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**MOTIVATING FACTORS AND CHALLENGES OF WOMEN  
ENTREPRENEURS IN MICRO ENTERPRISES: A CASE STUDY OF  
MACHAKOS TOWN IN MACHAKOS COUNTY.**

**BY**

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**A research project Submitted to the Department of Sociology and  
Social work in partial fulfillment of the requirement of the award  
of a Master of Arts degree in Entrepreneurship Development.**

**2018**

## **DECLARATION**

I hereby declare that this research project is my original work and has never been presented for the award of any degree in any other university.

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This research project has been submitted for examination with my approval as candidate's University Supervisor

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## **DEDICATION**

Almighty God for blessing me with the perseverance, patience and knowledge to complete this project paper. My parents, Mr Stephen and Mrs. Veronica Musyoka and my brother Raphael and my sister Glandys for their love and support.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>DMSE</b>	Department of Micro and Small Enterprises Development
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Global Entrepreneurship Monitor
<b>HIV</b>	Human Immunodeficiency Virus
<b>ILO</b>	International Labour Organization
<b>LDC'S</b>	Less Developed Countries
<b>MDGs</b>	Millennium Development Goals
<b>MSE</b>	Micro and Small Enterprises
<b>NGOs</b>	Non Governmental organizations
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>UK</b>	United Kingdom

## **ABSTRACT**

Kenyan Women owned businesses are highly increasing in the economies of almost all regions in the country. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Women entrepreneurship is faced by many challenges. The aim of this study was to investigate the motivating factors that drive women micro entrepreneurs into entrepreneurship as well as to establish the challenges they face while conducting business in Machakos town in Machakos County and to suggest ways to address these challenges. The study focused on the following four objectives; profiling women micro entrepreneurs in terms of personal entrepreneurial characteristics and demographic factors, establishing the types of business sectors which female micro entrepreneurs are engaged in, to evaluate the motivating factors that drive women into entrepreneurship and to examine the internal and external challenges faced by women micro entrepreneurs.

The study was guided by Social network theory and Human capital theory. The study employed a Case study design targeting women owning micro enterprises located in Machakos town in Machakos County. These were micro women entrepreneurs in manufacturing, retail, wholesale, service and extractive business sectors. A sample of 55 respondents was chosen through purposive and snow ball sampling techniques. The data was collected using observation, questionnaire, and key informants interview guide. The data was analyzed using a descriptive method that is by use of English statements and applicable data was analyzed and presented quantitatively using tabulation, frequencies, percentages, mean and standard deviation.

From the findings of the study most women micro-entrepreneurs in Machakos town were between the age of 40-49 years and majority of women were married. The major factors that drove women micro entrepreneurs into entrepreneurship were finance, need for employment and need for self achievement while the major challenges identified by the women were competition, finance, working space and multiple responsibilities. The study recommends that; Women entrepreneurs should take sometime to study the challenges women face in business and possibly proffer solutions to them before starting their business, Irrespective of the factors that motivate women into business, there is need for adequate preparation before starting their business.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background**

Most scholars argue that there is need to define a phenomenon before undertaking an in-depth study. However, entrepreneurship is ‘a rather diverse concept that is intertwined in a single, universal classification’, the term ‘entrepreneurship’ was founded in 1920s, whereas the emergence of the French word entrepreneur dates to the 1850s. Entrepreneurship is a process that entails the discovery, evaluation and opportunities’ exploitation so as to develop new products and services, processes and raw materials and new ways of organizing markets through organization of efforts that were previously absent (Shane and Venkataraman, 2000). Given this definition, the academic field of definition incorporates, in its domain, explanations for why, when and how entrepreneurial opportunity exist; the sources and forms taken by these opportunities; the acquisition of resources for the exploitation of these opportunities; the processes of opportunity discovery and evaluation: the criteria through which opportunities are discovered, evaluated and allocated adequate resources and the strategies employed to pursue and organize efforts so as to exploit the opportunities (Shane and Venkataraman, 2000).

Entrepreneurship is universally linked with the discovery of business entities and acquisition and expansion of existing business ventures. When making business choices, entrepreneurs bear immense risks and uncertainties (Knight, 1921). According to (Schumpeter, 1934), entrepreneurs make innovations for new goods, new production methods, new forms of industrial organizations and new markets. Entrepreneurs are owners or managers of businesses and are not employed elsewhere (Brockhaus, 1980). According to McClelland (1961), an entrepreneur is a business manager who is responsible for making decisions and providing direction for the business.

The significance of entrepreneurship in economy as well as the effect of entrepreneurship on economic growth has shifted drastically for the last half century. Today entrepreneurship is perceived as the key driver for social development and economic growth, David (1992). Evidence shows that economic advancements have been largely advanced by pragmatic individuals with high innovative and entrepreneurial capabilities and are willing to take risks and exploit opportunities (Hisrich, 2005; Roy, 2010; GEM, 2012).

Over the years, nearly all the businesses were dominated by men (ILO, 2006). This implies that women-owned businesses were lacking globally especially in third world countries such as

Kenya. Therefore the practice of women entrepreneurship could be termed as a recent phenomenon. Before 1980's, the phenomenon of women entrepreneurship both in research and practice was purely lacking. Research on women entrepreneurship emanated in the 1980s (ILO, 2006).

Women entrepreneurship has received increasing global attention in the past few years as a result of deep understanding on the usefulness of new business creation for economic growth (Langowitz and Minniti, 2007). Women entrepreneurship contributes to both job creation and economic development, it highly enhances the diversity of entrepreneurship in all economic systems (Jamali, 2009), and also provides avenues for female potential fulfillment (Eddleston and Powell, 2008).

Women are globally enhancing, directing, and transforming the way businesses are undertaken (GEM, 2013). Conversely, female entrepreneurs must be appreciated for what they do and their role in transforming the world's global economy. According to (GEM, 2013), women entrepreneurs constitute to approximately 10% of all the entrepreneurs globally. It is also evident that this percentage is increasing annually and if this trend continues, women entrepreneurs will account for 20% of the total entrepreneurial force globally.

Evidence shows that despite the significant growth of women entrepreneurship, the male entrepreneurial activity still exceeds female by a big margin (Langowitz and Minniti, 2007). With regards to substantial variations in entrepreneurship rates globally, the Global Entrepreneurship Monitor (GEM) in 2013 depicted that men were more actively involved in entrepreneurship than women in all countries which implies that women initiatives are curtailed.

