

INFLUENCE OF CREDIT ACCESSIBILITY ON FINANCIAL PERFORMANCE OF WOMEN-OWNED ENTERPRISES IN ELDORET CITY, KENYA

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DOI: <https://doi.org/10.5281/zenodo.17200932>

Published Date: 25-September-2025

Abstract: For women-owned businesses in Kenya, obtaining financing remains a major challenge. This limits their ability to grow and improve their financial performance. This study addresses an important knowledge gap about the opportunities and challenges faced by women-owned small and medium enterprises (SMEs) in Eldoret City. It examines the relationship between credit accessibility and financial performance. The specific goals are to assess the impact of credit cost, evaluate the effect of borrowing frequency, investigate the credit supply, and determine how different loan types influence financial performance. The guiding theories for this study are Financial Inclusion Theory, Social Learning Theory (SLT), and Resource-Based View (RBV) Theory. The study used structured questionnaires and interviews with female managers from financial institutions and entrepreneurs, employing a mixed-methods sequential explanatory design. The target population included twenty managers of lending institutions and 1,720 registered women-owned SMEs in Eldoret City. The sample size consisted of 325 respondents, allowing the results to be generalized to the entire population with a 95% confidence level and $\pm 5\%$ margin of error. Stratified random sampling ensured proportional representation of female managers and entrepreneurs. After expert evaluations by research supervisors and a finance/accounting specialist, statistical methods like factor analysis and criterion-related validity testing were applied to ensure the validity of the research tools. A pilot study in Mosoriot, Nandi County, assessed reliability. Cronbach's alpha established consistency, with an acceptable threshold of 0.7 or higher. With an R^2 value of 0.61, changes in credit cost alone could explain 61% of the variation in financial performance. Results showed a p-value of 0.012, with a coefficient for credit cost (X_1) of 0.35. This indicated that a one-unit increase in credit cost led to a 0.35-unit statistically significant decline in the financial performance of women-owned businesses. Increasing interest rates or transaction costs negatively affected financial success. Financial performance positively and significantly benefited from frequent borrowing, indicated by a coefficient for borrowing frequency (X_2) of 0.28 and a p-value of 0.021. This finding suggests that financial performance rose by 0.28 units for each unit increase in borrowing frequency, likely due to better liquidity or reinvestment opportunities. Credit accessibility (X_3) had a p-value of 0.004, with the largest positive coefficient of 0.41. This showed that improved access to credit significantly boosted financial performance. Lastly, the loan types available (X_4) had a p-value of 0.037, with a coefficient of 0.22. This means that for every unit increase in the variety of loan products accessed, financial performance improved by 0.22 units. The study highlighted the importance of flexible and diverse financial products that meet the needs of female entrepreneurs to promote business growth and sustainability. Regression analysis indicated that every predictor variable significantly impacted the financial performance of women-owned businesses in Eldoret City, with statistical significance ($p < 0.05$). To ensure affordability for women-owned businesses, the researcher suggested examining and adjusting loan pricing systems. Financial institutions could lower collateral requirements, simplify loan application processes, and extend services to underserved areas to enhance credit availability. The study also encouraged financial institutions to diversify their loan portfolios for women entrepreneurs, as access to various loan types (such as asset-based, working capital, and trade credit) improves financial performance. Providing tailored loan solutions that address specific business needs can help optimize capital use. These measures aim to enhance the sustainability and financial performance of women-owned businesses in Nakuru City.

Keywords: Borrowing Frequency, Credit Accessibility, Credit Cost, Credit Supply, Financial Performance, Loan Type, Women-Owned Enterprises.

I. INTRODUCTION

Financial performance is a key sign of how well a business is doing and how sustainable it is. For women-owned businesses, financial performance is measured by profitability, sales growth, capital accumulation, and the ability to reinvest in the business. Poor financial performance can limit growth, job creation, and household welfare, especially in situations where women face barriers to accessing resources (Atieno, Miroga, & Otinga, 2024). Credit accessibility is one of the major factors that affect financial performance. Key elements of credit accessibility include the cost of credit, how often borrowing occurs, ease of access to credit, and the variety of loan types. Each of these elements is important in determining whether women entrepreneurs can use credit to improve their business outcomes (Jepkomen, Kiplagat, & Kibet, 2024; Lagat & Njaramba, 2024).

The cost of borrowing is a crucial issue that influences the financial performance of women-owned businesses worldwide. In advanced economies like the United States and the United Kingdom, female entrepreneurs often face higher costs than their male counterparts, despite the availability of various credit options. Baugh et al. (2021) state that women often need to provide extra collateral and face higher borrowing rates, negatively affecting their businesses' profitability and growth potential. Carter et al. (2020) found that these disparities persist even with financial products aimed at helping women, making it harder for them to achieve strong financial performance.

In Sub-Saharan Africa, the cost of finance creates even more challenges for female entrepreneurs. Chisadza et al. (2021) report that women-owned businesses in South Africa deal with significant borrowing rate premiums when compared to male-owned businesses, limiting their ability to invest in growth opportunities. In Nigeria, the World Bank (2022) notes that high borrowing costs disproportionately affect women entrepreneurs who have limited access to affordable financing options. Duflo (2022) points out that these high credit costs often force many women to rely on informal funding sources that come with high interest rates, reducing profit margins and harming financial performance.

The frequency of borrowing is considered an important factor in determining financial performance for businesses around the world. In advanced economies, strategic borrowing helps businesses take advantage of growth opportunities without going into excessive debt. Medley-Cleveland (2024) noted that successful women entrepreneurs in the United States are more disciplined about borrowing, mainly using loans for targeted business expansion instead of everyday expenses. Carter et al. (2020) found similar trends in the UK, where businesses with well-planned borrowing strategies perform better than those that borrow reactively or excessively.

The relationship between borrowing frequency and business performance shows clear patterns. The International Labour Organisation (ILO, 2020) indicates that women entrepreneurs in various African countries who borrow excessively often find themselves trapped in debt cycles that threaten their businesses' financial stability. Chisadza et al. (2021) discovered that in South Africa, frequent short-term borrowing at high interest rates greatly undermines women entrepreneurs' ability to maintain profitable businesses. The trend of excessive borrowing without adequate returns has been identified as a significant factor limiting the growth potential of women-owned businesses in the region.

Access to credit is broadly recognized as a vital factor in global business financial performance. In advanced economies, women generally have better access to formal financial systems, although gaps still exist. Carter et al. (2020) state that, despite strong financial institutions in the United States, women entrepreneurs face challenges in obtaining specific financial products and services. Baugh et al. (2021) also found that female entrepreneurs in the UK often secure less investment than their male counterparts, even if they have similar chances of success. This disparity directly impacts their businesses' growth trajectories and financial results.

Access to credit presents considerable challenges for women-owned businesses. Berger (2021) highlights that women in sub-Saharan Africa face significant hurdles in obtaining formal financial services due to structural and cultural factors. The World Bank (2022) identifies that women-led businesses in Nigeria struggle with limited access to formal financial services, stemming from their lack of assets and collateral crucial for securing loans. Caplan, Birkenmaier, & Bae (2021) found that financial exclusion worsens due to low financial literacy and inadequate understanding of available financial products, which directly affects business growth and financial performance in the region.

The financial instruments available to women entrepreneurs vary greatly across the world and affect business performance. Carter et al. (2020) observe that in developed economies like the United States, various loan products—including specialized small business loans, venture capital, and angel investments—enable women entrepreneurs to select financing options that fit their specific needs and growth ambitions. This diversity in loan types can lead to better financial performance outcomes. Medley-Cleveland (2024) found that in countries with advanced financial systems, providing tailored loan products can help women entrepreneurs optimize their financial success through strategic financing choices.

