Means test was used to show whether there exists a linear association between independent variables (gender-based credit financing components) and the dependent variable (Social performance of MSEs). With linearity p value greater than 0.05 there is an indication of no linearity. Results in Table 4.13 below indicate no linearity problem across the constructs. Specifically; Gender-sensitive loan conditions (p= .814), Gender-targeted financial literacy training (p= .234) and Gender-based credit financing lending model (p= .064).

Table 4.13: Linearity Test

Construct	Linearity Statistics		
	Sum of Squares	df	Sig
Gender-sensitive loan conditions	0.007	1	0.814
Gender-targeted financial literacy training	0.171	1	0.234
Gender-based credit financing lending model	0.320	1	0.064

Source: Author Computation (2026)

4.6.5 Goodness of fit test

The goodness of fit test by Hosmer and Lemeshow was used in this study. According to Greene (2012), this test determines how closely the anticipated and observed frequencies match. Abetter fit result from a closer match (Greene, 2012). Under null hypothesis, model fits the data well. With

a p value greater than 0.05 as indicated in Table 4.14 below, we concluded that the model fitted data well.

Table 4.14: Hosmer and Lemeshow Test

Chi-square	df	Sig.
0.000	7	1.000

Source: Author Computation (2026)

4.6.6 Brant Test

The Brant test was used to check whether each predictor met the proportional odds assumption, while the likelihood ratio test compared the ordered logit model with less restrictive alternatives to see if the assumption holds overall. The Brant test gives a χ^2 statistic with degrees of freedom and a p-value. A significant result in either test indicate that the assumption is violated (Brant, 2012; Hosmer et al., 2013). If $p > 0.05$, the assumption holds (no evidence of violation) and if $p \leq 0.05$, the assumption is violated (Brant, 2012; Hosmer et al., 2013).

Brant Test results in Table 4.15 below on demographic statistics indicates no violation of parallel regression assumption as all the factors investigated had p values greater than 0.05.

Table 4.15: Brant Test of parallel regression assumption

	chi2	p>chi2	Df
All	1.73	0.982	5
Gender	0.03	0.741	1
Age in years	1.22	0.621	1
Education level	0.54	0.579	1
Experience	0.07	0.831	1
Relationship	0.11	0.694	1

**A significant test statistic provides evidence that the parallel regression assumption has been violated

Source: Author Computation (2026)

4.7 Inferential Statistics

The strength of the relationship between dependent and independent variables was assessed by use of the inferential statistics. The tests used in this study were Linear regression and binary logistic regression.

4.7.1 Linear Regression

4.7.1.1 Role of gender-sensitive loan conditions on the social performance of MSEs in Kawangware

Table 4.16 below shows results for the role of gender-sensitive loan conditions on the social performance of MSEs in Kawangware. Without control variables, gender-sensitive loan conditions factors in the results significantly drove social performance of MSEs ($F = 7.178$, $p < 0.05$). The variation in social performance of MSEs could be accounted for by 30.3%. Table 4.17 looked at specific gender-sensitive loan conditions where the specific factors significantly drove social performance of MSEs ($F = 6.578$, $p < 0.05$) with a variation of 0.066. The specific gender-sensitive loan conditions that significantly drove social performance of MSEs were; collateral requirements $p < 0.01$ and credit ceilings $p < 0.05$. With control variables, specific gender-sensitive loan conditions factors in the results significantly drove social performance of MSEs ($F = 4.017$, $p < 0.05$). The variation in social performance of MSEs could be accounted for by 0.068% having an increase of 0.02%. The specific gender-sensitive loan conditions that significantly drove social performance of MSEs with control variables were; collateral requirements $p < 0.01$ and credit ceilings $p < 0.05$.

Table 4.16: Regression analysis for gender-sensitive loan conditions factors without and with control variables

Attribute	Without control variables	With control variables
Constant	1.222**	1.459***
	(0.477)	(0.497)
Gender sensitive loan conditions exist in the lending institutions	-0.021	0.038
	(0.057)	(0.047)
I have personally benefited from gender sensitive loan conditions	0.117**	0.146***
	(0.046)	(0.049)
Collateral requirements favour men more than women	0.098***	0.098***
	(0.034)	(0.036)
Loan repayment terms favour men more than women	-0.010	-0.009
	(0.039)	(0.0408)
Credit ceilings are higher for men, compared to women	0.139***	0.133***
	(0.056)	(0.037)
Generally, being a female has positively affected my level of credit access.	-0.121**	0.135**
	(0.060)	(0.064)
Generally, being a female negatively affected my level of credit access.	-0.044	-0.058
	(0.062)	(0.064)

Generally, being male has positively affected my level of credit access.	0.055 (0.066)	-0.038 (0.067)
Generally, being a male has negatively affected my level of credit access.	0.082 (0.069)	0.079 (0.070)
Gender has nothing to do with loan conditions, which are all neutral	0.069** (0.033)	0.066** (0.034)
Gender-sensitive loan conditions are necessary to boost social performance of MSEs	-0.038 (0.047)	-0.027 (0.048)
Level of education		0.084 (0.072)
Size of MSEs		-3.105E07 (0.000)
Age of the MSEs		0.067 (0.050)
F (Model)	7.178***	5.925***
R squared	0.303	0.325
No. Observations	193	186

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Table 4.17: Regression analysis for specific gender-sensitive loan conditions factors without and with control variables

Attribute	**Without control variables**	**With control variables**
Constant	1.914*** (0.072)	1.909*** (0.087)
Collateral requirements	-0.098*** (0.026)	-0.100*** (0.027)
Repayment terms	0.051 (0.030)	0.051 (0.031)
Credit ceilings	0.053** (0.026)	0.053** (0.026)
Age of MSEs		-0.002 (0.025)
Size of MSEs		6.966E-08** (0.000)
F (Model)	6.578***	4.017***
R squared	0.066	0.068
No. Observations	282	280

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.7.1.2 Effect of gender-targeted financial Literacy training on the social performance of MSEs in Kawangware

Table 4.18 below shows results for the role of gender-targeted financial Literacy training on the social performance of MSEs in Kawangware. Without control variables, gender-targeted financial Literacy training factors in the results significantly drove social performance of MSEs ($F = 4.778$, $p < 0.05$). The variation in social performance of MSEs could be accounted for by 11%. The specific gender-targeted financial Literacy training that significantly drove social performance of MSEs without control variables was the use gender responsive content/approach by the training facilitators $p < 0.01$ and the training timings being favorable to both men and women $p < 0.01$. With control variables, gender-targeted financial Literacy training factors in the results significantly drove social performance of MSEs ($F = 4.762$, $p < 0.05$). The variation in social performance of MSEs could be accounted for by 14.1% having an increase of 3.1%. The specific gender-targeted financial Literacy training that significantly drove social performance of MSEs with control variables was the use of gender responsive content/approach by the training facilitators $p < 0.01$ and the training timings being favourable to both men and women $p < 0.01$ as well as total amount of capital invested to establish business $p < 0.05$.

Looking at specific attributes of interest of the study as in Table 4.19 below, without control variables, gender-targeted financial Literacy training factors significantly drove social performance of MSEs ($F = 7.262$, $p < 0.05$). Variation in social performance of MSEs could be accounted for by 7.4%. Specific gender-targeted financial Literacy training that significantly drove social performance of MSEs without control variables was debt management $p < 0.01$. With control variables gender-targeted financial Literacy training factors in the results significantly drove social performance of MSEs ($F = 4.766$, $p < 0.05$). Variation in social performance of MSEs could be accounted for by 9.8% having an increase of 2.4%. The specific gender-targeted financial Literacy that significantly drove social performance of MSEs with control variables were debt management $p < 0.01$ and invested funds $p < 0.05$.

Table 4.18: Regression analysis for gender-targeted financial Literacy training factors without and with control variables

Attribute	Without control variables	With control variables
Constant	1.501***	1.479***
	(0.178)	(0.145)
The training facilitators used gender responsive content/approach	-0.101***	-0.115***
	(0.039)	(0.0461)
The training timings were favorable to both men and women	0.101***	0.119***
	(0.039)	(0.03)
The trainings have increased my chances of accessing gender-targeted credit	0.008	-0.015
	(0.030)	(0.030)
The trainings are ineffective and have no relationship with credit financing.	0.013	0.014
	(0.020)	(0.020)
The trainings have positively changed my financial behavior.	0.017	0.026
	(0.026)	(0.026)
I will be willing to attend another training on gender-based credit financing financial literacy.	0.051	0.048
	(0.029)	(0.027)
Gender-targeted financial literacy training has a positive impact on social performance of MSEs?	0.014	0.018
	(0.027)	(0.027)
Level of education		0.015
		(0.053)
Age of MSEs		-0.001
		(0.037)
Size of MSEs		-2.802E07**
		(0.000)
F (Model)	4.778***	4.762***
R squared	0.110	0.141
No. Observations	277	270

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

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Table 4.19: Regression analysis for specific attributes of gender-targeted financial Literacy training factors without and with control variables.