In growing economies, little information exists on the status of female entrepreneurship. In Rwanda women make up 51.83% of the Rwanda's population, but they are under-represented in business for reasons of custom, religion, culture and belief. In Rwanda, women are considered well adapted to domestic activities including raising children, food production, cooking and looking after domestic animals. Ideally, women are considered as highly incapable of executing entrepreneurial endeavors (Musomandera et al., 2015).

Nevertheless, numbers of women in Rwanda have broken this norm and begun their own enterprises. In Kigali, the economic and political capital of Rwanda, women entrepreneurs

represent 43.2% of all entrepreneurial tasks (International Finance Corporation [IFC], 2008:30; Vis, 2012:41; Musomandera *et al.*, 2015). However, in rural areas, female entrepreneurs are less active in business activities compared to their male counterparts (Coldham, 2013).

In Asian society, women are considered as inferior to men and lack same level of freedom to their career paths. A woman should be a housekeeper, a partner, and remain dependent on her husband – a perception that discourages women from entrepreneurship (Siddiqui, 2012). Women who try entrepreneurship face the challenges of start-up capital, access to finance, training and education, lack of technology knowledge and lack of family support (Siddiqui, 2012)

In Muslim countries, religion is a big challenge for women regarding entrepreneurship. Women must be veiled or at least scar fed, they cannot walk without men, and have no free mobility. In Pakistan, for instance, even seats for women on public transport are limited (Tambunan, 2009).

In South Africa too, society discriminates against women. Women entrepreneurs gender inequality exists which discourages women from going for entrepreneurship (Chinomona and Maziriri, 2015). They face challenges in education and training, being dismissed from studying sciences such as mathematics, chemistry, mathematics, engineering and physics since they are all considered to be “male” subjects (Chinomona and Maziriri, 2015). Learning science could enhance the creativity, innovation and entrepreneurship of women (Chinomona and Maziriri, 2015).

Women entrepreneurs are highly affected by limited financial access since the different categories of lenders and investors lack trust in women. Women struggle to obtain loans to grow their businesses (Matsoso and Iwu, 2016). They use the small profit they make in their micro-enterprises to grow to small business, so growth is consequently slow. Gender discrimination decreases women’s motivation regarding entrepreneurship and frustrates their ambition to move forward in entrepreneurship (Chinomona and Maziriri, 2015).

In Tanzania the entry of women into entrepreneurship is a new phenomenon; mainly due to economic crisis and programme restructuring of mid 1990s which have resulted to major decline in real wages as employment opportunities in the formal sector (Kombo, 1994;Tripp,1994; Rutashobya, 1995). Probably due to the recent nature of women engagement in business, different studies previously conducted described the role of women in the sector

plus the barriers encountered (Koda, 1995). Age-wise a study by ILO (2003) in Tanzania and Zanzibar, established that slightly more than 70 percent of women entrepreneurs were in textile and food processing and were between 31 and 50 years of age. The remaining fell between 20 to 30 years of age (20.3 percent), over 50 years (7 percent), and below 20 years (0.8 percent) in forms of level of education. The study established that majority of the women entrepreneurs (70 per cent) in food processing sector had secondary education (ILO, 2003). Unlike what has been reported in literature on micro and small enterprises in Tanzania on women's limited employment experience, the ILO report found that majority of women in food processing industry (90 per cent) were previously employed (ILO, 2003). Those women entrepreneurs who were previously employed were employed in traditional sectors.

Micro and Small Scale Enterprises play a critical role in Kenya and this has highly strengthened the economy of the country. The role of micro and small enterprises in strengthening the country's economy was well defined in Sessional Paper No. 2 of 1992 on Small Scale and Jua Kali Development in Kenya GoK (1992). Nthuni (2014) argued that Kenya's SMEs sector employs 3.2 million people and accounts for 18% of the total GDP. According to Sessional Paper No. 2 of 1996 on Industrial Transformation stretching to 2020, (Gok, 1996) MSE sector plays a critical role in providing well priced products and employment.

The 1999 National MSEs Baseline Survey established that there existed 612,848 women in MSEs in Kenya, constituting to 47.4% of all MSEs enterprises. The findings revealed that women were more involved in businesses associated with traditional women's roles including hairstyling, hotels, restaurants, wholesale outlets and retail shops. Generally, women operated smaller businesses compared to men, with limited number of employees working for women managed MSE being 1.54 versus 2.1 male managed MSEs. Approximately 86% of workers were women in women-owner/managed MSEs while 4 per cent were hired workers and the remaining mainly constituted unpaid family members. On the other hand men- owner/managed MSEs, the male owner managers only accounted for 68 per cent while 17% were hired workers with the others being apprentices and family members.

Further research is, therefore, necessary for the MSE sector, which is growing significantly, and has the capacity to provide employment to many Kenyans not excluding women entrepreneurs. It is mandatory to point out the factors limiting the growth of Kenya's MSE



sector, and formulate the right interventions to mitigate them. This will result to more equitable distribution of the national income and, thus reducing poverty incidences among women in MSEs and the entire nation.

## **1.2 Statement of the Problem**

It is generally believed that many innovations are realized by small and micro businesses which are highly open to new ideas. Practically, women entrepreneurs vary significantly with respect to age, ethnicity, religion, education, wealth, literacy, social status, marital status, social economic position and experience (Coleman, 2002). According to recent literature, the role of women in economic development and entrepreneurship phenomenon cannot be underestimated (Sarfraz et al, 2014).

The government seeks to improve the livelihoods of its citizens through raising the economies' competitiveness and creation of opportunities that empower individuals to earn sustainable income (Stevenson and St-Onge, 2005). Kenyan women entrepreneurs consider the initiation of new business ventures as a way of improving their status quo and the living standards of their families as well as a means of serving their community through creation of employment opportunities (Women Entrepreneurs in Kenya, 2008).

