

Microenterprises' and Entrepreneurs' Characteristics: their Implication on Microfinance Credit Demand and Business Training Needs in Kakamega County, Kenya

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The microenterprise (ME) sector is key in Kenya's development process. In Kakamega County, the sector continues to register remarkable growth than agriculture and wage-employment sectors, employing 30% of the labour force and contributing significantly to households' incomes and livelihoods. The sector is characterized by variations in entrepreneurs' and MEs characteristics, making any stakeholders' intervention strategies in its development difficult without appropriate data. Entrepreneurs' inaccessibility to credit from mainstream financial institutions has been cited as one of the major constraints to the development of the sector. To address this, microfinance institutions (MFIs) have developed credit-friendly programmes, preferably for entrepreneurs in self-help groups (SHGs). This notwithstanding, there still exist variations in MFIs-credit demand and utilization levels among entrepreneurs. It is however, not clear to what extent entrepreneurs' and MEs characteristics vary and their role in influencing MFIs-credit demand and utilization levels among entrepreneurs in Kakamega County, which the study sought to investigate. Descriptive research design was used in this study, with a sample of 267 MFIs-credit assisted entrepreneurs drawn using stratified and proportional random sampling techniques. A semi-structured questionnaire, observations, mini-case studies and key informant interviews were used to collect data. Data was analyzed using: descriptive statistics; chi-square, correlation and regression analysis. The study found that significant differences exist in entrepreneurs' and MEs' characteristics and these factors too significantly influence credit demand and utilization levels among entrepreneurs. To improve credit demand and utilization levels among entrepreneurs, the study recommends policies that will: promote education to make entrepreneurs less risk averse; encourage entrepreneurs to diversify their sources of income; and aim to improve prices and markets for MEs products and services. Also, both National and County Governments should come up with a raft of entrepreneurs' business training programmes that focus on critical production skills, business operational and financial management, among others.

Keywords: Characteristics, credit demand, entrepreneurs, microenterprises, utilization levels and business, training needs