Attribute	Without control variables	With control variables
Constant	1.395***	1.245***
	(0.130)	(0.188)
Debt management	0.083***	0.097***
	(0.023)	(0.024)
Book keeping	0.033	0.039
	(0.028)	(0.029)
Budget literacy	0.063	0.064
	(0.041)	(0.044)
Highest level of education		0.037
		(0.055)
Kindly estimate the total amount of capital you invested to establish your business. Kenyan shillings		-2.888E-07**
		(0.000)
Age of the MSEs		0.025
		(0.038)
F (Model)	7.262***	4.766***
R squared	0.074	0.098
No. Observations	276	268

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.7.1.3 Effect of gender-based credit financing lending model on the social performance of MSEs in Kawangware

Table 4.20 below shows results for the role of gender-based credit financing lending model on the social performance of MSEs in Kawangware. Without control variables, gender-based credit financing lending model in the results significantly drove social performance of MSEs ($F = 5.084$, $p < 0.05$). The variation in social performance of MSEs could be accounted for by 9.9%. The specific gender-based credit financing lending model that significantly drove social performance of MSEs was differentiating between women-focused lending models and general lending models $p < 0.01$. With control variables, gender-based credit financing lending model factors in the results significantly drove social performance of MSEs ($F = 4.213$, $p < 0.05$). The variation in social performance of MSEs could be accounted for by 11.2% having an increase of 1.3%. The specific gender-based credit financing lending model that significantly drove social performance of MSEs with control variables were differentiating between women-focused lending models and general

lending models $p < 0.05$ and model which has been the most instrumental in accessing gender-based credit financing $p < 0.05$.

Table 4.21 below, without control variables, gender-based credit financing lending model factors significantly drove social performance of MSEs ($F = 6.749$, $p < 0.05$). Variation in social performance of MSEs could be accounted for by 25.9%. Specific gender-based credit financing lending model that significantly drove social performance of MSEs without control variables were group lending model $p < 0.05$ and digital lending model $p < 0.01$. With control variables gender-based credit financing lending model factors in the results significantly drove social performance of MSEs ($F = 3.862$, $p < 0.05$). Variation in social performance of MSEs could be accounted for by 28% having an increase of 2.1%. The specific gender-based credit financing lending model that significantly drove social performance of MSEs with control variables were group lending model $p < 0.01$ and digital lending model $p < 0.01p < 0.05$.

Table 4.20: Regression analysis for gender-based credit financing lending model factors without and with control variables

Attribute	Without control variables	With control variables
Constant	1.412***	1.454***
	(0.093)	(0.156)
I am aware of existing lending models under gender-based credit financing	0.102	0.110
	(0.058)	(0.058)
I understand the requirements for accessing loans under gender-targeted lending models.	0.006	0.005
	(0.054)	(0.054)
There is no relationship between lending model and gender-based credit financing.	0.009	0.010
	(0.033)	(0.033)
I can differentiate between women-focused lending models and general lending models.	-0.094***	-0.086**
	(0.034)	(0.035)
The type of gender-based credit financing lending model affects the social performance of MSEs?	0.055	0.054
	(0.031)	(0.031)
Which model has been the most instrumental in accessing gender-based credit financing?	0.068	0.075**
	(0.037)	(0.037)
Level of education		0.018
		(0.051)
Age of MSEs		0.011
		(0.038)

Size of MSEs		-1.891E07 (0.000)
F (Model)	5.084***	4.213***
R squared	0.099	0.112
No. Observations	283	273

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Table 4.21: Regression analysis for specific attributes of gender-based credit financing lending model factors without and with control variables

Attribute	**Without control variables**	**With control variables**
Constant	1.587*** (0.051)	1.568*** (0.149)
Individual lending model	0.010 (0.059)	0.012 (0.060)
Group lending model	0.167** (0.071)	0.061** (0.072)
Digital lending model	0.317*** (0.072)	0.329*** (0.074)
Highest level of education		-0.002 (0.052)
Kindly estimate the total amount of capital you invested to establish your business. Kenyan shillings		-2.8041E-07 (0.000)
Age of the MSEs		0.026 (0.037)
F (Model)	6.749***	3.826***
R squared	0.259	0.280
No. Observations	284	276

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.7.2 Binary Logistic Regression

The study sought to understand which factors influenced social performance of MSEs in Kawangware.

4.7.2.1 Role of gender-sensitive loan conditions on the social performance of MSEs in Kawangware

Results in Table 4.22 Binary Logistic Regression analysis for gender-sensitive loan conditions without control variables factors had; having personally benefited from gender sensitive loan conditions ($p < 0.01$, OR = 2.106), collateral requirements favouring men more than women($p < 0.05$, OR = 1.130), credit ceilings being higher for men compared to women($p < 0.01$ OR = 1.930)and Gender having nothing to do with loan conditions, which are all neutral($p < 0.05$ OR = 0.626) influenced social performance of MSEs.

Table 4.22: Binary Logistic Regression analysis for gender-sensitive loan conditions factors without control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C. I. for EXP(B)	
							Lower	Upper
Gender sensitive loan conditions exist in the lending institutions	-0.162	0.285	0.324	1	0.569	0.85	0.487	1.486
I have personally benefited from gender sensitive loan conditions	0.745	0.284	6.862	1	0.009**	2.106	1.206	3.677
Collateral requirements favour men more than women	0.547	0.216	6.386	1	0.012**	1.727	1.13	2.639
Loan repayment terms favour men more than women	-0.069	0.241	0.083	1	0.774	0.933	0.582	1.496
Credit ceilings are higher for men, compared to women	0.658	0.197	11.108	1	0.001***	1.93	1.311	2.841
Generally, being a female has positively affected my level of credit access.	-0.171	0.379	0.205	1	0.651	0.842	0.401	1.77
Generally, being a female negatively affected my level of credit access.	-0.664	0.37	3.229	1	0.072	0.515	0.249	1.062
Generally, being male has positively affected my level of credit access.	-0.022	0.387	0.003	1	0.955	0.978	0.458	2.09
Generally, being a male has negatively affected my level of credit access.	0.464	0.409	1.288	1	0.256	1.59	0.714	3.541
Gender has nothing to do with loan conditions, which are all neutral	-0.469	0.201	5.441	1	0.020**	0.626	0.422	0.928
Gender-sensitive loan conditions are necessary to boost social performance of MSEs?	-0.219	0.273	0.646	1	0.422	0.803	0.47	1.371
Constant	-1.242	2.695	0.212	1	0.645	0.289		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Results in Table 4.23 Binary Logistic Regression analysis for gender-sensitive loan conditions factors with control variables factors had; having personally benefited from gender sensitive loan conditions ($p < 0.01$, OR = 2.548), collateral requirements favouring men more than women($p < 0.05$, OR = 1.800), credit ceilings being higher for men, compared to women($p < 0.01$ OR = 1.946) and Gender has nothing to do with loan conditions, which are all neutral($p < 0.05$ OR = 0.636) influenced social performance of MSEs.

Table 4.23: Binary Logistic Regression analysis for gender-sensitive loan conditions factors with control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I for EXP(B)	
							Lower	Upper
Gender sensitive loan conditions exist in the lending institutions	-0.28	0.298	0.884	1	0.347	0.756	0.422	1.354
I have personally benefited from gender sensitive loan conditions	0.935	0.323	8.406	1	0.004***	2.548	1.354	4.795
Collateral requirements favour men more than women	0.588	0.232	6.396	1	0.011**	1.800	1.141	2.838
Loan repayment terms favour men more than women	-0.101	0.255	0.157	1	0.692	0.904	0.549	1.489
Credit ceilings are higher for men, compared to women	0.666	0.21	10.076	1	0.002***	1.946	1.290	2.935
Generally, being a female has positively affected my level of credit access.	-0.259	0.388	0.446	1	0.504	0.772	0.361	1.650
Generally, being a female negatively affected my level of credit access.	-0.773	0.397	3.793	1	0.051	0.462	0.212	1.005
Generally, being male has positively affected my level of credit access.	-0.252	0.399	0.398	1	0.528	0.777	0.355	1.700
Generally, being a male has negatively affected my level of credit access.	0.407	0.424	0.922	1	0.337	1.502	0.655	3.446
Gender has nothing to do with loan conditions, which are all neutral	-0.453	0.205	4.899	1	0.027**	0.636	0.426	0.949
Gender-sensitive loan conditions are necessary to boost social performance of MSEs?	-0.213	0.286	0.553	1	0.457	0.808	0.461	1.417
Level of education	-0.55	0.432	1.621	1	0.203	0.577	0.247	1.346
Age of MSEs	0.402	0.312	1.664	1	0.197	1.495	0.811	2.754
Size of MSEs	0	0	2.226	1	0.136	1.000	1.000	1.000

Constant	0.677	2.895	0.055	1	0.815	1.967

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.7.2.2 Effect of gender-targeted financial Literacy training on the social performance of MSEs in Kawangware

Results in Table 4.24 Binary Logistic Regression analysis for gender-targeted financial Literacy training factors without control variables had; the training facilitators used gender responsive content/approach ($p < 0.05$, OR = -0.551) and the training timings were favourable to both men and women ($p< 0.01$, OR = 0.575), influencing social performance of MSEs.