Kenyan women entrepreneurs are likely to face challenges which tend to limit the growth of their businesses by confining them in terms of scope of operation and scale (Women Entrepreneurs in Kenya, 2008). The Key issues facing new and growing women owned micro enterprises includes among other things financial availability and accessibility and access to information (Macharia and Wanjiru, 1998), regulatory and legal barriers, these include: obtaining licenses; registration of business names; contracting and adhering to statutory requirements (K'Obonyo et al, 1999). Saito et al (1994), argue that Kenyan women are "time poor" as a result of their dual roles in the labour market and household economy, as housekeepers, mothers, owners and wives /managers. Furthermore, these dual roles give women inadequate time to plan and manage their establishments well, thus leading to poor performance and closure of women owned MSEs.

Both the Kenyan Private and Government Sector are involved in different initiatives to empower women entrepreneurs to expand their businesses and to overcome the constraints which they face in their businesses. The key efforts as identified by (Women Entrepreneurs in

Kenya, 2008) are; creation of gender desks ministries, gender and equality development , increasing agriculture productivity and export, reducing poverty level, meeting the Millennium Development Goals, reducing the high HIV/AIDS for women, establishment of Youth Enterprise Development Fund (Youth Fund) and Women Enterprise Development Fund (Women Fund).

A report from the Department of Micro and Small Enterprises Development (DMSED) in the Ministry of Labour and Human Resource Development 2002 shows that there were approximately 2.8 million MSEs which had employed approximately 5.1 million people, the immense increase in MSEs contribution to employment was associated with retrenchment in both private and public sectors (Stevenson and St-Onge, 2005). However, despite the growing percentage, many micro-enterprises (70% per cent owned by women) grow into small-scale enterprises this is because most women entrepreneurs are not accessing funds and other services as anticipated and hence this has resulted to the declining performance and collapsing of women enterprises (Women Entrepreneurs in Kenya, 2008).

### **1.3 Research Questions**

The following research questions apply to the study and will guide the progression of the project and its ultimate outcomes.

1. What are the main challenges that women entrepreneurs in the region encounter?
2. What are the main motivating factors that drive women into the venture?
3. How can these problems faced by women entrepreneurs be minimized or tackled?

### **1.4 Objectives of the Study**

#### **1.4.1 General Objective**

The study's general objective was to investigate the motivating factors that drive women entrepreneurs into entrepreneurship as well as to establish the challenges they face while conducting business in Machakos town-Machakos County.

#### **1.4.2 Specific Objectives**

In attempt to achieve the general objective as indicated above, the specific objectives were recorded as follows:

1. To profile the personal entrepreneurial characteristics and demographic factors of women entrepreneurs in microenterprises.
2. To establish the types of business sectors which female micro entrepreneurs are engaged in.
3. To evaluate the motivating factors that drive women into entrepreneurship.
4. To examine the internal and external challenges faced by women micro entrepreneurs.

### **1.5 Justification and Significance of the Study**

The success of women entrepreneurship can have far reaching benefits to an economy. Women entrepreneurship plays an important role in alleviating poverty, job creation, economic development and industrialization in Kenya. The Kenyan government alongside other institutions has invested a lot of time and resources in enhancing the growth of women entrepreneurship in micro-enterprises. Previous studies touching on women entrepreneurship in Kenya have been very shallow and mainly concentrated on challenges. Previous writers like Jane Korir (2013), Victoria Thiga (2013) among many wrote on challenges facing women entrepreneurs in micro enterprises in Kenya. However very few studies have covered women entrepreneurship (challenges and motivating factors combined). This study therefore attempts to fill this information gap by carrying out a detailed case study on this issue. The study is vital since it focuses on women entrepreneurship in Machakos town-Machakos County as this will influence the development of Machakos County through poverty alleviation and employment creation. The findings will be useful to the policy makers within the county government, non-governmental organizations, community and the non-corporate sectors. It can aid the Kenyan national government to solve problems such as unemployment and poverty. This knowledge is also important in supporting and improving Micro and Small enterprises operated by women.

### **1.6 Scope and Limitations of the Study**

This study is majorly concerned with women entrepreneurship with specific reference to profiling women entrepreneurs in terms of personal entrepreneurial attributes such as risk-taking, need for attainment, locus of control and demographic factors such as occupational experience/background, education, family size and business skills, as well as establishing the types of businesses which the women are engaged in based on skills, finance and experience.

And also the study will look at the motivating factors that drive women micro entrepreneurs into entrepreneurship, as well as examine the challenges faced by these women while conducting their businesses. Though there were numerous variables that could have been assessed such as the effect of government policies and programmes on women entrepreneurship, involvement of support agencies and the role of institutional networks in promoting women entrepreneurship and the role played by women entrepreneurs in economic and social development among others, therefore mentioned were the most pressing to study for this project due to limited resources.

## **1.7 Definition of Key Terms**

### **Women entrepreneur**

This is a woman or a collection of women who initiate and manage a business entity. The Schumpeterian view defines them as women who innovate, adopt, and imitate a business undertaking.

### **Micro enterprise**

This is defined as an enterprise that employs less than nine employees with a capital base not exceeding 100,000. The terms micro business and microbusiness exhibit a common meaning, although microenterprise is often used while describing small business financed by microcredit. Globally, majority of microenterprises are family owned businesses.

### **Individual factors (Internal) /Challenges**

Individual factors refer to the factors that revolve around the characteristics and management behavior of the owner manager or entrepreneur. They stem from motivation, attributes, skills, competencies and behavior of the individual who sets up the business in the first instance

### **Environmental (External) factors/challenges**

Environmental factors refer to the factors which are largely out of control of the owner manager. These factors can be classified into macro and micro factors. The micro factors refers to more local factors that influence companies operating in specific markets and competing in particular industries while the macro factors consists of factors which tend to have an impact on all firms operating nationally and sometimes internationally.

### **Pull and Push factors**

Push and pull factors are the factors that forcefully push or attract women into entrepreneurship. Push factor is forceful .Push factors are conditions that drive women into entrepreneurship while pull factors are conditions that attract women into entrepreneurship.

## **CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **2.1 History of women entrepreneurship**

According to Wikipedia before the 20th century, small businesses were mainly undertaken by women so as to supplement their income. In most instances, they were seeking to evade poverty or income replacement due to demise of a partner. Similarly, the ventures undertaken by these women were considered less entrepreneurial. Most of the women were committed to domestic responsibilities. Previously, entrepreneurship was considered as a field of men. In the mid 18th century, women owned businesses such as alehouses, taverns, retail shops and brothels. Majority of these enterprises were linked with bad reputations as it was considered shameful for them to be in these positions. The society was against women involved in these businesses due to the perception that women were not supposed to own any business.