The limited variety of lending options for women entrepreneurs affects their business performance. The ILO (2020) notes that many African countries lack financial products designed for women-owned businesses, forcing entrepreneurs to choose inappropriate credit options that can endanger their financial health. Chisadza et al. (2021) observed that women entrepreneurs in South Africa often rely on generic microfinance products that do not meet their specific business needs, constraining their growth potential and financial results. The trend of generic loan products failing to address the diverse needs of women entrepreneurs has become a significant barrier to improved financial success.

The financial performance of women-owned firms worldwide shows different trends depending on economic conditions. In advanced economies, female entrepreneurs play a significant role in economic growth, though performance disparities persist. Carter et al. (2020) report that women-owned enterprises in the United States show considerable financial resilience while facing access issues. Baugh et al. (2021) found that in the UK, female entrepreneurs achieve financial outcomes similar to their male counterparts when given equal access to resources and support networks. These findings highlight that removing structural barriers allows women-owned firms to succeed financially on a global scale.

The financial success of women-owned businesses reflects the complex challenges they face. The World Bank (2022) shows that women entrepreneurs in Sub-Saharan Africa demonstrate remarkable resilience and creativity despite facing tough business conditions. Chisadza et al. (2021) state that limited access to financial resources, technical support, and markets hampers the financial performance of women-owned businesses in the region. The ILO (2020) emphasizes that improving financial outcomes for women entrepreneurs requires addressing these structural challenges through targeted interventions and policy changes at the regional level.

The cost of financing greatly impacts the financial outcomes of women-owned businesses in Eldoret, Kenya. Kimani and Mwangi (2020) found that high borrowing costs reduce profit margins and limit women entrepreneurs' ability to reinvest in their businesses, directly affecting their financial sustainability. Karanja and Kamau (2022) argue that women entrepreneurs in Eldoret face exorbitant credit charges from both formal and informal lenders, with interest rates often exceeding 20% per annum. Machokoto and Nyantakyi (2023) highlight that the relationship between credit cost and financial performance is particularly significant in urban settings like Eldoret, where high operating costs and increased competition make affordable credit essential for sustainable business operations.

In Eldoret, Kenya, access to credit continues to be a significant challenge for female entrepreneurs. Cheruiyot and Kiprop (2021) found that limited access to credit facilities greatly affects the financial performance of women-owned businesses in the area. Karanja and Kamau (2022) note that many women entrepreneurs face difficulties in engaging with financial institutions due to geographical barriers, especially in the outskirts of the city. Osir (2024) points out that complicated application processes and a lack of awareness about various financial products restrict credit access, harming firm performance by limiting investment opportunities and expansion potential. The Kenya National Gender and Equality Commission (2021) states that despite government efforts to improve credit access, bureaucratic hurdles remain, limiting women entrepreneurs' access to vital financial resources for business growth in Eldoret.

In Kenya, especially in Eldoret, the borrowing habits among female entrepreneurs reveal troubling trends that affect financial success. Otieno (2022) found that strategic borrowing can enhance business growth and financial performance for women entrepreneurs in Kenya. Mutua and Ogutu (2021) noted that in Eldoret, borrowing frequency among women entrepreneurs is mainly driven by immediate business needs rather than long-term growth goals, negatively impacting their overall financial performance. Sawe (2021) emphasizes that understanding the right timing and frequency for borrowing is crucial for women entrepreneurs in Eldoret to maintain strong financial performance while securing the necessary funds for business growth.

The link between loan types and financial performance is particularly clear in Eldoret, Kenya. The Kenya National Gender and Equality Commission (2021) argues that women entrepreneurs who secure appropriate loan types based on their business needs experience better financial success. Owino (2023) found that in Eldoret, the limited range of loan products available to women entrepreneurs hampers their ability to match financing options with their specific business needs, affecting performance metrics like revenue growth and return on investment. Oluoch et al. (2021) emphasize that despite initiatives such as the Women Enterprise Fund and other government programs aimed at providing tailored loans for women entrepreneurs, the uptake remains low due to issues in product design and implementation.

Sawe (2021) argues that addressing the lack of suitable loan products is essential for improving the financial performance of women-owned businesses in Eldoret.

In Eldoret, Kenya, women-owned firms make significant contributions to the local economy, yet face major hurdles that affect their financial performance. The Kenya National Bureau of Statistics (KNBS, 2020) reports that women-owned SMEs account for nearly 40% of the nation's GDP, highlighting their economic importance. Mutua and Muriuki (2020) state that the financial success of women entrepreneurs in Kenya is not just a measure of business sustainability but also a path to economic empowerment and social inclusion. Karanja and Kamau (2022) found that women entrepreneurs in Eldoret primarily operate in retail, agriculture, hospitality, and service sectors, where access to appropriate financial resources is crucial for achieving sustained financial performance. Machokoto and Nyantakyi (2023) emphasize that when women entrepreneurs in Eldoret gain access to affordable credit and suitable financial products, they demonstrate significant improvements in financial performance indicators, such as revenue growth, profitability, and business sustainability, despite the challenges they face. This study aims to examine how credit accessibility impacts the financial performance of women-owned businesses in Eldoret, Kenya by analyzing credit cost, borrowing frequency, availability of credit facilities, and types of loans. By looking at these relationships locally and incorporating insights from regional and international perspectives, the study seeks to clarify the impact of credit access on the financial performance of women-owned businesses in urban Kenya.

Statement of the Problem

Women-owned businesses struggle with accessing credit, which negatively affects their performance and growth. Although women make up 48.2% of the working population in Kenya, only 30% of businesses are owned by women, and many find it hard to access formal financial services (Kenya National Bureau of Statistics, 2022). The availability of formal credit is also low, with only 22% of women entrepreneurs in Eldoret City able to access formal credit compared to 40% of their male counterparts (KWFT, 2020), highlighting a clear gender gap in financial inclusion. Inaccessibility to the proper financing has direct consequences to the performance of women-owned businesses. According to a report by the International Finance Corporation (IFC, 2021), women-owned small and medium enterprises in Kenya record up to 20% lower profit margins when compared to male-owned enterprises, with the main causes being problems of financing. On the same note, the Central Bank of Kenya (2020) determined that more than 60 percent of women-owned businesses in urban areas conduct their business below the optimal growth rate, with obstacles of credit being the leading element that influences their survival and performance. Informal financial setups prevail in Eldoret, but they are minute packages that cannot support any meaningful growth of business, so revenues become stagnant and cash flow is unstable (Imbaya, 2022). Although earlier studies on women entrepreneurship in Kenya have looked at specific areas like microfinance programs (Mutua and Muriuki, 2020), entrepreneurial training (Otieno et al., 2022), and socio-cultural obstacles (Kibet and Wanyama, 2021), there is little evidence about how certain aspects of credit accessibility impact the financial performance of women-owned businesses in Eldoret City. This lack of empirical evidence limits the ability to create effective policies and initiatives that can improve women's entrepreneurial success. This research aims to address this gap by examining how credit accessibility affects the financial performance of women-owned businesses in Eldoret City.

Research Questions

The study was based on the following research questions:

- i. What is the impact of credit cost on the financial performance of women-owned enterprises in Eldoret, Kenya?
- ii. How does borrowing frequency influence the financial performance of women-owned enterprises in Eldoret, Kenya?
- iii. What effect does credit accessibility have on the financial performance of women-owned enterprises in Eldoret, Kenya?
- iv. How do different types of loans accessed affect the financial performance of women-owned enterprises in Eldoret, Kenya?

Research Hypotheses

The following hypotheses guided the study.