Table 4.24: Binary Logistic Regression analysis for gender-targeted financial Literacy training factors without control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I for EXP(B)	
							Lower	Upper
The training facilitators used gender responsive content/approach	-0.551	0.223	6.111	1	0.013**	0.577	0.373	0.892
The training timings were favorable to both men and women	0.575	0.221	6.753	1	0.009***	1.776	1.152	2.740
The trainings have increased my chances of accessing gender-targeted credit	0.031	0.160	0.038	1	0.845	1.032	0.754	1.412
The trainings are ineffective and have no relationship with credit financing.	0.088	0.099	0.787	1	0.375	1.092	0.899	1.326
The trainings have positively changed my financial behavior.	0.068	0.131	0.268	1	0.604	1.070	0.828	1.384
I will be willing to attend another training on gender-based credit financing financial literacy.	0.322	0.168	3.686	1	0.055	1.380	0.993	1.917
Gender-targeted financial literacy training has a positive impact on social performance of MSEs?	0.080	0.150	0.281	1	0.596	1.083	0.806	1.455
Constant	-0.180	0.475	0.144	1	0.705	0.835		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Results in Table 4.25 Binary Logistic Regression analysis for gender-targeted financial Literacy training factors with control variables had; the training facilitators used gender responsive content/approach ($p < 0.01$, OR =0.497), the training timings were favourable to both men and women ($p < 0.01$, OR =2.077) and the total amount of capital invested to establish business ($p< 0.01$, OR = 0.731) influenced social performance of MSEs. Specific attributes investigated in the study without control variables had debt management as a factor which significantly influenced social performance of MSEs ($p <0.01$, OR = 1.470) as in Table 4.26. Results in Table 4.27 for specific attributes with control variables had debt management ($p < .001$, OR = 1.588) and amounts invested ($p < 0.05$, OR = 1.000) influencing social performance of MSEs.

Table 4.25: Binary Logistic Regression analysis for gender-targeted financial Literacy training factors with control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C. I. for EXP(B)	
							Lower	Upper
The training facilitators used gender responsive content/approach	-0.699	0.247	8.027	1	0.005***	0.497	0.307	0.806
The training timings were favorable to both men and women	0.731	0.243	9.051	1	0.003***	2.077	1.290	3.343
The trainings have increased my chances of accessing gender-targeted credit	0.060	0.166	0.130	1	0.718	1.062	0.767	1.469
The trainings are ineffective and have no relationship with credit financing.	0.106	0.106	1.007	1	0.316	1.112	0.904	1.369
The trainings have positively changed my financial behavior.	0.125	0.136	0.847	1	0.358	1.133	0.868	1.480
I will be willing to attend another training on gender-based credit financing financial literacy.	0.316	0.175	3.251	1	0.071	1.372	0.973	1.934
Gender-targeted financial literacy training has a positive impact on social performance of MSEs	0.110	0.157	0.493	1	0.483	1.116	0.821	1.518
Level of education	0.089	0.280	0.100	1	0.751	1.093	0.631	1.892
Age of MSEs	0.011	0.198	0.003	1	0.956	1.011	0.685	1.491
Size of MSEs	0.000	0.000	4.267	1	0.039**	1.000	1.000	1.000
Constant	-0.332	0.834	0.158	1	0.691	0.718		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Table 4.26: Binary Logistic Regression analysis specific attributes for gender-targeted financial Literacy training factors without control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I for EXP(B) Lower	Upper
Debt management	0.385	0.111	12.018	1	0.001***	1.470	1.182	1.827
Book keeping	0.155	0.131	1.397	1	0.237	1.168	0.903	1.510
Budget literacy	-0.154	0.160	0.925	1	0.336	0.857	0.627	1.173
Constant	-0.515	0.649	0.630	1	0.428	0.598		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Table 4.27: Binary Logistic Regression analysis specific attributes for gender-targeted financial Literacy training factors with control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I for EXP(B) Lower	Upper
Debt management	0.462	0.12	14.904	1	0.000***	1.588	1.256	2.008
Book keeping	0.194	0.137	2.007	1	0.157	1.215	0.928	1.589
Budget literacy	-0.196	0.168	1.352	1	0.245	0.822	0.591	1.144
Level of education	0.202	0.278	0.529	1	0.467	1.224	0.710	2.111
Age of MSEs	0.124	0.193	0.412	1	0.521	1.132	0.776	1.651
Size of MSEs	0	0	4.252	1	0.039**	1.000	1.000	1.000
Constant	-1.28	0.954	1.799	1	0.18	0.278		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.7.2.3 Effect of gender-based credit financing lending model on the social performance of MSEs in Kawangware

Results in Table 4.28 Binary Logistic Regression analysis for gender-based credit financing lending model factors without control variables had; being aware of existing lending models under gender-based credit financing($p < 0.05$, OR = 0.2.025), ability to differentiate between women-

focused lending models and general lending models ($p < 0.01$, OR = 0.608) and the type of gender-based credit financing lending model affecting the social performance of MSEs ($p < 0.05$, OR =1.428) influenced social performance of MSEs.

Table 4.28: Binary Logistic Regression analysis for gender-based credit financing lending model factors without control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
I am aware of existing lending models under gender-based credit financing	0.705	0.329	4.593	1	0.032**	2.025	1.062	3.860
I understand the requirements for accessing loans under gender-targeted lending models.	0.006	0.293	0.000	1	0.985	1.006	0.567	1.784
There is no relationship between lending model and gender-based credit financing.	0.096	0.165	0.338	1	0.561	1.101	0.796	1.523
I can differentiate between women-focused lending models and general lending models.	-0.497	0.167	8.835	1	0.003***	0.608	0.439	0.844
The type of gender-based credit financing lending model affects the social performance of MSEs?	0.356	0.170	4.389	1	0.036**	1.428	1.023	1.992
Constant	-0.148	0.373	0.157	1	0.692	0.863		

Note: **, *** indicates significance at the 95% and 99% level, respectively.
Source: Author Computation (2026)

Results in Table 4.29 Binary Logistic Regression analysis for gender-based credit financing lending model factors with control variables had; being aware of existing lending models under gender-based credit financing $p < 0.05$ with odds ratio of 2.152, ability to differentiate between women-focused lending models and general lending models $p < 0.01$ with OR of 0.624and the type of gender-based credit financing lending model affecting the social performance of MSEs $p < 0.05$ with OR of 1.406 influenced social performance of MSEs.

Table 4.29: Binary Logistic Regression analysis for gender-based credit financing lending model factors with control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I for EXP(B)	
							Lower	Upper
I am aware of existing lending models under gender-based credit financing	0.766	0.336	5.207	1	0.022**	2.152	1.114	4.157
I understand the requirements for accessing loans under gender-targeted lending models.	-0.026	0.303	0.007	1	0.933	0.975	0.539	1.764
There is no relationship between lending model and gender-based credit financing.	0.090	0.167	0.293	1	0.588	1.094	0.789	1.517
I can differentiate between women-focused lending models and general lending models.	-0.471	0.175	7.252	1	0.007***	0.624	0.443	0.880
The type of gender-based credit financing lending model affects the social performance of MSEs	0.341	0.173	3.876	1	0.049**	1.406	1.002	1.974
Highest level of education	-0.094	0.258	0.131	1	0.717	0.911	0.549	1.510
Age of MSEs	0.000	0.197	0.000	1	0.998	1.000	0.679	1.471
Size of MSEs	0.000	0.000	0.992	1	0.319	1.000	1.000	1.000
Constant	-0.081	0.844	0.009	1	0.923	0.922		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Results on gender-based credit financing lending model factors without control variables in Table 4.31 below had group lending model ($p < 0.05$, OR = 0.414) and digital lending model ($p < 0.01$, OR = 2.253) as factors which significantly influenced social performance of MSEs. With control variables, group lending model ($p < 0.05$, OR = 0.422) and digital lending model ($p < 0.01$, OR = 5.138) significantly influenced social performance of MSEs.