Between 18th and 19th centuries, women rose above the oppression limits of the society and became more visible in public eyes. Studies depict that most of the female entrepreneurs who thrive in business initiated their enterprises as either third or second profession. Due to previous roles; female entrepreneurs, engage in businesses at a later stage of their life around 40–60 years old (Mallier A.T and M.J. Rossier, 1987).

A report by Global Entrepreneurship Monitor (2013), states that “approximately one third of women are likely to initiate businesses out of necessity compared to men. “Because women are overtaking their male peers in the level of education obtained, having higher education degrees is one of the significant characteristics that many successful female entrepreneurs have in common. The average self-employment rate for women under 25 years old in Organization for Economic Cooperation and Development (OECD) countries is 7.2%.The number of self-employed women has steadily increased over the past three decades, putting them at an approximate thirty-three percent increase.

Many female-owned businesses continue to be home-based operations. These types of businesses usually have limited revenue with about eighty percent of them making less than \$50,000 in 2002. This group made up for about six percent of total women-owned businesses. Children of these female entrepreneurs are expected to boost that number as they contribute to the growing amount of female entrepreneurs. Most women-owned businesses are in wholesale, retail trade, and manufacturing. Female entrepreneurs have also made a name for themselves in professional,

scientific, and technical services, as well as in healthcare and social assistance.

### **2.1.1 Female Entrepreneurship in Kenya**

Stevenson and St-Onge (2005), revealed the existence of three profiles of women entrepreneurs operating in Kenya. The three profiles are: the Jua Kali, small and medium enterprises. The Jua - Kali micro-enterprisers can be referred to as the unregistered and informal businesses. The owners of these micro enterprises: have inadequate formal education, usually below secondary level and lack entrepreneurial and business know-how. They are constrained by basically no access to credit, limited markets awareness and market opportunities, household responsibilities and marital status.

The small enterprisers are recognized as registered and legitimate business premises. These small scale enterprises employ probably over ten workers. The owners have at least some secondary level education and some previously acquired work experience as employees. On some occasions, women entrepreneurs in this category have husbands that support them. The husbands may occasionally assist directly or indirectly in the enterprise. This group of women is constrained by: limited access to finance (for various reasons such as lack of property to be used as collateral for large loans). These businesses have growth prospects in both domestic and international markets. Some of the businesses are already engaged in exporting (Stevenson and St-Onge, 2005).

The last segment is the medium scale business. The owners are university graduates, with managerial experience in the business world, and possibly from an entrepreneurial family, have no problem in accessing finance and have probably a supportive husband. These enterprises are mostly involved in exporting.

## **2.2 Small firm /business sector**

The term small business is in such common use that the unwary reader might be forgiven for thinking that there was some uniformity accepted definition of what constitutes a small firm. The distinction between big and small is arbitrary and in those industries where definitions are according to the value of work done, vary year to year because of inflation.

Neck (1977) quotes an American study 1975 of small firm definitions which identified more than 50 different statistical definitions in 75 countries. He suggests that criteria for small vary according to the context, with an upper limit of small for financiers being based on fixed assets or net worth. Other definitions might be based on total employment, total sales, energy consumption, and number of customers. Clearly firms which are small in some of these contexts

are far from small in others. It has been persuasively argued by Schumacher (1972) that the failure of aid to accelerate growth in many less developed countries (LDC'S) is partly attributable to its being tied to an appropriate technology.

Too frequently large plants have been established on the basis of foreign aid in the LDC'S to produce output in an efficient manner. Instead it would have been better to have stimulated the informal sector which in LDC'S embodies all the characteristics of the small firm sector in the developed countries ease of entry, reliance on indigenous resources, family ownership, small scale operation, labour intensive and adopted technology, skill acquired outside the formal school system and unregulated and competitive markets(ILO,1972).

According to the ILO report on Kenya such firms are also the prime beneficiaries of tariff restrictions and licensing arrangements. This has enabled many large foreign owned plants to become technically inefficient behind the barrier of protection, in contrast with small firm in the informal sector which because of the nature of competition which it faces, is 'forced' to be technically efficient.

Harper and Soon (1979) assert, after presenting 21 cases studies of small firms in developing countries, that government can do little to influence the rates of new firm formation in a locality. Many entrepreneurs see government agencies as the architects of expensive and irrelevant regulations whose enforcement provides widespread opportunities for corruption. The problems facing the small firms in these areas continue to be those of shortage of finance, government regulations and relatively unsophisticated management. Many of these entrepreneurs are less educated. Aluko (1973) for example found that 88.8% percent had less than primary schooling, although there is no evidence that this significantly reduce the likelihood of the entrepreneur's ultimate success in business. Marris and Somerset (1971), in fact, found a negative correlation between schooling and entrepreneurial success amongst founders of firms in the footwear industry. Similar results were reported by Kilby (1971).

Many LDC'S continue to face the problem of shortage of successful entrepreneurs, so that whilst reliance upon small firms has the benefit of local ownership and control it leads to growth rates which fail to bring about significant improvements in living standards. The attractions of paid salaries and secure employment in large firms in the informal sector is frequently cited but almost certainly cultural attitudes stressed by Dc Missie (1975) area of paramount importance. The small business sector can be classified as micro, very small and medium enterprises.



According to National small business survey (1999) five criteria was used to distinguish micro, small and medium enterprises: Number of employees, nature of premises, legality or legal status of business, annual turnover, and sustainability. Micro businesses are businesses which have between 0-5 employees, they usually operate from home or rent business premises, majority of them are un-registered and they have an annual turn-over of up to Ksh 100000 while Small businesses are businesses which have between 6-10 employees, they operate from home or have rented business premises, some are registered and they have an annual turnover of up to ksh 1000000. Medium enterprises have between 11-100 employees, they operate from rented premises, and they are all registered particularly in regard to cap 497 Trade Licensing Act and Registration of Business names Act.