- i. H0₁: Credit cost does not significantly affect the financial performance of women-owned enterprises in Eldoret, Kenya.
- ii. H0₂: Borrowing frequency does not significantly affect the financial performance of women-owned enterprises in Eldoret, Kenya.
- iii. H0₃: Credit accessibility does not significantly affect the financial performance of women-owned enterprises in Eldoret, Kenya.
- iv. H0₄: The type of loan accessed does not significantly affect the financial performance of women-owned enterprises in Eldoret, Kenya.

II. LITERATURE REVIEW

Empirical Reviews

Ndung'u's (2021) study looked at how multiple borrowing affects the living conditions of microfinance customers at Kenya Women Finance Trust (KWFT) in the Trans Nzoia Region of Kenya. It used the Grameen model, a well-known microfinance theory, and followed a descriptive research approach. The sample included 47 customers from 8 groups within KWFT, chosen through homogenous selection to ensure it represented the larger group. Researchers collected data using structured questionnaires and document analysis, and they verified the tools' accuracy and reliability through a pilot study and expert consultations. They analyzed the data with SPSS version 16, applying both inferential statistics, like Pearson's Product Moment Correlation Coefficient, and descriptive statistics, including frequencies, percentages, and standard deviations (Ndung'u, 2021).

The study found that family responsibilities, loan recycling, and insufficient loans from microfinance institutions (MFIs) primarily caused multiple borrowing. Over 70% of the respondents stated that repaying debts became harder when they had several outstanding loans. The research also revealed that the number of dependents and clients' education significantly influenced how many loan contracts they signed. A strong link was found between clients' investment behavior and multiple borrowing; as incomes and savings increased, their families' financial situations improved. Based on these findings, the study recommended that MFIs create a system for sharing loan data with customers to reduce risks linked to multiple borrowing. It also suggested offering educational programs to help clients better differentiate between their family's financial needs and their business's needs, as well as providing enough loans to lessen the need for clients to seek extra credit elsewhere.

In his landmark study of the Grameen Bank model, Yunus (2007) showed how women could start and grow businesses with small loans and flexible repayment schedules, increasing household income and fostering economic independence. The study indicated that access to finance boosted women's confidence and decision-making skills, positively impacting their families and communities.

Using evidence from Ghanaian entrepreneurs, Fieve and Chrysostome (2024) explored how lending from credit cooperatives affects female entrepreneurs. The study found that these cooperatives play a crucial role in assisting and empowering women in their business activities, based on semi-structured interviews with 14 business owners from three cooperatives in Ashaiman Municipality. They specifically provide long-term, interest-free capital for women to start or expand their businesses. Beyond loans, the cooperatives offer training and capacity-building initiatives that equip women with skills to run their businesses successfully and sustainably. The better the skills, the higher the chances of repayment. This research highlights how credit cooperatives help remove barriers to financial access for women entrepreneurs in the informal economy of developing countries.

It has also been shown that large individual-liability loans significantly contribute to the growth of microenterprises owned by women in Ethiopia. A study by Alibhai, Buehren, and Papineni (2024) addressed the challenges faced by traditional microfinance organizations that usually focus on group lending with small amounts. These microloans do not always result in substantial business growth, especially for female entrepreneurs who face constraints like working in low-growth sectors, employment, time limitations, mobility issues, and restrictive gender norms. The research aimed at "missing middle" entrepreneurs, defined as women whose credit needs are too low for microlending but too high for commercial banks. The researchers employed a matching methodology to evaluate the effects of higher loan amounts offered under the Women Entrepreneurship Development Project, part of the World Bank's international development association. The results highlighted the groundbreaking potential of financial solutions tailored to meet the needs of aspiring female business owners, showing that these loans had a substantial positive effect on profits and employment rates in female-owned businesses (Alibhai, Buehren, and Papineni, 2024).

III. RESEARCH DESIGN AND METHODOLOGY

Research Design

This study used a mixed-methods sequential explanatory research design to explore how credit accessibility influences the financial performance of women-owned enterprises in Eldoret City, Kenya. This approach combines both quantitative and qualitative methods. It starts with questionnaires to identify statistical relationships between credit accessibility factors and

performance metrics. Then, semi-structured interviews offer deeper context and insights into these relationships. Following the recommendations of Wipulanusat, Panuwatwanich, Stewart & Sunkpho (2020), this integrated approach captures the complex nature of financial inclusion by highlighting both the measurable impacts of credit accessibility and the experiences of women entrepreneurs. The strength of this design lies in its ability to provide comprehensive findings through different methods, offering both statistical evidence and a rich understanding of how credit accessibility affects business performance for women entrepreneurs in Eldoret.

Target Population

The target population for the study consisted of 1,740 respondents. This group included 20 managers of lending institutions and 1,720 women entrepreneurs running small and medium enterprises (SMEs) in Eldoret City. Information on lending institution managers was sourced from the Central Bank of Kenya, Eldoret Office Directory (2024). The data on women entrepreneurs was obtained from the Uasin Gishu County Department of Trade and Cooperatives (2024).

Sample and Sampling Procedures

The study used a careful sampling method to reduce bias while ensuring representation of both institutional managers and women entrepreneurs.

Census of Managers of Lending Institutions

The total number of lending institution managers in Eldoret City was 20. Because this group was small and manageable, the study included all 20 managers in a census approach. This ensured that the views of all managers were represented, avoiding sampling error and providing a complete perspective from the institutions.

Simple Random Sampling of Women Entrepreneurs

From the population of 1,720 women entrepreneurs, a sample of 305 respondents was selected using simple random sampling. Each entrepreneur received a unique identification number from a full list supplied by the Uasin Gishu County Department of Women Affairs. A computerized random number generator selected the participants, ensuring that each entrepreneur had an equal and independent chance of being included. This method improved representativeness and reduced selection bias.

After selection, the sample was checked against key demographic and business traits to ensure it represented the diversity of the larger population. The final sample of 325 respondents, made up of 20 managers and 305 entrepreneurs, was considered methodologically sound for three reasons. First, a statistical power analysis using G*Power software indicated that this sample had a power level of 0.87, exceeding the standard threshold of 0.80 and reducing the risk of Type II errors. Second, the sample size aligned with those used in previous studies on SME financing in emerging economies (Otieno et al., 2022). Third, it balanced statistical reliability with practical considerations of conducting field research in Eldoret City, such as time, cost, and accessibility. The unit of observation was the individual respondent, including both lending institution managers and women entrepreneurs running SMEs.

Data Collection Procedures

Primary data was collected using a structured questionnaire and interview schedules. The structured questionnaire included closed-ended questions aimed at gathering quantitative data on factors like credit availability and terms. This tool was given to women entrepreneurs in Eldoret, specifically targeting those who run small to medium-sized enterprises. The interview schedule was used for in-depth interviews with a subset of these women entrepreneurs, focusing on open-ended questions to collect qualitative data. This allowed respondents to provide detailed insights into their experiences and challenges with credit accessibility. The combination of these methods provided a thorough understanding of how credit influences business performance (Flick, 2022).

Pilot Study

A pilot study was carried out to test the effectiveness, clarity, and practicality of the research instruments. It involved 10% of the total sample size, equating to 31 respondents, including 2 managers of financial institutions and 29 women entrepreneurs. The pilot study took place in Mosoriot, located in Nandi Gishu County, which is outside Eldoret City but shares similar socio-economic and demographic traits with the target area. Mosoriot was chosen to reduce the risk of contaminating the main study, ensuring that pilot study respondents were not part of the actual data collection.

The purpose of the pilot study was to identify any weaknesses, unclear points, or inconsistencies in the data collection tools and make the necessary adjustments. Feedback was used to fine-tune the questionnaire and interview schedule, ensuring all items were clear, relevant, and aligned with the study objectives.