Table 4.30: Binary Logistic Regression analysis specific attributes for gender-based credit financing lending model factors without control variables

							95% C.I for EXP(B)	
	B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Individual lending model	0.042	0.283	0.022	1	0.882	1.043	0.598	1.818
Group lending model	-0.882	0.375	5.530	1	0.019**	0.414	0.198	0.863
Digital lending model	1.560	0.382	16.704	1	0.000***	4.761	2.253	10.062
Constant	0.383	0.238	2.605	1	0.107	1.467		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Table 4.31: Binary Logistic Regression analysis specific attributes for gender-based credit financing lending model factors with control variables

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.IM for EXP(B)	
							Lower	Upper
Individual lending model	0.049	0.289	0	1	0.866	1.05	0.596	1.85
Group lending model	-0.86	0.383	5	1	0.024**	0.422	0.2	0.894
Digital lending model	1.637	0.393	17	1	0.000***	5.138	2.377	11.107
Highest level of education	0.009	0.255	0	1	0.973	1.009	0.612	1.661
Age of MSEs	0.127	0.185	0	1	0.492	1.136	0.79	1.633
Size of business	0.000	0.000	2	1	0.122	1	1	1
Constant	0.206	0.729	0	1	0.777	1.229		

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.8 Overall Models

Looking at the overall linear regression model and binary logistic model in Tables 4.32 and 4.33 below, the three factors that were examined significantly influenced social performance of MSEs. In Table 4.30, all the three factors were significantly related to social performance of MSEs where Gender-sensitive loan conditions $p < 0.01$, Gender-targeted Financial Literacy training $p < 0.05$ and Gender based credit financing lending model $p < 0.01$. Results in Table 4.31, the three factors examined significantly influenced social performance of MSEs with Gender-sensitive loan conditions ($p < 0.01$, OR = 1.680), Gender-targeted Financial Literacy training ($p < 0.05$, OR = 0.959) and Gender based credit financing lending model ($p < 0.01$, OR = -1.771).

Table 4.32: Overall regression model

Attribute	Statistics
Constant	1.264*** (0.252)
Gender-sensitive loan conditions	0.330*** (0.078)
Gender-targeted Financial Literacy training	0.175** (0.073)
Gender based credit financing lending model.	-0.348*** (0.064)
F (Model)	11.958***
R squared	0.113
No. Observations	284

Note: Standard errors are reported in parentheses. **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

Table 4.33: Overall binary logistic regression model

	B	S.E.	Wald	df	Sig.	Exp(B)
Gender-sensitive loan conditions	1.680	0.415	16.375	1	0.000***	5.365
Gender-targeted Financial Literacy training	0.959	0.390	6.039	1	0.014**	2.609
Gender based credit financing lending model	-1.771	0.358	24.521	1	0.000***	0.170
Constant	-1.502	1.392	1.165	1	0.280	0.223

Note: **, *** indicates significance at the 95%, and 99% level, respectively.

Source: Author Computation (2026)

4.9 Chapter Summary

This chapter has provided a thorough examination of the factors affecting social performance of MSEs in Kawangware. Gender-sensitive loan conditions, gender-targeted financial literacy training and gender-based credit financing lending model features were found to be important predictors of social performance of MSEs using linear and ordinal regression analysis. Goodness-of-fit tests, moderate pseudo-R-Square values and a well-fitting regression model that explained up to 11.3% of the variance in social performance of MSEs all supported the model's robustness. The importance of these elements was highlighted by positive and statistically significant parameter estimations, with gender-sensitive loan conditions specifically collateral requirements,

loan repayment terms and credit ceilings showing significance, gender-targeted financial Literacy training had debt management showing significant influence and gender-based credit financing lending model had group lending model and digital lending model showing significant influence. Furthermore, linearity test confirmed that the associations were consistent across all performance categories. The chapter concludes that in order to improve MSEs' social performance, implementing effective measures for gender-sensitive loan conditions, gender-targeted financial literacy training and gender-based credit financing lending models was crucial.

CHAPTER FIVE
DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter presents the summary, conclusions and recommendations made based on the findings of the study as well as limitations and areas for further research. This study analysed the factors affecting gender-based credit financing on the social performance of MSEs in Kawangware, Kenya, which focused on Gender-sensitive loan conditions, Gender-targeted Financial Literacy Training and Gender based credit financing lending model factors. Using a descriptive and causal-comparative research designs on data from a census approach on the study's population of 323 MSEs, the study used SPSS Version 27 for data analysis, revealing significant relationships through descriptive statistics and ordinal and binary logistic regression analysis. The chapter contains five sections. Section 5.1 presented the introduction, section 5.2 the discussions of the findings, section 5.3 the conclusions, section 5.4 the recommendations and section 5.5 areas of further research.

5.2 Summary of Main Results

The study revealed that Gender-sensitive loan conditions (collateral requirements, loan repayment terms and credit ceilings), Gender-targeted Financial Literacy training (debt management) and Gender based credit financing lending model (group lending and digital lending models) positively significantly influenced social performance of MSEs in Kawangware, Kenya. These findings underscore the pivotal role of gender related factors; loan conditions, financial literacy training and credit financing lending model factors in contributing positively to social performance of MSEs. The ordinal regression model demonstrated a strong fit to the data. These metrices indicate that the predictors account for a substantial proportion of the variance in social performance of MSEs. Further, the results confirmed that level of education and funds invested in the business positively controls significantly the association between the identified factors and social performance of MSEs.

5.3 Discussion

5.3.1 Gender-sensitive loan conditions and Social Performance of MSEs

The findings of the study highlighted that Gender-sensitive loan conditions, particularly collateral requirements, significantly influenced social performance of MSEs in Kawangware, Kenya. In details, the findings showed that; having personally benefited from gender sensitive loan conditions, collateral requirements favouring men more than women, credit ceilings being higher for men compared to women, being a female positively affecting one's level of credit access and gender having nothing to do with loan conditions were the specific factors within gender-sensitive loan conditions which greatly caused the positive. Whereas none of the control variables showed significant relationship but their influence was positive.

Various studies support the study findings such as Mwirigi, Gakure and Otieno (2019), Collateral on Strategic Access to Credit Facilities by women owned SMEs. This study examined how collateral, business owner characteristics, networking and interest rates influence strategic access to credit for women SMEs in Nairobi County, noting collateral requirements as a key factor negatively impacting credit access by women. Similarly, a study by Chebichi (2025) on Factors influencing commercial bank financing of women owned enterprises in Nairobi County, Kenya, found lack of collateral as a constraint woman faces when accessing commercial bank credit, and recommended broadening acceptable security types. Several other studies in Kenya suggest that stringent loan conditions and collateral security requirements disproportionately affect women's credit uptake, while male borrowers enjoy better access to formal credit (Mundia, 2020; Muyaka & Otinga, 2022; Karanja, Mwangi & Nyakarimi, 2023). According to a study in Nigeria by Egbetokun (2025) on Microcredit and Gendered Pathways to Inclusive Growth, concluded that women would be able to grow their enterprises, build assets, and make their own decisions with the help of microcredit, particularly in cities with relatively high levels of market connectedness and financial knowledge. The barrier posed by loan conditions on credit access by women, negatively impact social performance outcomes of MSEs, since women owned MSEs, according to the findings of this study, generate greater social outcomes compared to male owned MSEs.

The study findings collaborated Empowerment Theory in emphasizing that access to resources is essential for people to take charge of their lives, make strategic choices and effect social and economic change (Zimmerman, 1995). Gender-based credit financing enhance decision making

power of women and empower communities through contribution towards community projects. Another study by Okeya (2023) which investigated The Contribution of Unsecured Loans to Women's' Socio-economic Empowerment: The Case of Mkopo Mashinani Scheme in Lurambi-Kakamega County (Doctoral dissertation, University of Nairobi) and anchored on empowerment theory indicated a strong link between the Mkopo Mashinani loan program and the social and economic development of female entrepreneurs.

The findings also affirmed Gender and Development (GAD) Theory by indicating that being a female positively affected level of credit access. As noted, this theory though largely seen as having been feminist, sought to integrate women into existing development programs. While using the GAD theory, the results of Adieze et al. (2025) contrasted these study findings by pointing out that gender discrimination is a pervasive, multifaceted barrier to the socioeconomic empowerment of women and girls, directly impeding sustainable development in the Federal Capital Territory.

The aspect of Social Capital Theory as expounded in chapter two supported these findings. Social Capital Theory posits that networks, norms and trust embedded in social structures enable individuals and firms to access crucial resources (OECD, 2021). When formal credit systems impose stringent conditions such as high collateral requirements, low credit ceilings and unfavourable repayment terms, these often exclude disadvantaged groups, particularly women, limiting their ability to access credit and thus their social performance. However, social capital acts as a complementary resource, helping firms overcome these barriers by facilitating access to information, reducing information asymmetries and even serving as a type of social collateral in lieu of traditional collateral (Boudreaux et al., 2021) and how broader social capital can enhance MSEs adaptability in the face of institutional challenges (Kirori, 2025).

The comparison of these findings with prior research reveals nuanced insights into how loan conditions influence the social performance of MSEs. For instance, Mundia (2020) emphasized that collateral requirements and accessibility barriers significantly constrain credit uptake among women-owned and youth-led enterprises, underscoring the persistence of structural financial obstacles in Kenya. However, this study identified additional factors, including gender-targeted loan ceilings and perceptions of fairness in lending terms, which have a direct impact on social outcomes such as inclusive employment creation, household welfare, women empowerment and community contribution. Moreover, while Boudreaux et al. (2021) highlighted the role of social

capital in improving enterprise performance, the present findings suggest that even strong networks cannot entirely offset restrictive loan conditions, particularly for female-owned MSEs. These results indicate that although broader theoretical principles regarding credit access and social capital are validated, the specific design of loan conditions, including collateral policies, loan ceilings, repayment terms and gender sensitivity, critically shape the social performance of MSEs.