### **2.3 Profile of women entrepreneurs and their businesses**

Much of the literature seeks to identify common characteristics of female entrepreneurs and their businesses (Bird and Sapp, 2004). Generally, women owned businesses are smaller, less profitable, less established, located in more crowded industries, have lower wages associated with them, and grow at slower rates than male owned businesses (Bird and Sapp, 2004).

Female entrepreneurs are often heavily concentrated in the retail and service industries (Allen and Langowitz, 2003). Some authors attribute this trend to women lacking technical skills and having predominantly liberal arts educations (Bruni et al, 2004). However (Birley, 1989) attributes this industry trend to increase and participation in the workforce in general, a growing trend among firms to contract out services, and flexible working hours.

Ndemo and Maina (2007) noted that the female entrepreneurs are described as having less autonomy in decision making, less experience, lower earnings, than male entrepreneurs. Much of the literature suggests that women and men have different levels of human and social capital, which influences their entrepreneurial styles (Bird and Sapp, 2004; Coughlin, 2002; Ndemo and Maina, 2007).

A review of the literature by Bennett and Dann (2000) reveal three main personality characteristics of an entrepreneur: locus of control, achievement and risk -taking. The internal locus of control is deemed necessary for the entrepreneur to take the risk of establishing a new venture. Individuals who do not have a high belief in their own ability to control a situation are unlikely to expose themselves to the risks associated with a start-up. The need for achievement is linked to the internal locus of control characteristic. Individuals who believe their actions will result in personal

achievement have a strong internal belief.

Risk-taking as the third psychological characteristic, whether it be financial, social or psychological it is an integral part of the entrepreneurial process, indeed it is the balance between the potential profit of the venture and the cost process. There is some debate in the literature as to whether psychological characteristics are defining qualities of an entrepreneur. An entrepreneur is not necessarily created at birth; however their individual traits are critical to how such a person reacts to given situation. For example, the trait of risk-taking will influence whether a person takes up an opportunity to start their own business depending on the perceived risk. Therefore psychological characteristics as well as situational variables have an explanatory role for an entrepreneur's behavior (Malaza,2010).

Lebakeng (2008) contend that some of the more popular demographic factors include: family birth order, gender, work experience, education and an entrepreneurial family. However, other demographic traits that have been studied by entrepreneurship researchers include; marital status, education level of parents and social economic status.

While characteristics of both male and female entrepreneurs are generally very similar, in some respect female entrepreneurs possess very different motivation, business skill levels and occupational suitable backgrounds than their male counterpart (Hisrich and Peter, 1995).

The family and its members play a vital role in the success of the business, especially in the case of women entrepreneurs. A true understanding of the family structure hence becomes important. Family set-up may either be of joint or nuclear pattern. Both the family patterns have had their own advantages and disadvantages in making the occupational choice of the respondents (Vinze, M.D.C, 1987).

The number of children and the marital status of women have always had great bearing on entrepreneurial success. Married women make great sacrifices in order to promote their husbands' careers at the risk of jeopardizing their own career aspirations. Also the arrival of children in the family, an occurrence that rarely affects the occupational involvement of the father, has a decisive effect on the career of the mother. As the number of family members has a direct bearing on the work involved and the time exacted, an assessment of the impact of number of family members is considered necessary ( Vinze,M.D.C ,1987).

According to Still and Timms (2000) the skills gap has always been an area that is seen to be more inhibiting to women. Some research suggested that women do not possess the relevant skills needed to successfully manage their enterprises (Buttner, 1993).In particular, women are said to be

extremely weak in areas such as finance, sales and marketing planning and organizing (Hisrich and Brush, 1984; Still and Warker,2006).

Women lack the financial skills to deal with expenses, cash-flow planning and raising capital and this tends to be particularly problematic at start up (Schwartz,1979).However women themselves believe that their strengths lie in idea generation, product innovation and people skills (Hisrich, and Brush,1984), Brush has found that women have a more focused approach than men (Brush 1992; Carter et al,1997).Brush and Hisrich (1991) have also found that the difference between no growth women owned businesses and those in growth businesses are those women that are adept at managing people and delegating work.

Exposure is very essential for successful running of an enterprise. Very few women entrepreneurs have previous experience in the same line of activity in which they are doing .The reason for this is that entrepreneurs have accepted their family business as their profession and from childhood onwards they were seeing the same business. Women entrepreneurs opt for entrepreneurship as career under compulsion (Alakh and Seema, 1993).Although previous experience helps one in starting and managing his/her enterprise; it is not a pre-requisite as far as starting of an entrepreneurial venture is concerned. (Vinze,MDC, 1987)

Generally speaking, the lower middle classes have provided more micro business owners than other social backgrounds. This is partly explained by attempts at upward mobility by manual and routine white collar employees, who may see self-employment as the means for advancement in society, especially if they lack formal educational qualification. It is also influenced by the fact that those born into families of small and business owners tend to follow in their parents footsteps. This overall trend is however subject to considerable variation by types of business; longer established forms of enterprise such as free houses, wine bars and restaurants are much more likely to be owned by the children of self-employed parents, than more recent types of micro and small business such as advertising and computer services( Curran, Blackburn and Woods,1991).Recent research has shown that individuals in the highest third of the income distribution are more than twice as likely to be entrepreneurs as those in the lowest thirds.(8.1 per cent compared to 3.0 per cent) (Harding2003).

There is a traditional view that small and micro business management requires an aptitude for practical activities in which formal qualifications are less relevant. In this sense owner-management was seen as an alternative route for advancement for those who had more practical and less academic skills. The Bolton report (1971) quoted data which supported this view by

suggesting that small businesses owner-managers were less well educated than the average in the population. Recent research has painted a much more complicated picture, as this qualification gap seems to have narrowed significantly, with changing attitudes towards small business and the growth of knowledge based small enterprises in the service sectors. Owner-managers involved in high-tech industries such as computer services, or those marketing and design sectors, are likely to be well qualified with a level or equivalent qualification or degrees (Curran, Blackburn and Woods,1991).

Women business owners are better educated than the average woman (Watkins and Watkins, 1984; Maltis, 2004).Research has shown that the higher the level of education the more likely the woman is to engage in entrepreneurial activity (GEM, 2003). Birley, Moss and Saunders (1987) have indicated that educational level of women entrepreneurs is equal if not better than of men, even although, their fields of study are usually very different as men tend to have more production related business education (Fischer, Reuber and Dyke, 1993).However according to other researchers, female entrepreneurs are actually at a disadvantage compared to their male counterparts as they are less likely to have four or more years of college.