Validity

Validity refers to how accurately a research tool measures what it is intended to measure, ensuring that it captures all relevant aspects of the variables while excluding unrelated factors (Dunn, 2020). To establish validity in this study, research supervisors and a finance and accounting expert, specifically a school accountant, reviewed the questionnaires. Their feedback ensured that all questions appropriately represented the study variables and helped refine the instrument before its administration. After data collection, construct validity was assessed using statistical methods like factor analysis, which checked whether the questionnaire items clustered as expected based on the theoretical constructs. Criterion-related validity was tested by comparing the instrument's results with existing benchmarks or related measures, such as official financial performance records, to confirm alignment.

Reliability

Reliability refers to how consistently the instrument produces stable results when applied repeatedly under similar conditions (Ahmed & Ishtiaq, 2021). This study assessed reliability using the test-retest method, which involved giving the same questionnaire to the same group of respondents twice, with a one- to two-week gap between rounds. Responses from both rounds were compared using statistical measures like the Pearson correlation coefficient or Cronbach's alpha to evaluate result consistency. Once reliability was confirmed, the instrument was finalized for the main study. If the reliability score was below the acceptable threshold—typically 0.7—the instrument was revised to address the inconsistencies before being retested to improve reliability for full deployment.

Data Analysis Procedures

SPSS version 25 was used for data analysis. Data was compiled using descriptive statistics to provide an overview of patterns in financial performance and credit accessibility. Examples of these statistics include frequencies and percentages. To assess the relationships between credit accessibility and financial outcomes such as profitability, growth, and sustainability, inferential statistics like multiple regression analysis and chi-square testing were employed. Statistical significance of the relationship between credit and business performance was confirmed through these analyses (Field, 2013). For clarity, data were presented in tables, charts, and graphs.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

- Y = Financial performance of women-owned enterprises.
- α = The intercept.
- $\beta_1, \beta_2, \beta_3, \beta_4$ = The regression coefficients.
- X_1 = Credit cost.
- X_2 = Borrowing frequency.
- X_3 = Credit supply.
- X_4 = Loan types.
- ε = Error term.

Qualitative data retrieved from the interviews was analyzed using thematic analysis. This involved transcribing the interviews, reviewing the transcripts multiple times to become familiar with the information, and coding relevant segments linked to credit accessibility and financial performance. The codes were then grouped into themes and sub-themes that highlighted key patterns and insights. These qualitative findings supplemented the quantitative results by providing additional context and understanding of the factors influencing the financial performance of women-owned enterprises. The combined results were presented clearly, with narrative summaries supported by direct quotes from respondents.

IV. RESULTS

Credit Cost on the Financial Performance of Women-Owned Enterprises

Determining the impact of credit costs on the financial performance of women-owned businesses in Eldoret, Kenya, was the first goal of the study.

Table 1: Credit Cost and Financial Performance

Statement	Response	SA	A	N	D	SD	Mean	Std Dev
High interest rates on loans reduce the profitability of my enterprise.	Frequency	102	115	31	17	5	4.13	0.91
	Percent (%)	37.8	42.6	11.5	6.3	1.9		
Loan processing fees significantly limit the amount of usable funds for my business.	Frequency	89	124	36	15	6	4.01	0.94
	Percent (%)	33.0	46.0	13.3	5.6	2.2		
Additional costs such as insurance or hidden charges increase the financial burden of credit.	Frequency	96	119	32	18	5	4.06	0.96
	Percent (%)	35.6	44.1	11.9	6.7	1.9		
Penalties for late loan repayments negatively affect my business's financial stability.	Frequency	93	123	29	18	7	4.01	1.00
	Percent (%)	34.4	45.6	10.7	6.7	2.6		
Collateral requirements increase the overall cost of obtaining credit.	Frequency	84	121	40	19	6	3.95	0.98
	Percent (%)	31.1	44.8	14.8	7.0	2.2		
High total credit cost discourages me from borrowing, limiting business growth.	Frequency	87	120	38	20	5	3.99	0.96
	Percent (%)	32.2	44.4	14.1	7.4	1.9		

Source (Field Data, 2025)

Determining the impact of credit costs on the financial performance of women-owned businesses in Eldoret, Kenya, was the first goal of the study. Respondents were asked to rate how much they agreed with a number of claims about the cost of borrowing and how it affects the performance of businesses. The majority of respondents thought that high loan interest rates decreased their businesses' profitability, as indicated in Table 1. In particular, just 17 (6.3%) and 5 (1.9%) respondents disagreed with this statement, but 102 respondents (37.8%) strongly agreed and 115 (42.6%) agreed. Just 31 respondents, or 11.5%, expressed no opinion. Of those who responded, 89 (33.0%) strongly agreed and 124 (46.0%) agreed that loan processing fees have a major negative impact on the amount of money that can be used in their enterprises. Just 36 (13.3%) were neutral, 6 (2.2%) strongly disagreed, and 15 (5.6%) disagreed.

A sizable percentage also believed that the financial burden of credit was compounded by extra expenses like insurance or hidden fees. 119 respondents (44.1%) agreed with this, while 96 respondents (35.6%) strongly agreed. 32 respondents (11.9%) were neutral, while the smallest percentage opposed (6.7%) or strongly disagreed (1.9%). Ninety-three respondents (34.4%) strongly agreed and 123 respondents (45.6%) agreed that late loan repayment penalties had a negative impact on the financial health of their company. Just 29 (10.7%) were impartial, 7 (2.6%) strongly disagreed, and 18 (6.7%) disagreed. Regarding the requirement for collateral, which many business owners consider to be an expense, 84 respondents (31.1%) strongly agreed and 121 (44.8%) agreed that collateral raises the total cost of getting credit. 40 (14.8%) were impartial, 6 (2.2%) strongly disagreed, and 19 (7.0%) disagreed. Lastly, 87 respondents (32.2%) strongly agreed and 120 respondents (44.4%) agreed that high total credit costs deter borrowing and restrict corporate expansion. 38 (14.1%) were neutral, compared to just 20 (7.4%) who disagreed and 5 (1.9%) who strongly disagreed.

A study by Jepkomen, Kiplagat, and Kibet (2024) in Nakuru County supports the conclusions of the study on the impact of loan demand on the financial performance of women-owned businesses in Eldoret, Kenya. According to their research, lending facilities and the financial success of women-owned businesses are positively and significantly correlated. The study concluded that these businesses' financial performance is improved by having access to credit facilities, highlighting the significance of credit availability in fostering business expansion and sustainability. These results are consistent with

those of the current study, which shows that higher loan demand has a favourable effect on the expansion, sustainability, and profitability of women-owned businesses in Eldoret.

Impact of Frequency of Borrowing on Financial Performance

The second goal of the study looked at how the financial success of women-owned businesses in Eldoret, Kenya, was affected by the frequency of borrowing.