5.3.2 Gender-targeted Financial Literacy Training and Social Performance of MSEs

The study findings found that Gender-targeted Financial Literacy training significantly influenced social performance of MSEs in Kawangware, Kenya. Specific factors within Gender-targeted Financial Literacy training which caused the significant influence were on the training content/approach used by facilitators, with most respondents indicating that the content was not gender responsive and the training timings equally did not favour women. When control variables were factored in, amount of funds invested in the business positively and significantly increased the influence. Specifically, debt management significantly influenced social performance of MSE, followed by book keeping and finally budgeting.

The above results were confirmed by a number of studies such as one by Gachiri (2024) on financial literacy and financial performance of women enterprises in Kilifi county, Kenya, highlighting that there was strong linkage between financial literacy skills and financial performance. A study by Wangui (2021) which investigated financial literacy and growth of women groups in Kenya also ascertain the same findings. According to Nakanwagi et al. (2025) who investigated the mediating effect of access to finance on the association between debt management skills and the performance of MSEs owned by Moslem Women in Western Uganda, debt management skills significantly boosted access to finance. The collaborated study findings indicated that financial knowledge had a significant influence on the growth of financial registered groups in Kajiado County, Kenya (Mutiso et al., 2021). A study by Tumba et al. (2022), which examined the relationship between female micro-entrepreneurs' business success and financial literacy found that both improve business sustainability and give women entrepreneurs the managerial and decision-making skills they need. Likewise, a study by Herawati et al. (2020) on the influence of gender and financial literacy on accounting implementation in SMES, highlight that enhanced financial literacy supports better accounting implementation in SMEs, which is

critical for improved decision-making, financial reporting and long-term business sustainability. Another study by Elliyana (2024) on Whether Debt Management Literacy Affect Loan Repayment of SMES showed that effective debt management literacy positively impacted Financial Inclusion and Loan Repayment. On the contrary, a study by Sekyere(2020) on financial literacy among owner-managers of SMEs in Sekondi-Takoradi Metropolis contradicted the study findings by pointing that there was no significant relationship between gender and financial literacy.

The study findings confirmed the relevance of Empowerment Theory, Gender and Development Theory and Social Capital Theory, as proposed in Chapter Two. As per Empowerment Theory, equipping women with financial literacy training skills (debt management, budgeting and bookkeeping) enhance their decision-making capacity and entrepreneurial autonomy, leading to improved social outcomes (Zimmerman, 2000; Herawati et al., 2020). Similarly, Gender and Development (GAD) Theory emphasizes that interventions should address gendered inequalities; the tailored financial literacy training empowers women to overcome structural barriers in financial management, thereby promoting equitable social and economic benefits (Rathgeber, 1990; Mundia, 2020). Finally, Social Capital Theory highlights that the training fosters networks and trust among participants, which facilitates resource sharing, mentorship and access to informal finance, all of which contribute to enhanced social performance (Boudreaux et al., 2021; Kavee & Mburu, 2016). Together, these theories provide a robust explanation for how gender-focused financial literacy initiatives can transform both individual capabilities and broader social outcomes in MSE contexts.

The comparison of these findings with prior research provides comprehensive insights into how gender-targeted financial literacy training influences the social performance of MSEs. For instance, Herawati et al. (2020) found that financial literacy significantly improves accounting implementation and financial management practices in SMEs, with women demonstrating higher levels of skill application than men. Similarly, Mundia (2020) highlighted that targeted financial knowledge enhances entrepreneurial decision-making and resource management, particularly for women-owned enterprises. However, the present study identified specific components of financial literacy training, (debt management, budgeting and bookkeeping) as critical factors directly influencing social outcomes such as inclusive employment creation, household welfare, women empowerment and community contribution. Moreover, while Boudreaux et al. (2021) and Kavee

and Mburu (2016) emphasized that social capital enhances enterprise performance through networks and trust, the findings of this study suggest that structured financial literacy interventions amplify the effect of social networks by improving participants' financial competence, particularly among women. These results indicate that although broader theoretical principles regarding financial literacy, gender and social capital are supported, the design and content of gender-targeted financial literacy training, focusing on practical financial skills, play a decisive role in enhancing the social performance of MSEs.

5.3.3 Gender based credit financing lending model and Social Performance of MSEs

Findings of the study found that Gender based credit financing lending models significantly influenced social performance of MSEs in Kawangware, Kenya. Specifically, the factors which caused this influence were the ability to differentiate between women-focused lending models and general lending models and the model which had been the most instrumental in accessing gender-based credit financing. Specifically, group lending models and digital lending models significantly influenced social performance of MSEs. Effect of control variables was evident as they influenced positively the effect of predictors variables on social performance of MSEs. These study findings are collaborated by a number of scholars as evidenced by Tundui and Hawa (2020) who studied Performance drivers of women-owned microcredit funded enterprises in Tanzania, and found that good lending models significantly increases profits of an enterprise.

Another study by Mchembe (2023) on The Impact of Public Credit Lending Program on Women's Economic Empowerment in Tanzania (Doctoral dissertation, The Open University of Tanzania) found that public lending model, from a gendered lens, positively influence social performance of credit financial institutions. On digital lending, a study by Chen et al. (2025) which investigated gender of loan officers and loan performance: A pre-registered report, found that digital lending models influence the credit quality of loans underwritten by female officers. A study by Goda and Gomera (2022) which investigated the contribution of microlending models to the growth of MSEs found that microlending models of microfinance banks contribute to the growth of MSEs. Amongst these models was group lending model which was reported to have the greatest impact. The effect of control variables was evident as there was a positive significant influence on social performance of MSEs.

The finding that gender-based credit financing significantly influenced the social performance of MSEs in Kawangware, Kenya, with the group lending model exerting the greatest impact, followed by digital lending and finally individual lending, can be coherently explained through Empowerment Theory, Gender and Development (GAD) Theory and Social Capital Theory. From an empowerment perspective, access to gender-responsive credit enhances entrepreneurs' agency, control over productive resources and participation in economic decision-making. However, the stronger effect of group lending reflects the importance of collective empowerment, where peer support, shared responsibility and participatory group dynamics foster confidence, leadership skills and mutual accountability, translating into improved social outcomes such as inclusive employment and community engagement (Kabeer, 1999; Alshebami & Seraj, 2021).

Digital lending, while less impactful than group lending, still contributes to empowerment by increasing autonomy, reducing mobility and time constraints and minimizing discriminatory gatekeeping in financial institutions, particularly for women entrepreneurs, although its transactional nature limits broader social spillovers (Suri & Jack, 2016; Ozili, 2022). In contrast, individual lending demonstrated the weakest influence on social performance, supporting empowerment theorists' argument that access to financial resources alone, without supportive social structures, is insufficient to generate transformative social outcomes (Kabeer, 2012).

From a GAD perspective, the dominance of group lending underscores the value of gender-responsive and socially embedded financial models that address structural gender inequalities such as limited asset ownership, restrictive social norms and unequal power relations that constrain women's access to finance; by using social collateral and collective guarantees, group lending challenges patriarchal financial systems and enhances women's economic legitimacy (Mayoux, 2001; Cornwall & Rivas, 2015; Mersland & Strom, 2020). Digital lending partially addresses these constraints by bypassing traditional institutions, yet persistent gender gaps in digital access and literacy may explain its comparatively lower impact, while individual lending often assumes gender neutrality and thus fails to adequately confront embedded inequalities (Frost et al., 2019; Cornwall, 2016).

Social Capital Theory further clarifies these patterns by highlighting that group lending actively builds bonding social capital through trust, networks and norms of reciprocity, which facilitate information sharing, peer monitoring and collective problem-solving, thereby amplifying social

performance outcomes beyond individual enterprises (Putnam, 2000; Gine & Karlan, 2014). Digital lending, though efficient, lacks deep relational interaction and therefore generates weaker social capital effects, while individual lending produces minimal social spillovers due to its limited network engagement (Ozili, 2022). Overall, the findings demonstrate that gender-based credit financing is most socially effective when it combines financial access with collective structures, gender responsiveness and strong social networks, explaining why group lending emerges as the most impactful model for enhancing the social performance of MSEs in Kawangware.

The comparison of these findings with prior research highlights how gender-based credit financing lending models influence the social performance of MSEs, with group lending emerging as the most impactful. Consistent with earlier studies, group lending enhances enterprise outcomes through peer accountability, trust and collective support, which translate into inclusive employment creation and stronger community engagement, particularly among women-owned enterprises (Mayoux, 2001; Gine & Karlan, 2014; Mersland& Strom, 2020). Digital lending improves financial access and autonomy by reducing institutional and mobility barriers, but its transactional nature limits broader social spillovers (Suri & Jack, 2016; Ozili, 2022). Individual lending showed the weakest social impact, reflecting persistent gender-related constraints and the absence of collective support mechanisms (Cornwall & Rivas, 2015). Overall, while existing literature supports the positive role of gender-responsive credit, the findings emphasize that the structure of lending models, particularly those embedding social capital and collective guarantees, play a decisive role in enhancing the social performance of MSEs.