## **2.4 Women and Type of business/Industry Sector**

According to Sheila and Carole (1993) evidence confirms that female petty entrepreneurs succeed in extremely competitive situations to carve out a personal niche for their respective activities. Trade offers a welcome income earning opportunity for women. It enables them to operate at different levels of activity best suited to their specific circumstances, and it does not require large amounts of capital or a lot of skill training. Moreover, it hardly conflicts with child care responsibilities, as the presence of many infants in third world markets shows. Trade is thus an attractive proposition for potential female entrepreneurs.

Research shows that women owned businesses are traditionally found in retail and service sectors, (Hisrich and Brush, 1984; Buttner and Moore, 1997) which tend to have a slower growth rate and more labour intensive. This is supported by (Fitzsi Mons etal, 2004) who found that women tend to be involved in locally traded services with low growth aspirations rather than I knowledge based business with high growth and export potential.

The service industry has always ranked highly in women's self-employment choice because of their previous occupational experience and low amounts of initial capital required for startup (Chell and Baines, 1998 and 2000).While it is widely accepted that majority of women do start up

service type businesses (Hisrich and Brush, 1994; Buttner and Moore, 1997; Coleman, 2002; Mattis, 2004) it has been argued that women have no other choice but to choose these industry sectors. According to Watkins and Watkins (1986) it is not surprising that women are found in these industries as they may be forced into stereotypically female sectors due to their background and experience (Turk and Shelton, 2004) also support this view of women being forced into stereotypical female industries, but they believe that it is out of necessity as they lack capital, contacts and /or experience to enter the high –tech, high-growth industry sectors.

Pihkala.Vesalainen and Viitila (2000) informed that female entrepreneurship is changing from traditional to a more modern type of entrepreneurship, seeking new forms which are typical of male entrepreneurship; high profile, growth oriented and export exposed. Studies have confirmed that the number of women that are entering more traditionally dominated sectors such as manufacturing, construction, engineering and transportation is increasing (Buttner, 1993). And (Mc Clelland et al, 2005; Henry and Kennedy, 2002) also suggested that women are intact in setting up ‘new economy’ companies in high-technology, professional services and construction

In West Africa, it has been estimated that women traders handle 60-90% of the domestic farm and marine produce. Studies of rural women in Kenya show that around 70%of peasant women are involved in trade and some 50% market their own crops. In general, women have been quick to respond to the opportunities created by growing urban demand for their produce. (Food and Agricultural Organization undated: 4).The same phenomenon has been reported for Indonesia (Bangun, 1985), the Philippines (Castillo, 1976), Papua New Guinea (Epstein, 1972)

Other examples of successful female petty entrepreneurs are reported by Metraux for the Merbial Valley (Haiti) where there are a large number of young girls or women who take up their stand along roads or paths in a hut or at the foot of a tree, to sell thread, matches, candies, and fruit, vegetables, cereals, spices and tobacco. Mangoes, avocados are arranged in little heaps for each of which there is a fixed price. Coffee and beans in pod are sold by heaps. The women who sell candies and biscuits are constantly on the move. They go to any place in the valley where for any reason a group of people are gathered together for a service, a marriage, a political meeting.

Sales in heaps or bundles, each of which is offered at a unit price or a multiple thereof, predominate in many Third World market places. In Melanesia, for instance, price variations are expressed in terms of different quantities sold per unit of money, rather than by way of different amounts of money charged for the same quantity of goods (Epstein, 1982).Women conduct their

trade not only in market places but also in small stores where they disaggregate larger packages into the smaller units demanded by their customers. Rather than sell packets of ten cigarettes, they open these cigarettes and sell single cigarettes. In so doing they make a small profit. Such small trade stores are important intermediaries between larger suppliers and the small-scale demand of consumers.

Cooked food preparations constitute another important income-generating activity for women. The Case study of IbuSai, a female petty entrepreneur in Java, indicates how much food sellers conduct their business. She prepares vegetables covered by a spicy peanut sauce and rice based dish and hawks it round an area which she carved out for herself with the agreement of other local sellers of cooked food. Ibusai finds the sell of cooked food a rewarding proposition. She uses the income to meet her family's subsistence needs since her husband earns in sufficient money to provide for them. Besides the benefits her husband and children obviously derive from earnings, they have access to the food she prepares for sale. They thus do not need to spend money on buying these relishes and are therefore pleased with her success (Bangun, 1985). Many other villagers also appreciate the ready availability of cooked food, which adds variety to their diet.

Women not only cook, but in many areas also smoke certain items of food. For instance, in Ghana fish smoking is a major activity of coastal women. It is thought to employ as many as 40,000 women, who take the fish from their husbands, process and the market it (Carr, 1984).

Food processing is another activity pursued by female entrepreneurs. In India papad rolling (preparing the dough for the papal crackers) is becoming an important source of income for increasing numbers of women (Carr, 1984).

Handicrafts, such as sewing, basket-making, and embroidery, which are normally thought of as being female activities, represent another entrepreneurial avenue by which women earn money. However unstable markets for these goods cause difficulties. The experience of an Asian women's weaver cooperative when it tried to cater for a short-lived fashion demand in United States illustrates the problems encountered in this context. The cooperative concentrated on the production of bleeding Madras checked cotton lunghi material with running colours, which temporarily appealed to Americans, and ignored the traditional market for sarongs used by the local men. Suddenly, the demand for bleeding Madras in the US ceased and the cooperatives found themselves with huge stocks and no market. This drove a number of cooperatives into bankruptcy and a large number of weavers to a point of starvation (Dhamija, 1981).

The precarious nature of handicraft markets encourages increasing numbers of women to provide goods and services which are needed on a regular basis by most local communities, and which increasingly have to be paid for with cash. 'Many of the products, which are currently imported into villages from urban based factories or overseas, could be made in the neighborhood if appropriate technology, training and other support services were available (Carr, 1984).