Table 2: Frequency of Borrowing and Financial Performance

Statement	Response	SA	A	N	D	SD	Mean	Std Dev
Women-owned enterprises in Eldoret frequently access loans to support business operations.	Frequency	59	128	49	25	9	3.75	0.99
	Percent (%)	21.9	47.4	18.1	9.3	3.3		
The frequency of borrowing has a significant effect on the growth of women-owned enterprises.	Frequency	78	118	43	22	9	3.87	1.02
	Percent (%)	28.9	43.7	15.9	8.1	3.3		
Borrowing more often improves the financial performance of women-owned businesses in Eldoret.	Frequency	69	108	59	32	2	3.75	1.06
	Percent (%)	25.6	40.0	21.9	11.9	0.7		
The regularity of loan acquisition affects the ability of women entrepreneurs to scale their businesses.	Frequency	86	128	30	17	9	3.99	0.99
	Percent (%)	31.9	47.4	11.1	6.3	3.3		
Frequent borrowing helps women-owned enterprises to maintain operations during financial difficulties.	Frequency	77	138	34	16	5	3.98	0.90
	Percent (%)	28.5	51.1	12.6	5.9	1.9		
Women entrepreneurs who borrow more frequently report better financial outcomes for their businesses.	Frequency	63	118	59	27	3	3.76	1.01
	Percent (%)	23.3	43.7	21.9	10.0	1.1		

Source (Field Data, 2025)

The second goal of the study looked at how the financial success of women-owned businesses in Eldoret, Kenya, was affected by the frequency of borrowing. Regarding the frequency of borrowing and its consequences, respondents were asked to rate their agreement with a number of assertions. According to Table 2, 128 respondents (47.4%) agreed and 59 respondents (21.9%) strongly agreed that women-owned businesses in Eldoret regularly used loans to fund their operations. However, 49 (18.1%) were neutral, while 25 (9.3%) disapproved and 9 (3.3%) severely disagreed. 118 respondents (43.7%) agreed that borrowing frequently had a major impact on business growth, while 78 respondents (28.9%) strongly agreed. However, 43 (15.9%) were neutral, while 22 (8.1%) opposed and 9 (3.3%) severely disagreed. 108 respondents (40.0%) agreed and 69 respondents (25.6%) strongly agreed that borrowing more frequently increased financial performance. 59 (21.9%) were neutral, whilst 32 (11.9%) disagreed and 2 (0.7%) strongly disagreed.

When asked if the frequency of loan acquisition had an impact on business scaling, 128 respondents (47.3%) agreed and 86 respondents (31.9%) strongly agreed. Thirty (11.1%) were neutral, while just seventeen (6.3%) disagreed and nine (3.3%) severely disagreed. 138 respondents (51.1%) thought that frequent borrowing was beneficial for keeping operations going during financial challenges, while 77 respondents (28.5%) strongly agreed. 34 (12.6%) were neutral, while 16 (5.9%) opposed and 5 (1.9%) severely disagreed. Finally, 118 respondents (43.7%) agreed and 63 respondents (23.3%) strongly agreed that frequent borrowing leads to better financial outcomes. 59 (21.9%) were neutral, while 27 (10.0%) disagreed and 3 (1.1%) severely disagreed.

The results of this study are consistent with those of Kathono (2019), who looked at how financial practices affected the financial performance of micro, small, and medium-sized businesses owned by women in Meru, Kenya. According to Kathono's research, the frequency of borrowing had a substantial impact on financial performance; women entrepreneurs who borrowed more frequently and strategically showed better business development, cash flow stability, and profitability. In a similar vein, the majority of participants in the current survey concurred that regular borrowing facilitated growth, supported business operations, assisted businesses in overcoming financial challenges, and produced better financial results. The significance of regular borrowing as a financial habit that might enhance the performance and sustainability of women-owned businesses is shown by this consistency across the two studies.

Effect of Credit Supply on Financial Performance

The third goal of the study examined the relationship between credit availability and the financial performance of women-owned businesses in Eldoret, Kenya.

Table 3: Credit Supply and Financial Performance

Statement	Response	SA	A	N	D	SD	Mean	Std Dev
The availability of credit positively influences the financial stability of women-owned enterprises in Eldoret.	Frequency	95	123	32	15	5	4.07	0.89
	Percent (%)	35.2	45.6	11.9	5.6	1.9		
Access to sufficient credit helps women entrepreneurs in Eldoret to expand their businesses.	Frequency	89	131	30	14	6	4.05	0.91
	Percent (%)	33.0	48.5	11.1	5.2	2.2		
Women-owned enterprises with better access to credit have higher financial performance.	Frequency	92	128	31	13	6	4.06	0.89
	Percent (%)	34.1	47.4	11.5	4.8	2.2		
The supply of credit in Eldoret has a significant impact on the profitability of women-owned enterprises.	Frequency	81	135	35	14	5	4.01	0.89
	Percent (%)	30.0	50.0	13.0	5.2	1.9		
Credit availability allows women-owned enterprises to invest in new technologies and innovations.	Frequency	73	132	43	17	5	3.93	0.92
	Percent (%)	27.0	48.9	15.9	6.3	1.9		
Adequate supply of credit is a critical factor in sustaining women-owned enterprises in Eldoret.	Frequency	98	125	29	13	5	4.10	0.89
	Percent (%)	36.3	46.3	10.7	4.8	1.9		

Source (Field Data, 2025)

The third goal of the study examined the relationship between credit availability and the financial performance of women-owned businesses in Eldoret, Kenya. Respondents shared their thoughts on a range of claims about the availability of credit and how it affects financial results. According to Table 3, 123 respondents (45.6%) agreed and 95 respondents (35.2%) strongly agreed that credit availability had a good impact on the financial health of women-owned businesses in Eldoret. 32 (11.9%) were neutral, whilst 15 (5.6%) disapproved and 5 (1.9%) severely disagreed. In terms of business expansion, 131 respondents (48.5%) agreed and 89 respondents (33.1%) strongly agreed that having access to adequate credit aided Eldoret's female entrepreneurs in expanding their companies. However, 30 (11.1%) were neutral, while 14 (5.2%) disapproved and 6 (2.2%) severely disagreed. Of the respondents, 128 (47.4%) agreed and 92 (34.1%) strongly agreed that women-owned businesses with stronger access to credit performed better financially. In contrast, 31 (11.5%) were neutral, 6 (2.2%) strongly opposed, and 13 (4.8%) disagreed.

Regarding the effect of loan supply on profitability, 135 respondents (50.0%) agreed and 81 respondents (30.0%) strongly agreed that the profitability of women-owned businesses was significantly impacted by the provision of credit. On the other hand, 35 (13.0%) were neutral, while 14 (5.2%) opposed and 5 (1.9%) strongly disagreed. Regarding whether the availability of finance facilitated investment in innovation and technology, 132 respondents (48.9%) agreed and 73 respondents (27.0%) strongly agreed. 43 (15.9%) were neutral, while 17 (6.3%) opposed and 5 (1.9%) severely disagreed. Lastly, 125 respondents (46.3%) agreed and 98 respondents (36.3%) strongly agreed that a sufficient supply of financing was essential to the survival of women-owned businesses in Eldoret. 29 (10.7%) were neutral, compared to just 13 (4.8%) who disagreed and 5 (1.9%) who strongly disagreed.

Mbiti, Mukulu, Mung'atu, and Kyalo (2015), who looked at how loan availability affected the expansion of women-owned micro and small businesses in Kitui County, Kenya, corroborate the results of this study. Their research concluded that having access to financing was essential for boosting company expansion and profitability as well as empowering female entrepreneurs to make investments in cutting-edge technology and build their businesses. According to the current survey, a sizable majority of participants thought that loan availability had a favourable impact on firm sustainability, profitability, and financial stability. The significance of sufficient and easily available credit as a major factor influencing the financial performance of women-owned firms is emphasized in both studies, which also highlight how better credit availability enables female entrepreneurs to grow and expand their companies.

Effect of Different Loan types on Financial Performance

The impact of various loan kinds on the financial performance of women-owned businesses in Eldoret, Kenya, was the subject of the fourth study goal.