The findings contrast with earlier studies by showing that the structure of gender-based credit financing matters more than access alone. While prior research emphasizes credit efficiency and accessibility as key drivers of enterprise performance (Suri & Jack, 2016; Ozili, 2022), this study demonstrated that group lending generates stronger social performance outcomes than digital and individual lending due to its reliance on trust, peer support and collective accountability (Gine & Karlan, 2014). Unlike earlier work that links group lending mainly to repayment performance, these findings extend its impact to inclusive employment and community engagement. Although digital lending is often viewed as transformative for women's financial inclusion, its social effects appear more limited because of weak social embeddedness (Frost et al., 2019; Putnam, 2000). Individual lending shows the least social impact, challenging studies that treat it as a neutral

financing option and highlighting persistent gender-based constraints (Mersland& Strom, 2020; Cornwall & Rivas, 2015).

5.4 Conclusion

The study highlights how important gender-based credit financing is to Micro and Small Enterprises' social performance. The findings demonstrated that gender-sensitive loan conditions, gender-targeted financial literacy training and gender-based credit financing lending model all play critical roles in shaping MSEs' social performance. Significant correlations between these factors and social performance implies that handling these elements in a well-integrated manner is essential to attaining more profitable and effective results.

The findings affirmed that gender-sensitive loan conditions are a fundamental determinant of the social performance of MSEs. Loan terms that take into account gender-specific constraints, such as reduced collateral requirements, flexible repayment schedules and appropriate loan sizes, enhance inclusivity and equity in credit access. By lowering structural barriers faced particularly by women and other marginalized groups, gender-sensitive loan conditions enable MSEs to stabilize operations, create employment, improve household welfare and contribute more meaningfully to community development.

Further, the findings demonstrated that gender-targeted financial literacy training plays a critical enabling role in translating access to credit into tangible social outcomes. Training programs that are tailored to the unique needs of women and gender-diverse entrepreneurs strengthen financial management skills, improve credit utilization and enhance confidence in engaging with formal financial institutions. As a result, MSE owners are better positioned to make informed financial decisions, sustain their enterprises and generate positive social impacts such as improved livelihoods, enhanced business resilience and greater social inclusion.

The study also found that gender-based credit financing lending model, significantly shapes the extent to which credit influences social performance, with the group lending model emerging as the most impactful, followed by digital lending and individual lending models. Group lending mechanisms foster social capital, peer accountability and mutual support, which reinforce repayment discipline while simultaneously strengthening community ties and collective empowerment. Digital lending expands reach and convenience, particularly for underserved

entrepreneurs, while individual lending provides autonomy for established enterprises. Collectively, these models demonstrate that appropriately designed gender-responsive lending structures not only improve access to finance but also amplify the broader social contributions of MSEs.

Overall, the study underscores that integrating gender considerations into loan conditions, financial literacy interventions and lending models is essential for maximizing the social performance of MSEs. A holistic, gender-responsive credit framework is therefore critical for promoting inclusive enterprise growth, social empowerment and sustainable community development.

5.5 Recommendations

5.5.1 Recommendations for policy

The study recommends that policymakers institutionalize gender-responsive financing frameworks to address structural barriers that limit equitable credit access and weaken the social performance of MSEs. National and county governments, in collaboration with financial institutions, should strengthen inclusive credit guarantee schemes, promote group lending structures and integrate financial literacy programs so that financing translates into inclusive employment creation, household welfare improvement, community benefits, among other social contributions. Incentives such as tax reliefs, credit guarantees or partnerships for women-friendly loans can increase uptake and ensure more equitable access to finance.

Policies should integrate gender and social performance metrics into loan allocation processes, emphasizing the broader social impact of credit alongside business viability. Regulatory bodies should therefore, encourage gender-sensitive lending standards that measure both financial and social outcomes, ensuring credit programs contribute to broader development goals. Collaboration among financial institutions, government, NGOs and community organizations is vital for creating a robust ecosystem for gender-responsive financing. Awareness campaigns, mentorship programs and partnerships can enhance understanding of gender-sensitive credit, improve access to affordable finance and strengthen the social contributions of MSEs.

5.5.2 Recommendations for theory

The study recommends that future research continue integrating empowerment, gender-focused, and social relational perspectives to better explain how gender-based credit financing influences the social performance of MSEs. Such a combined theoretical lens helps scholars interpret credit access as a tool for strengthening entrepreneurial agency, addressing structural gender inequalities, and enhancing socially meaningful outcomes like employment and household welfare. Additionally, recognizing the role of social networks and trust clarifies how entrepreneurs convert financial access into broader social value. Together, these perspectives provide a focused and practical foundation for advancing research on inclusive enterprise development

5.5.3 Recommendations for practice

The study highlights the critical role of gender-sensitive loan conditions in enhancing the social performance of MSEs. Financial institutions should design credit products that explicitly address the constraints faced by women, including; lower or alternative collateral mechanisms such as character-based lending, group guarantees (social collateral) and asset leasing; flexible repayment schedules and gender-targeted loan ceilings. Financial institutions should also establish monitoring mechanisms to ensure that loan terms are equitable and accessible to all MSE operators. They should look into and address ingrained gender biases in algorithmic credit screening models. This include making audits of lending algorithms mandatory, maintaining gender disaggregated loan records and having gender-intentional credit scoring models that correct for biases in conventional risk assessment.

The study findings further elaborate the key role of gender-targeted financial literacy training as an essential means for translating access to credit into tangible social benefits. Continuous and practical training programs tailored mainly towards women should be implemented, particularly on debt management and proper record keeping. Collaboration between financial institutions, community-based organizations and MSE associations can enhance the reach and effectiveness of these programs. By strengthening financial management skills and entrepreneurial confidence, such trainings equip MSE owners to make informed decisions, sustain their businesses and maximize their contributions to social development.

Finally, the study demonstrates the importance of adopting appropriate gender-based lending models. Group lending, which had the greatest impact on social performance, should be prioritized as it promotes peer accountability, mutual support and stronger social cohesion among entrepreneurs. Digital lending platforms can further expand access, especially for women with limited mobility or access to formal banking, while individual lending remains important for established entrepreneurs who require autonomy. A combination of these lending models ensures that diverse entrepreneurial needs are met while fostering broader social benefits in the community.

5.6 Contribution of the study to extant literature

This study enriches the extant literature by reframing the discussion on MSEs financing from a predominantly economic lens to a social performance perspective. Existing literature has largely concentrated on profitability, survival and growth metrics; however, this research demonstrates that gender-based credit financing also generates measurable social outcomes such as inclusive employment opportunities, improved household welfare and community-level benefits. By focusing on MSEs operating within an informal urban settlement, the study adds context-sensitive evidence that strengthens understanding of enterprise development in underserved environments.

The study further advances gender and entrepreneurship literature by empirically linking gender-sensitive credit mechanisms to enterprise social impact. It shows that financing models are embedded within social and institutional realities that shape how men and women utilize financial resources. By demonstrating how access to finance expands entrepreneurs' practical opportunities to achieve socially meaningful goals, the study aligns with capability-oriented interpretations associated with Amartya Sen. It also reinforces the importance of collective financial arrangements and social networks in converting credit into social performance outcomes.

From a methodological point of view, the study adds value to the literature by integrating gender-disaggregated financing analysis with social performance measurement in a localized African context. This combined analytical approach offers a replicable framework for future research examining inclusive finance, enterprise ecosystems and development outcomes.

Overall, the study broadens scholarly conversations by positioning gender-responsive credit financing as a critical driver of socially impactful entrepreneurship.

5.7 Limitations of the study

This study recognized a number of limitations, such as its its geographical scope. The research was confined to Nairobi County, which may not fully capture the broader national dynamics of MSEs. The use of self-reported data also presented another limitation. The study relied on responses from MSE owners and managers, which may be subject to response bias, including exaggeration of positive social outcomes or underreporting of challenges faced in accessing credit and biasness on gender related matters. Social performance indicators are multidimensional and complex, posing measurement limitation. Some aspects, including long-term social mobility or intergenerational impacts, may not have been fully captured through this study. These limitations suggest that the findings may not be entirely representative of other regions within Kenya or all the social performance parameters of MSEs, thus limiting the generalizability of the results.

5.8 Areas for further research

Further research can address the above limitations by adopting a broader, multi-county or nationwide study designed to capture regional and sectoral variations among MSEs in Kenya. Use of mixed methods, including longitudinal designs, observational data, case studies and interviews, alongside self-reported surveys, would help reduce response and gender-related bias. In addition, more comprehensive and social performance frameworks that incorporate long-term and intergenerational indicators can be considered. These methodological and contextual enhancements would allow for a more holistic and accurate assessment of the effects of gender-based credit financing on the social performance of MSEs.