Production of basic consumer articles is gaining importance among female entrepreneurs. Bothakga Hand knits, started along those lines in 1974 by a woman in Botswana, provides a good example of this trend. The proprietor is a remarkably an enterprising woman who is constantly on the look-out for new areas into which to expand. When she realized that many Botswana schools were importing their uniforms and knitwear, which were items produced by her firm, she began trying to capture the market by approaching the head teachers of these schools with sample of uniforms and knitwear made by her firm. The response was overwhelming,' with promises of future support coming in from those schools that had already placed orders with suppliers' (Carr, 1984).

A bus service in Kenya represents another example, indicating how female entrepreneurship came to meet local needs. A group of Taita women in Mraru, Realizing an urgent transport need, decided to buy a bus: It was agreed that each member should contribute ksh200, which would be the value of the share. After 18months, the group had saved 27000 shillings and the group leader travelled to Mombasa to place an order for a bus with the Cooper Motor Corporation. Here it was found that a 21 seater bus would cost Ksh 7800000 and that a down payment of Ksh 47800 would needed before a bus could be released. The process of securing the extra money for down payment by persuading a credit bank in Nairobi to give a loan to cover the rest of the purchase price was torturous but successful and, five years after the idea had arisen the bus arrived in Mraru...The bus proved an excellent investment. In a year and half, the debts were paid off and the group began a new savings account (Carr,1984).

## **2.5 Reasons for Starting Business (Motivating Factors)**

According to Hisrich and Brush (1984), despite years of legislative effort, women still face discrimination in the workforce. However small business has been a leader in offering women opportunities for economic expression through employment and entrepreneurship. Increasing number of women are discovering that the best way to break the 'glass ceiling 'that prevents them from rising to the top of many organizations is to start their own companies. In most cases when a

woman decides to start a company it is not for one reason but a matrix of push and pull factors resulting from individual and contextual circumstances. Thus individuals are often attracted to entrepreneurship in the expectation that it will provide greater material and/or non-material benefit.

Women entrepreneurs are motivated to create a business by pull factors such as the desire for self-achievement, autonomy, freedom, and flexibility that result from self-employment rather than to supplement the family income (Hisrich and Brush, 1984). Push factors include factors such as glass-ceiling, which prevent women from moving beyond a certain point in the management hierarchy or glass walls preventing lateral moves, consequently keeping women in specialized, operational, technical functions serving as back-up to managerial positions (Hisrich and Brush, 1984).

Women may attempt to avoid a labour market that confines them to in-secure and low-paid occupations. In Malaysia and Vietnam many women resort to entrepreneurship and become hawkers, petty retailers or wholesalers because they lack education and skills to find employment in the formal sector. Likewise, Economic necessities such as making a living after divorce or the need for two incomes in a household to achieve a desirable standard of living appear to be crucial reasons for entering business for many women.

Contrary to other research which has suggested that the main reasons which cause women to set up their own businesses are their frustration at the lack of opportunities or of promotion in established companies, the key motivators in Bristol according to Clutterbuck and Divine (1987) are;

- a) *Survival after a personal crisis or change of situation.* Survival is basic to the female. Essentially, they are reacting to an unsatisfactory situation and starting a company is often the best way of dispensing with the problem. Other variables in a woman's decision-making process include limited career and employment prospects, a lack of suitable qualifications, and the need to fit work hours around the home and family
- b) *Dissatisfaction with the way men were running business and the feeling they can do better.* Men are hopeless at business (Diane Miller, Licensed Conveyance Agent).
- c) *Realizing that there was a gap in the market.* I saw the potential in silk flowers' (Sue Burt, Sabrina Vallis, florists). 'I couldn't find any good dungarees for my kids' (Sarah Squires, Kid



stuff).

- d) ) *Challenge*. This was the chief spur for most women, and remains the main motivator, together with enjoyment and fun. 'I wouldn't work unless it was for fun'. (Rosemary Bugden).

Women stated that they would stop working at the same pace if it stopped being enjoyable. General awareness campaign run by government to inculcate a sense of enterprise culture reaches women as well as men and women are made aware of enterprise as an option. This is particularly so for women who are re-entering the economy after an absence and who discover that their original or current skills are redundant. Such women are more likely to be reviewing the various options open to them in their transition back to paid work. (Broadley,1990).

The tradition of women seeking part-time work to augment the family income at no detriment to their home making has been encouraged by the relaxation of laws relating to part -time work so that employers find it financially beneficial to employ part timers. Increasingly, however, women have been required to earn more, either because they are single parents or because they need to make a significant contribution to the family income. For these women, part-time work on low wages with minimum job security or protection offers few rewards .In this context starting a business is seen as alternative where 'there is little to lose '.For example( Holmquist and Sundi's ,1989) study of 64,420 female entrepreneurs in Sweden found that the main motivation for the women was to create something which would allow them the freedom to combine responsibility for the family with a fair income (Goffee and Scase,1987) identify this group as conventional female entrepreneurs motivated by a need for autonomy, to acquire their own money, but only in a way that is compatible with their domestic role. For women who are underemployed, with little job satisfaction, self-employment is seen as a means of creating stimulating work over which they have a greater measure of control. This control extends beyond the workplace, enabling women to harmonize economic activity within a valued family environment.

According to Scott et al (1986) other reasons for starting up a new business are;

- a) Turning a hobby or previous work experience into a business –Many new entrepreneurs seek fulfillment by spending more time involved in a cherished hobby, or part of their work that they particularly enjoy. Although research confirms that founders tend to establish business incentives of which they have direct prior experiences, this is often precipitated by a push motive such as redundancy, rather than part of considered decision.
- b) Financial incentive-the rewards of succeeding in your own business can be high and are

well publicized by those selling how to get guides to would be entrepreneur. The promise of long term financial independence can clearly be a motive in starting a new firm, although it is usually quoted low as other factors. Unemployment (or threat of) - Insecurity and unemployment varies in significance by religion and by prevailing economic climate. A study reported that 25% of business founder in the late 1970's were pushed in business this way.

- c) Disagreement with previous employer: Uncomfortable relations at work have also pushed new entrants into business-Disagreement with previous employer and an uncomfortable relation at work has also pushed new entrants into small business.
- e) Redundancy-The global recession that started with the sub-prime housing crisis in 2008 has generated thousands of redundancies across many of the most affluent societies who have known nothing but secure employment all their work lives are suddenly faced with the prospect of no job and no income. For some, this is the push required to set up on their own of course, the reality for many individuals is that economic recession brings hardships and tremendous strains on basic living conditions.