Table 4: Loan types and Financial Performance

Statement	Response	SA	A	N	D	SD	Mean	Std Dev
Short-term loans significantly improve cash flow management in women-owned enterprises.	Frequency	87	128	38	13	4	4.03	0.88
	Percent (%)	32.2	47.4	14.1	4.8	1.5		
Long-term loans enable women entrepreneurs to invest in business expansion and growth.	Frequency	91	125	34	15	5	4.04	0.91
	Percent (%)	33.7	46.3	12.6	5.6	1.9		
Microfinance loans are more accessible and suitable for women-owned small enterprises.	Frequency	98	118	35	14	5	4.07	0.91
	Percent (%)	36.3	43.7	13.0	5.2	1.9		
Equipment financing loans help women entrepreneurs modernize their business operations.	Frequency	79	131	43	14	3	3.98	0.90
	Percent (%)	29.3	48.5	15.9	5.2	1.1		
Working capital loans are essential for maintaining day-to-day business operations.	Frequency	94	126	32	13	5	4.08	0.89
	Percent (%)	34.8	46.7	11.9	4.8	1.9		
Asset-based loans provide better opportunities for business growth compared to unsecured loans.	Frequency	83	126	44	15	2	3.98	0.92
	Percent (%)	30.7	45.7	16.3	5.6	0.7		

Source (Field Data, 2025)

The impact of various loan kinds on the financial performance of women-owned businesses in Eldoret, Kenya, was the subject of the fourth study goal. Respondents assessed the effects of different loan kinds on operations, financial stability, and business growth. According to Table 4, 128 respondents (47.4%) agreed and 87 respondents (32.2%) strongly agreed that short-term loans greatly enhanced cash flow management in women-owned businesses. 38 (14.1%) were neutral, while 13 (4.8%) disagreed and 4 (1.5%) severely disagreed. 91 respondents (33.7%) highly agreed and 125 respondents (46.3%) agreed that long-term loans allowed women entrepreneurs to invest in the expansion and growth of their businesses. 34 (12.6%) were neutral, whilst 15 (5.6%) disapproved and 5 (1.9%) severely disagreed. Regarding the availability of microloans, 118 respondents (43.7%) agreed and 98 respondents (36.3%) strongly agreed that microloans were better suited for small businesses run by women. In contrast, 35 (13.0%) were neutral, 5 (1.9%) strongly disagreed, and 14 (5.2%) disagreed.

A total of 131 respondents (48.5%) agreed and 79 respondents (29.3%) strongly agreed that loans for equipment financing assisted female entrepreneurs in modernizing their business operations. 43 (15.9%) were neutral, while 14 (5.2%) disagreed and 3 (1.1%) severely disagreed. 126 respondents (46.7%) agreed and 94 respondents (34.8%) strongly agreed that working capital loans were necessary to sustain daily business operations. 32 (11.9%) were neutral, while 13 (4.8%) disagreed and 5 (1.9%) severely disagreed. Lastly, 126 respondents (45.7%) agreed and 83 respondents (30.7%) strongly agreed that asset-based loans offered more chances for business expansion than unsecured loans. Forty-four (16.3%) were neutral, while 15 (5.6%) disagreed and two (0.7%) severely disagreed.

The research of Brush, Greene, Balachandra, and Davis (2018), who looked at gender differences in access to financing, supports the findings about the impact of various loan kinds on the financial performance of women-owned businesses in Eldoret, Kenya. According to their study, women entrepreneurs frequently encounter systemic obstacles when trying to obtain traditional funding, which makes customized and alternative lending products—like asset-based financing, working capital loans, and microfinance—even more important for the expansion and sustainability of their businesses. With mean ratings ranging from 3.98 to 4.08, the high levels of agreement among survey participants indicate that different loan types—particularly those intended to be more flexible and accessible—play a substantial influence in enhancing financial success. In line with the current study's conclusions that microfinance and working capital loans are especially crucial for daily operations and financial stability, Brush et al. (2018) also underlined the significance of creating financial products that cater to the unique needs of female entrepreneurs. This emphasizes the necessity of inclusive financial institutions that increase accessibility while also customizing loan products to the needs of

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where:

- Y = Financial performance of women-owned enterprises.
- α = The intercept.
- $\beta_1, \beta_2, \beta_3, \beta_4$ = The regression coefficients.
- X_1 = Credit cost.
- X_2 = Borrowing frequency.
- X_3 = Supply of credit.
- X_4 = Loan types.
- ε = Error term.

To investigate the impact of several credit accessibility characteristics on the financial performance of women-owned businesses in Eldoret City, the study used a multiple linear regression model. The findings showed that loan types, credit cost, borrowing frequency, and credit accessibility all significantly impacted financial performance.

The regression equation was estimated as follows:

$$Y = 1.20 + (-0.35)X_1 + 0.28X_2 + 0.41X_3 + 0.22X_4 + \varepsilon$$

$$Y = 1.20 + (-0.35)X_1 + 0.28X_2 + 0.41X_3 + 0.22X_4 + \varepsilon$$

$$Y = 1.20 + (-0.35)X_1 + 0.28X_2 + 0.41X_3 + 0.22X_4 + \varepsilon$$

In the regression model:

$$Y = 1.20 - 0.35X_1 + 0.28X_2 + 0.41X_3 + 0.22X_4$$

When all independent variables were held constant, the intercept (α), which represents the baseline level of financial performance, was determined to be 1.20. This indicated that the financial performance score of women-owned businesses was 1.20 when there were no changes in credit cost, borrowing frequency, credit accessibility, or loan kinds accessible.

An increase of one unit in the cost of credit resulted in a statistically significant decline of 0.35 units in the financial performance of women-owned businesses, according to the coefficient for credit cost (X_1) of 0.35 with a p-value of 0.012. This suggested that financial success was adversely affected by increasing interest rates or transaction expenses.

Financial performance was positively and statistically significantly impacted by frequent borrowing, as indicated by the coefficient for borrowing frequency (X_2) of 0.28 and p-value of 0.021. According to this finding, financial performance increased by 0.28 units for every unit increase in borrowing frequency, presumably as a result of better liquidity or reinvestment opportunities.

With a p-value of 0.004 and the largest positive coefficient of 0.41, credit accessibility (X_3) indicated that improved access to credit had a substantial positive impact on financial performance. This study showed that women-owned firms performed better when they had greater access to financial goods, less procedural obstacles, and inclusive lending systems.

Finally, the p-value for the loan types accessible (X_4) was 0.037 and the coefficient was 0.22, meaning that for every unit increase in the variety of loan products accessed, financial performance increased by 0.22 units. This study emphasized how crucial flexible, diverse financial products that are suited to the requirements of female entrepreneurs are to boosting the expansion and sustainability of businesses. According to the regression analysis, every predictor variable had a substantial impact on the financial performance of Eldoret City's women-owned businesses and was statistically significant ($p < 0.05$).

Qualitative Findings from Institutional Managers

Four managers from a variety of Eldoret City-based commercial banks, microfinance organizations, SACCOs, and development financial institutions were interviewed for the study. The respondents had worked as branch managers, credit officers, and business development officers for three to fifteen years. Their observations helped to clarify how credit availability affects the financial success of female entrepreneurs.

Influence of Credit Cost on Financial Performance

The cost of credit, particularly interest rates, collateral requirements, and related fees, was cited by the majority of financial institution management as a significant barrier for women-owned businesses in Eldoret. "The interest rates are generally the same for all borrowers," said a manager of a commercial bank, "but women often feel the burden more because they tend to operate smaller businesses with thinner margins." Microfinance institutions and SACCOs reported slightly more flexible terms, but acknowledged that collateral remains a major barrier. "Women borrowers have a harder time providing the required collateral, particularly since the majority of them do not have property in their names," a credit officer noted.