5.9 Chapter Summary

This chapter has synthesized the study's key findings. The results indicate a statistically significant positive relationship between gender-based credit financing and social performance outcomes of MSEs in Kawangware, although disparities in access and utilization persist across gender lines. The findings underscore the importance of inclusive financial frameworks in addressing structural and institutional barriers. It concludes that gender-sensitive credit mechanisms are instrumental in enhancing social impact among MSEs. Accordingly, the study recommends the adoption of

inclusive financial policies, gender-targeted capacity-building interventions and gender-responsive lending models. The study contributes to existing literature by focusing on social performance outcomes, rather than just profitability and other economic parameters. It further provides context specific empirical evidence on an under-researched urban informal settlement. The main limitations included the localized scope and reliance on self-reported data, which may form areas of further research through methodological and contextual enhancements.

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APPENDICES

Appendix I: Research questionnaire

Dear respondent,

I am a Postgraduate student at Strathmore University conducting research on "Effect of gender-based credit financing on the social performance of MSEs in Kawangware, Nairobi." Kindly requesting for your support by filling in the questionnaire below. The information provided therein will be confidential and the status of response will be anonymous.

Yours Sincerely

Adhiambo Josphine

SECTION A. GENERAL INFORMATION

Please tick and explain as required

1. Please indicate your gender

Male ☐ Female ☐

2. Age in years

18-24 years ☐ 25-35 years ☐ 36- 50years ☐ Above 50 years ☐

3. What is your highest level of education?

Primary ☐ Secondary ☐ Tertiary ☐

4. Please indicate your years of experience as an entrepreneur.

2 years and below ☐ 3- 5 years ☐ 6- 10 years ☐ Above 10 years ☐

5. What is your relationship with the business?

Prime owner ☐ Co-owner ☐ Employee ☐ Others ☐

Please specify if others……...

……

6. Please indicate sector/industry of your enterprise

Beauty products [ ] Clothing & fashion [ ] Mobile phone & accessories [ ]

IT accessories & services [ ] Crafts and curios [ ] Financial services [ ]

Real estate [ ] Automobile [ ] Salon & barber [ ]

Food & beverage [ ] Agribusiness [ ] Hospitality [ ]

Health [ ] Education & technology [ ]

7. Kindly estimate the total amount of capital you invested to establish your business.

Kenyan shillings…….....

8. Tick appropriately, the sources of finance for your business and the approximate amounts.

☐ Bank loan……..... ☐ Personal funds…….. ☐ Friends……

☐ informal lenders…….... ☐ Family/Relatives……... ☐ Micro-Finance Institutions

Other sources. Please specify……...

SECTION B. GENDER-BASED CREDIT FINANCING

In this section, please tick against an answer that best describes your views concerning gender-based credit financing on the performance of MSEs in Kawangware.

1- Strongly disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly agree.

Gender-sensitive loan conditions

	Gender-sensitive loan conditions	**1**	**2**	**3**	**4**	**5**
9.	Gender sensitive loan conditions exist in the lending institutions					
10	I have personally benefited from gender sensitive loan conditions					
11	Collateral requirements favour men more than women					
12	Loan repayment terms favour men more than women					
13	Credit ceilings are higher for men, compared to women					

14	Generally, being a female ☐ or male ☐ has positively ☐ or negatively ☐ affected my level of credit access.					
15	Gender has nothing to do with loan conditions, which are all neutral					
15	Gender-sensitive loan conditions are necessary to boost social performance of MSEs?					

16. Please rank, in a scale of one to four, the extent of gender-sensitive loan conditions listed below.

(1-low; 2-average; 3-high; 4-very high).

Gender biased collateral requirements ☐ Gender sensitive repayment terms ☐

Gender differentiated credit ceilings ☐

17. Are there any other gender-insensitive loan conditions not mentioned above? If yes, please mention.

……

……

18. Gender-sensitive loan conditions are more pronounced in:

Formal lending institutions ☐ Informal lending institutions ☐ Equal levels ☐

Gender-targeted financial literacy training

19.I have been trained on financial literacy? *Tick accordingly* Yes ☐ No ☐

20. The training targeted women ☐ men ☐ both men and women ☐

21. The training area focused on: *You can choose more than one option*

Debt management [ ] Book Keeping [ ] Budgeting [ ]

		1	**2**	**3**	**4**	**5**
22	The training facilitators used gender responsive content/approach					
23	The training timings were favorable to both men and women					
24	The trainings have increased my chances of accessing gender-targeted credit					
25	The trainings are ineffective and have no relationship with credit financing.					

26	The trainings have positively changed my financial behavior.					
27	I will be willing to attend another training on gender-based credit financing financial literacy.					
28	Gender-targeted financial literacy training has a positive impact on social performance of MSEs?					

29. The most effective financial literacy trainings I attended were organized by:

The government [ ] NGOs [ ] Financial Institutions/private Institutions [ ]

30. The training component that has mostly impacted my financial behavior positively is:(R*ank between 1-5, with 5 being the component with the highest impact)*

Debt management [ ] Book keeping[ ] Budget literacy[ ]

31. What would be your general comments/recommendations around gender-targeted financial literacy training? ……..

……

Gender-based credit financing lending model

		1	**2**	**3**	**4**	**5**
32	I am aware of existing lending models under gender-based credit financing					
33	I understand the requirements for accessing loans under gender-targeted lending models.					
34	There is no relationship between lending model and gender-based credit financing.					
35	I can differentiate between women-focused lending models and general lending models.					
36	The type of gender-based credit financing lending model affects the social performance of MSEs?					

37. Please select the type of lending model that has been used before to grant you access to gender-based credit financing. *(Multiple choices apply)*

Individual lending model ☐ Group lending model ☐ Digital lending model ☐

Others, please specify…….....

38. Which model has been the most instrumental in accessing gender-based credit financing?

Individual lending model ☐ Group lending model ☐ Digital lending model ☐

Others, please specify…….....

39. What are the main benefits you have experienced from the most beneficial lending model?

Easier access to credit ☐ Lower interest rates ☐ Networking opportunities ☐

Business growth support services (e.g., training) ☐

Others, please specify…….....

40. In your opinion, what changes should be made to improve gender-based credit financing lending models for MSEs in Kawangware?.....

.....

SECTION C. SOCIAL PERFORMANCE OF MSEs

41.I understand social performance expectations of an MSE? *Tick accordingly* Yes ☐ No ☐

42. In your opinion, Women ☐ or Men ☐ owned MSEs perform better on social indicators?

43. Gender-based credit financing has led to an increase in number of women employees in my business by?

One to Five ☐ Six to Ten ☐ Above Ten ☐ Insignificant change ☐

44. Gender-based credit financing has improved my household welfare? *Tick accordingly* Yes ☐ No ☐

If yes, please indicate the average monthly increment. *Tick accordingly*

Below10% ☐ 10% to 30% ☐ Above 30% ☐

45. Gender-based credit financing enhance decision making power of women? *Tick accordingly*

1- Strongly disagree ☐ 2- Disagree ☐ 3- Neutral ☐ 4- Agree ☐ 5- Strongly agree ☐

46. Gender-based credit financing has enabled me contribute more to community projects.

1- Strongly disagree ☐ 2- Disagree ☐ 3- Neutral ☐ 4- Agree ☐ 5- Strongly agree ☐

47. Please tick appropriately, the nature of community projects undertaken. Multiple answers acceptable.

Category	*Tick*
Environmental Sustainability- (waste recycling, clean energy solutions (e.g., briquettes/solar), urban farming, tree planting, etc.)	
Health & Sanitation-hygiene awareness campaigns, affordable toilets, clean water points etc.	
Poverty Alleviation- Feeding programs, supporting children's homes and vulnerable street children etc.	
Economic Empowerment & Skills Development-	
Community Infrastructure & Services-Building/Refurbishing community centers, creating public learning or recreation spaces etc.	

48. Any other community initiative supported? ……

……

49. Do you have any further comments?……

……

……

Thank you so much for your time and contribution towards this study.

Appendix II: Ethical Review Clearance

Strathmore UNIVERSITY

11th November 2025

Ms Adhiambo Josphine,
josphine.adhiambo@strathmore.edu

Dear Ms Adhiambo,

RE: Effect of Gender-Based Credit Financing on the Social Performance of Micro and Small Enterprises in Kawangware, Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC3094/25.** The approval period is from **11th November 2025 to 10th November 2026.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, and MTA) will be used
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification
iv. Any changes, anticipated or otherwise, that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Appendix III: Research Permit from NACOSTI

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **182072**

Date of Issue: **13/November/2025**

RESEARCH LICENSE



This is to Certify that Ms.. Adhiambo Adhiambo Josphine of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: EFFECT OF GENDER-BASED CREDIT FINANCING ON THE SOCIAL PERFORMANCE OF MICRO AND SMALL ENTERPRISES IN KAWANGWARE, KENYA for the period ending : 13/November/2026.