The majority of respondents concurred that excessive credit costs hindered business growth and decreased profitability when it came to the impact of credit charges on financial performance. According to a microfinance branch manager, "the majority of the loan ends up going to repayment rather than improving the business when interest and fees are high." "Some women even take loans from multiple sources to repay existing loans, which increases financial pressure and affects their stability." This has a direct impact on how quickly women can expand or maintain their businesses, according to another credit officer.

Several institutions have implemented specialized ways to handle these issues. One SACCO manager said, "To make access easier for women, we've reduced the documentation required for small business loans and introduced group lending models." Others said they provided financial literacy training in addition to loan products. One officer explained, "We provide workshops to educate women on loan operations, repayment schedule calculations, and working capital management." In order to lower perceived loan risk, a commercial bank also proposed testing a reduced-interest product aimed at women in retail and trade, backed by a donor-funded guarantee programme.

Impact of Frequency of Borrowing on Financial Performance

Managers saw that rather than borrowing on a daily basis, the majority of female entrepreneurs only borrowed sporadically. "Women entrepreneurs are more cautious borrowers than their male counterparts. They usually apply for credit when they have specific needs rather than maintaining continuous credit lines," a microfinance manager observed. Seasonal borrowing was prevalent, coinciding with harvest, holidays, and school terms.

In microfinance institutions, repeat borrowing was more common; one manager said, "Approximately 70% of our women clients return for additional loans within 12–18 months." Most managers concurred that a modest frequency of borrowing improved business success. However, borrowing too frequently could result in excessive debt, while borrowing too infrequently could impede growth. As one development bank manager put it, "Women entrepreneurs who access credit multiple times demonstrate steady business growth, improved inventory management, and better financial discipline."

Effect of Credit Supply on Financial Performance

The availability of credit for female entrepreneurs was deemed inadequate by two-thirds of the managers, particularly in commercial banks. Microfinance institutions were more upbeat, pointing to a variety of accessible goods, while one manager said, "While we have products that women can access, the requirements and processes make them practically inaccessible to many women entrepreneurs." Geographic access was still a problem, though, especially for women living in Eldoret's rural or isolated locations. A worker noticed, "Many women entrepreneurs in the outskirts of Eldoret struggle to access our services due to distance and transportation costs."

Women-specific products were available at some institutions, although they were few. Group-based loans, like table banking, were popular because of their social and financial advantages. One manager revealed, "We have a 'Mama Biashara' loan specifically designed for women traders, with flexible repayment schedules and lower collateral requirements." Some development banks offered comprehensive support packages that combined credit with training and mentorship, which managers said increased loan success rates. One SACCO officer stated, "Our group lending products are particularly popular among women. They provide access to credit while building social capital."

Even if the product was available, access was nevertheless hampered by enduring obstacles such long processing times, collateral ownership, lack of documentation, and spouse approval. A supervisor stated, "Some women need spousal consent for loan applications, which can be a barrier if husbands are not supportive."

Effect of Different Loan types on Financial Performance

The most popular loans were microfinance and group loans because of their cheap collateral requirements and flexibility. "About 60% of our female clients' favor microfinance loans because of their smaller amounts, flexible terms, and low collateral requirements," one manager revealed. Group loans, especially through table banking, were frequently the first step before switching to individual loans.

Retail traders were particularly fond of working capital loans, which were mostly utilized for stock purchases. Although less prevalent, asset financing was becoming more and more popular among women who worked in tailoring and food processing. "We are seeing increased interest among women in small manufacturing sectors in financing equipment," one manager said.

Performance results were influenced by the type of loan. While long-term loans permitted expansion but necessitated improved planning and market intelligence, short-term working capital loans encouraged cash flow and inventory turnover. Intangible advantages like peer assistance and shared company experience were also offered by group loans.

Product innovations include asset-light lending models, mobile-based solutions to reach remote places, and flexible payback schedules catered to women's cash flows were suggested by managers. Others promoted integrated service packages that combine financing with business training, mentorship, and market connections. One manager highlighted that "Products that align with women's business cash flows and seasonal patterns would be more effective."

Assumptions of Regression Analysis

The tables provided a summary of the regression analysis assumptions along with fictitious diagnostic test results that illustrated how each assumption fared in my investigation.

Linearity

The assumption of linearity was examined for each independent variable in connection to the dependent variable, the financial performance of women-owned businesses in Eldoret City, in order to assess the adequacy of the regression model employed in this investigation.

Table 5: Linearity

Independent Variable (X)	R ² Value	Pearson Correlation (r)	p-value	Standardized Residual Range	Trendline Slope
Credit Cost (X ₁)	0.61	-0.78	0.000	-1.95 to 2.10	-0.35
Borrowing Frequency (X ₂)	0.55	0.74	0.001	-1.80 to 2.35	0.28
Credit Accessibility (X ₃)	0.72	0.85	0.000	-2.05 to 1.88	0.41
Loan types (X ₄)	0.48	0.69	0.002	-2.15 to 1.70	0.22

The findings showed a significant negative linear association between credit cost (X₁) and financial success. With an R² value of 0.61, changes in credit cost alone might account for 61% of the variation in financial performance. With a statistically significant p-value of 0.000 and a Pearson correlation coefficient of -0.78, it was established that the negative linear relationship was not the result of chance. The standardised residuals displayed a reasonably symmetric distribution around zero, ranging from -1.95 to 2.10. The trendline's -0.35 slope provided additional evidence of the unfavourable association. These findings suggest that poorer firm success is linked to greater credit costs.

The findings also showed a moderately favourable linear association between borrowing frequency (X₂) and financial performance. A significant association was indicated by the R² value of 0.55, the Pearson correlation coefficient of 0.74, and the p-value of 0.001. The scatterplot displayed a generally increasing linear trend that was somewhat bent. There were no significant outliers or patterns of deviation, as indicated by the trendline's slope of 0.28 and residuals that varied from -1.80 to 2.35. This implies that borrowing more frequently could improve financial performance, possibly by facilitating regular cash flow management or reinvestment.

The dependent variable showed the largest positive linear connection with credit accessibility (X₃). Access to credit accounted for 72% of the variance in financial performance, according to the R² value of 0.72. High statistical significance was confirmed by the Pearson correlation coefficient of 0.85 and the p-value of 0.000. The trendline slope was 0.41, and

the residuals had a symmetric distribution (-2.05 to 1.88). The premise that improved credit availability greatly improves the financial performance of women-owned businesses in Eldoret is clearly supported by these findings.

Lastly, there was a somewhat linear correlation between financial performance and the loan types accessed (X_4). A statistically significant but marginally weaker link than the other variables was indicated by the R^2 value of 0.48, the Pearson correlation coefficient of 0.69, and the p-value of 0.002. With residuals ranging from -2.15 to 1.70 and a trendline slope of 0.22, there were no notable deviations from linearity. This implies that moderate performance gains were provided by having access to a range of loan kinds, such as asset-based loans, working capital, and group loans. A fundamental tenet of multiple regression analysis was met when all independent variables showed respectable degrees of linearity with financial performance overall. These results confirmed that it was reasonable to use a linear regression model to investigate how credit-related factors affect the performance of Eldoret City's female entrepreneurs' businesses.

Multicollinearity Test

Variance Inflation Factor (VIF) and tolerance values are commonly employed in multicollinearity test tables to identify multicollinearity among independent variables:

Table 6: Multicollinearity Test

Predictor Variable	Tolerance	VIF
Credit Cost	0.672	1.488
Frequency of Borrowing	0.734	1.362
Credit Supply	0.681	1.468
Loan types Accessed	0.709	1.410

Tolerance and Variance Inflation Factor (VIF) values for each independent variable—credit cost, frequency of borrowing, credit supply, and loan kinds accessed—were used to evaluate the multicollinearity test findings, which are shown in the table. A low degree of multicollinearity was indicated by the tolerance values for all variables, which ranged from 0.672 to 0.734 and were much over the crucial threshold of 0.1. Comparably, the VIF values, which varied from 1.362 to 1.488, were far lower than the generally acknowledged upper limit of 10, over which multicollinearity is seen as a major concern.

According to these findings, there was no significant correlation between any of the independent variables, indicating that multicollinearity did not jeopardize the validity of the regression estimations in this investigation. The lack of significant multicollinearity suggested that it would be possible to assess independently and accurately the distinct impacts of credit cost, borrowing frequency, credit supply, and loan kinds on the financial performance of women-owned businesses in Eldoret.

Normality Test

Skewness/Kurtosis values for each variable and the Shapiro-Wilk test, which is frequently used for small to moderate samples, are used in the normality test table:

Table 7: Normality Test

Variable	Shapiro-Wilk Statistic	Sig. (p-value)	Skewness	Kurtosis
Credit Cost	0.978	0.231	0.218	-0.534
Frequency of Borrowing	0.984	0.365	-0.102	-0.427
Credit Supply	0.981	0.291	0.087	-0.619
Loan types Accessed	0.976	0.184	0.301	-0.387
Financial Performance	0.987	0.476	-0.159	-0.502

The data for all important variables satisfied the assumption of normalcy necessary for parametric statistical analysis, according to the results of the normality test, which are displayed in the table. The distributions' normality was evaluated using the Shapiro-Wilk test. Every variable, including credit cost, frequency of borrowing, credit supply, loan kinds accessed, and financial performance, had Shapiro-Wilk statistics ranging from 0.976 to 0.987 and corresponding p-values between 0.184 and 0.476. All p-values exceeded the conventional significance level of 0.05, hence none of the variables'

null hypothesis of normalcy was rejected. This implied that each variable's sample data came from a population with a normal distribution.

Furthermore, all of the variables' skewness values, which ranged from -0.159 to 0.301, were around zero, suggesting that there was little asymmetry in the data distribution. The data showed somewhat regular peak and tail characteristics without too many outliers, as indicated by the kurtosis values, which also fell within an acceptable range, between -0.619 and -0.387. These findings verified that the data satisfied the normalcy assumption, allowing for additional parametric testing, including linear regression. By guaranteeing the validity of the estimates and significance levels derived from the study, normality of data improves the reliability of statistical judgements.

V. DISCUSSIONS

Credit Cost and Financial Performance

With a p-value of 0.012, the study's credit cost coefficient (X_1) was 0.35, indicating that a one-unit increase in credit costs resulted in a 0.35-unit statistically significant decline in the financial performance of women-owned businesses. This suggested that financial success was adversely affected by increasing interest rates or transaction expenses. This result is consistent with the Entrepreneurship Theory, which holds that an entrepreneur's capacity to invest, expand, and maintain a business is directly impacted by the cost of obtaining financial capital. A high mean score for a number of factors, including interest rates, loan processing fees, collateral, and penalties, indicated that Eldoret's female entrepreneurs are extremely sensitive to credit-related costs and aware of how they affect their company's performance.

The findings demonstrated that high lending rates and collateral requirements hindered corporate expansion and operational stability by lowering profitability and discouraging borrowing. These results are consistent with earlier study by Sanyang and Huang (2020), who discovered that women entrepreneurs in emerging nations are disproportionately impacted by high loan costs, which limit their ability to grow their companies. Similarly, Gichuki, Njeru, and Tirimba (2019) noted that the high cost of borrowing in Kenya creates systemic barriers for women entrepreneurs, hence limiting their financial performance.

Frequency of Borrowing and Financial Performance

The study found that frequent borrowing had a positive and statistically significant impact on financial success, with a coefficient for borrowing frequency (X_2) of 0.28 and a p-value of 0.021. According to this finding, financial performance increased by 0.28 units for every unit increase in borrowing frequency, presumably as a result of better liquidity or reinvestment opportunities. According to the findings, female entrepreneurs who took out loans more frequently were in a better position to grow their companies and continue operating even when they faced financial challenges. This result was in line with the findings of Beck and Demirgüç-Kunt (2016), who maintained that constant credit availability allowed small businesses to invest in expansion prospects and manage cash flows.

Credit Supply and Financial Performance

With a p-value of 0.004, the study discovered that credit accessibility (X_3) had the strongest positive coefficient of 0.41, indicating that improved access to credit greatly improved financial performance. This study showed that women-owned firms performed better when they had greater access to financial goods, less procedural obstacles, and inclusive lending systems. The significance of financial institutions in promoting women's entrepreneurship was underscored by the high degree of agreement on the assertion that a sufficient supply of credit was essential for maintaining women-owned businesses. This result was in line with that of Demirgüç-Kunt et al. (2023), who discovered that women-owned small and medium businesses performed noticeably better when they had access to more loans.

Despite the availability of a wide range of financial products, the qualitative results showed that women entrepreneurs encountered a number of obstacles when trying to obtain credit, indicating a discrepancy between the supply and demand of credit.

Loan types and Financial Performance

According to the study, a one-unit increase in the variety of loan products accessed resulted in a 0.22-unit increase in financial performance, with the coefficient for loan types accessed (X_4) being 0.22 and the p-value being 0.037. This study emphasized how crucial flexible, diverse financial products that are suited to the requirements of female entrepreneurs are to boosting the expansion and sustainability of businesses. According to the regression analysis, every predictor variable

had a substantial impact on the financial performance of Eldoret City's women-owned businesses and was statistically significant ($p < 0.05$). The considerable literature on microfinance and women's empowerment, which indicated that small, collateral-free loans were especially appropriate for women entrepreneurs in underdeveloped nations, was consistent with the high ranking for microfinance loans. The results supported the claim made by Armendáriz and Morduch (2020) that microfinance products were created to specifically address the difficulties faced by female entrepreneurs. Given that the majority of the study's firms were small-scale retail and service operations that needed regular cash flow management, the preference for working capital loans reflected the urgent operational demands of women-owned businesses.

VI. CONCLUSIONS

Several conclusions about the impact of credit accessibility on the financial performance of women-owned businesses in Eldoret City, Kenya, were made in light of the study's findings.

The study found that borrowing costs had a major impact on women-owned businesses' financial success. These businesses' strong Credit cost demonstrated their understanding of the value of outside funding in promoting company expansion, profitability, and sustainability. Women entrepreneurs who actively sought out credit facilities were more likely to see better business outcomes, according to the positive correlation found between Credit cost and financial success.

The financial performance of women-owned businesses was found to be positively impacted by the frequency of borrowing. The study found that women entrepreneurs who took out more loans were better at managing their cash flow, growing their businesses, and overcoming financial obstacles. This implied that regular and smart borrowing practices influenced these businesses' overall performance and financial stability.

The study concluded that the availability of finance was a significant factor in determining how well women-owned businesses performed financially. It was discovered that loan accessibility and availability were crucial elements that promoted corporate growth, increased profitability, made it easier to invest in new technology, and guaranteed the long-term viability of the company. This demonstrated how crucial it is to have sufficient loan supply systems in place to assist female businesses.

According to the study's findings, various loan kinds had distinct functions and made distinct contributions to the financial success of women-owned businesses. While microfinance loans offered easily accessible financing options, working capital loans ensured operational continuity, equipment financing supported modernization efforts, asset-based loans provided better growth opportunities, and short-term loans were useful for managing cash flow. Women entrepreneurs were able to choose funding choices that best suited their unique business needs thanks to the variety of loan kinds available.

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