License No: **NACOSTI/P/25/4182051**

182072

Applicant Identification Number

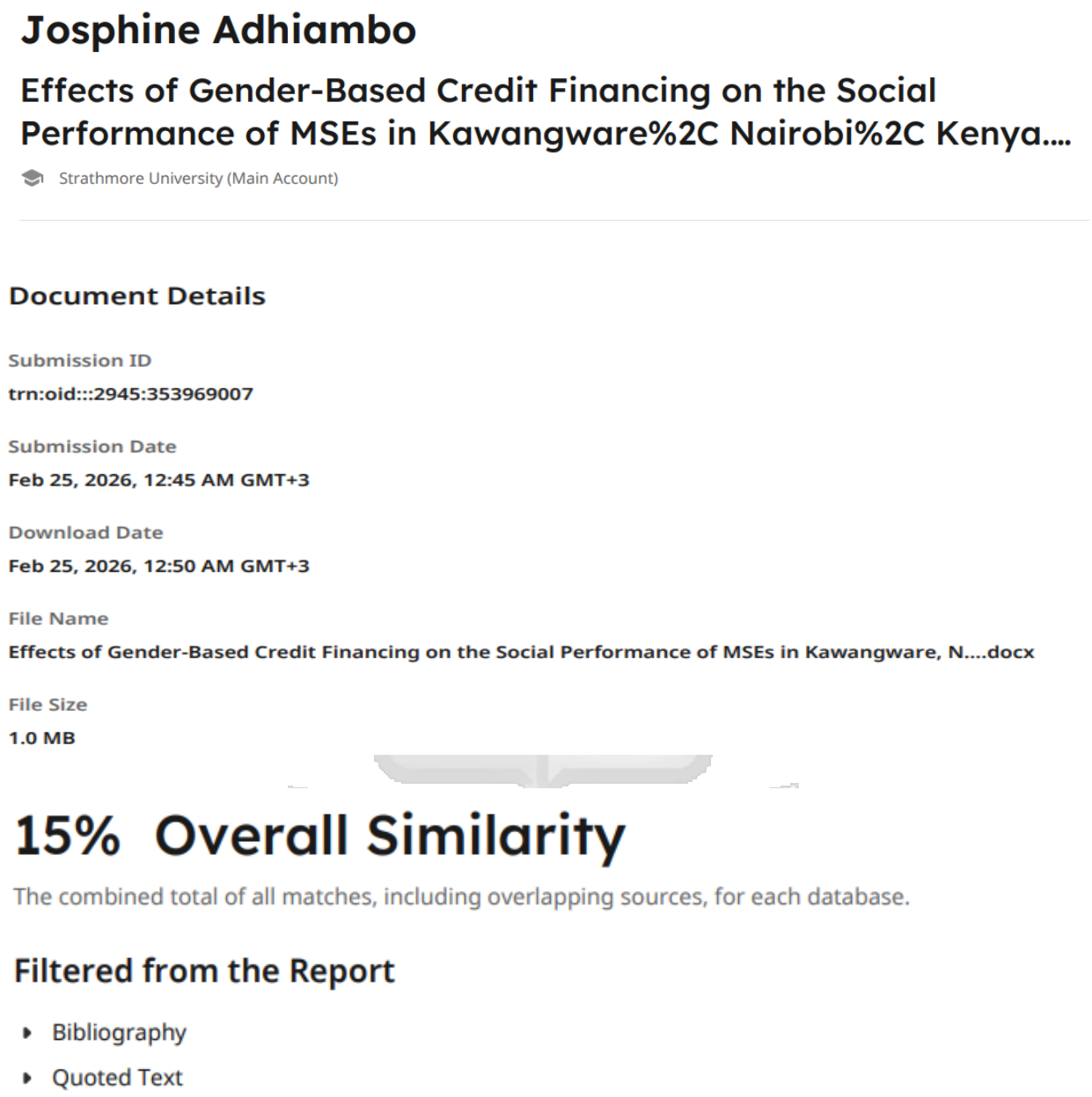
Ag. Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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See overleaf for conditions

Appendix IV: Plagiarism check



Josphine Adhiambo

Effects of Gender-Based Credit Financing on the Social Performance of MSEs in Kawangware%2C Nairobi%2C Kenya....

Strathmore University (Main Account)

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Appendix V: Additional Study Results

Frequency distributions of Gender-targeted Financial Literacy training

	Strongly disagree %	Disagree %	Neutral %	Agree %	Strongly agree %	Mean	Std. Dev	Total %
The training facilitators used gender responsive content/approach	1.8%	57.2%	13.8%	19.1%	8.1%	2.75	1.05	100.0%
The training timings were favorable to both men and women	0.7%	16.9%	13.7%	59.9%	8.8%	3.59	0.89	100.0%
The trainings have increased my chances of accessing gender-targeted credit	0.4%	4.2%	10.6%	69.0%	15.8%	3.96	0.68	100.0%
The trainings are ineffective and have no relationship with credit financing.	40.3%	53.4%	5.7%	0.4%	0.4%	1.67	0.63	100.0%
The trainings have positively changed my financial behavior.	0.4%	0.7%	8.1%	55.6%	35.2%	4.25	0.66	100.0%
I will be willing to attend another training on gender-based credit financing financial literacy.	0.0%	0.0%	3.5%	72.2%	24.3%	4.21	0.49	100.0%
Gender-targeted financial literacy training has a positive impact on social performance of MSEs?	0.4%	0.0%	3.9%	72.3%	23.4%	4.18	0.52	100.0%

Source: Author Computation (2026)

Frequency distributions of Gender based credit financing lending model

	Strongly disagree %	Disagree %	Neutral %	Agree %	Strongly agree %	Mean	Std. Dev	Tota %
I am aware of existing lending models under gender-based credit financing	0.4%	21.4%	6.7%	62.1%	9.5%	3.59	0.94	100

I understand the requirements for accessing loans under gender-targeted lending models.	0.0%	21.4%	8.1%	60.7%	9.8%	3.59	0.93	100.0%
There is no relationship between lending model and gender-based credit financing.	13.0%	55.8%	8.4%	22.1%	0.7%	2.42	1	100.0%
I can differentiate between women-focused lending models and general lending models.	0.4%	20.0%	23.5%	47.0%	9.1%	3.45	0.92	100.0%
The type of gender-based credit financing lending model affects the social performance of MSEs?	0.0%	2.8%	5.6%	76.1%	15.5%	4.04	0.57	100.0%

Source: Author Computation (2026)

Reliability test Results

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Gender sensitive loan conditions exist in the lending institutions	81.75	80.417	0.014	0.7
I have personally benefited from gender sensitive loan conditions	81.54	66.776	0.706	0.7
Collateral requirements favour men more than women	81.93	71.254	0.382	0.7
Loan repayment terms favour men more than women	82.25	76.046	0.235	0.7
Credit ceilings are higher for men, compared to women	81.39	72.321	0.388	0.7
Generally, being a female has positively affected my level of credit access.	81.93	72.587	0.607	0.7
Generally, being a female negatively affected my level of credit access.	82.07	77.180	0.315	0.7
Generally, being male has positively affected my level of credit access.	81.75	76.935	0.311	0.7
Generally, being a male has negatively affected my level of credit access.	82.25	84.861	-0.193	0.7
Gender has nothing to do with loan conditions, which are all neutral	82.43	88.328	-0.310	0.8
Gender-sensitive loan conditions are necessary to boost social performance of MSEs?	81.39	67.655	0.604	0.7
The training facilitators used gender responsive content/approach	81.79	72.841	0.356	0.7

The training timings were favorable to both men and women	81.04	76.999	0.296	0.7
The trainings have increased my chances of accessing gender-targeted credit	81.00	67.926	0.790	0.7
The trainings are ineffective and have no relationship with credit financing.	83.25	92.343	-0.645	0.8
The trainings have positively changed my financial behavior.	80.68	73.041	0.509	0.7
I will be willing to attend another training on gender-based credit financing financial literacy.	80.57	75.958	0.627	0.7
Gender-targeted financial literacy training has a positive impact on social performance of MSEs?	80.89	75.358	0.429	0.7
I am aware of existing lending models under gender-based credit financing	80.89	71.803	0.727	0.7
I understand the requirements for accessing loans under gender-targeted lending models.	80.79	76.989	0.540	0.7
There is no relationship between lending model and gender-based credit financing.	82.79	92.101	-0.494	0.8
I can differentiate between women-focused lending models and general lending models.	80.96	75.517	0.392	0.7
The type of gender-based credit financing lending model affects the social performance of MSEs?	80.96	78.628	0.190	0.7
Gender-based credit financing enhance decision making power of women? Tick accordingly	81.46	78.628	0.212	0.7
Gender-based credit financing has enabled me contribute more to community projects.	81.39	80.914	0.076	0.7

Source: Author Computation (2026)