In research on entrepreneurship in different countries, push and pull influences are discussed in terms of necessity based and opportunity based entrepreneurship. The necessity based entrepreneur has little choice but to start their own business, given the lack of alternative possibilities for employment. Typically, therefore one might expect to see higher levels of such entrepreneurship in poorer, less developed countries where job opportunities may be few and far between. The opportunity based entrepreneur, on the other hand is characterized as one that seeks out a new opportunity in a more proactive manner, there again, we should avoid easy stereotyping of such founding activities (Reynolds, Bygrave and Autio, 2004).

## **2.6 Challenges facing women entrepreneurs in microenterprises**

Small and micro business owners are sometimes described as being at the mercy of hostile environment which threatens them from many directions. Unfair competition from larger firms, the burden of government regulations, penal bank charges, high interest rates all contribute to make life in the small and micro business sector challenging. Uncertainty is a key feature of the small business environment. Some researchers see it as one of the central distinctions between small and large firms (Wynarczyketal, 1993).They identify the inability to control prices because of lack of market power and dependency on a relatively small customer base as major factors

which make the management of environment in small firms more uncontrollable, and therefore more uncertain, than in the larger organizations.

Uncertainty is also a central factor in explaining entrepreneurship (Shane, 2009). Failure can thrust upon an entrepreneur through external conditions or fabricated by the entrepreneur through internal factors (personal shortcomings). The internal factors revolve around the characteristics and management behaviors' of the owner-manager or entrepreneur. The external factors which are largely outside the control of the owner-manager are divided into the macro environment and micro environment (David and Nick, 2010).

According to (Nick and David, 2010) the key problems and issues faced by small business owners include interest rates, cash flow and payments, lack of skilled employees, total tax burden, premises, rent and rates, inflation, government regulations and paperwork, access to finance, competition from big business, high rates to pay.

A number of constraints confine women to petty entrepreneurship. First, female-headed households put a heavy responsibility on women. It is estimated that, around the world today, one household out of every three is headed, de facto by woman. They might number 46 per cent of the entire household in Botswana, 40 percent in Panama, 30 percent in some rural areas in Kenya, 50 per cent in some areas in Latin America, 16 per cent in Cuba and 20 per cent in the United States. Their plight tends, however, to be ignored by policy makers and development experts, since the increase in woman-headed households is obscured at the macro-data level, which is typically the only kind of data upon which development planning is based... Very few countries include in their national census specific data on household heads by sex and even fewer cross-tabulate them by marital status, age, and economic activity (Mandl, 1980). Because of this lack of attention in development planning, much of the potential for female entrepreneurship has remained constrained and/or unrealized.

Second, low incomes and shortage of funds, which are integral features of the lives of the majority of women, put further obstacles in the path of entrepreneurship. Data for all countries indicate that while as many as 87 per cent of female households earn less than about \$500 per year, only 46 per cent of male heads do so (Mandl, 1980). Women are thus understandably attracted to self-employment, but in general their low incomes and shortage of funds make it almost impossible for

them to venture into larger businesses. Although women make up half of the world's population they control only 1 per cent of its capital. Even when economic conditions improve, women's incomes and their working conditions do not seem to improve commensurately.

Cultural norms also often adversely affect women entrepreneurs. In many societies expectations still prevail according to which women should operate solely in the domestic sphere. Many cultures still dictate that woman's primary role is in the home. Even 'if she takes on a job, she is expected to take care of her domestic responsibilities' (Iglesias, 1984). Illo, who studied the Bicol River Basin Society in the Philippines, revealed that women, as well as men, agree that the woman's proper place is in the home. If such cultural norms predominate, then woman's entrepreneurial activities are confined to the home, where they do not conflict with their primary duties to watch their children and keep the house hold going.

In many traditional societies women's behavior symbolizes the honour not only of their immediate family but often of their whole kin group. The concept of honour tends to carry special weight in all Muslim societies, particularly tribal ones such as Pukhtun of Pakistan, among whom 'the direct laudatory equivalent to Pakhto is Saritob,' manhood or "honour" (Ahmed and Ahmed,1981).

Purdah, the Muslim custom of female seclusion-which aims to protect women's purity – institutionalizes the restriction on women's spatial mobility. Yet even women in Purdah have been reported as undertaking entrepreneurial roles. Many West African Muslim women are active traders, using their children as messengers (Hill, 1962) and there are women in Rajasthan in India, who within their Purdah restrictions manage to conduct successful money-lending businesses (Cottam, 1991).In Pakistan many women take decisions regarding their households' economic activities because their men folk are away working as migrant laborers' in the oil states of the Middle East (Naveed-i-Rahat,1990)

Another barrier attributed to low rates of female entrepreneurship involves confidence. For example in the UK relent report by PROWESS cites lack of confidence as one of the main issues affecting women in terms of potential for business ownership and for business growth.

Morris etal (2006) argues that the socialization process across women's lives may seriously influence their self-assessments about being ill-prepared with respect to firm creation even when

skills and needs are evaluated by the outsiders. Steele noted in a research of perceptions of educational capabilities among females and males that females continuously report their ability lower than the males. However, men over-report while women under-report on confidence due to failure to determine their ability. According to Schmidt and Parker (2003), women often use informal business networks such as the use of family for business endeavors including accounting, book-keeping, support and fixtures.

### **2.6.1 The challenges faced by women in micro enterprises in Kenya**

Lack of adequate financial access can be described as the greatest barrier faced by women entrepreneurs in Kenya. This is mainly because many financial institutions demand for collateral. Approximately 1% of Kenyan women own property which makes it very hard for them to provide collateral as required by banks. Majority of the women engaging in entrepreneurship in rural areas and require financial assistance lack adequate collateral to take loans from the bank. The entrepreneurs' responsibility for dependants has limited opportunities for business diversification and expansion due to inadequate savings (Athanne 2011). Women are likely to face challenges which constitute mainly the financial aspects of establishing businesses (Zororo, 2011; Brush, 1992). According to a report by Common wealth secretariat (2002), women entrepreneurs are often not conversant on procedures on how to obtain a loan, lack adequate collateral for acquisition of loans, face discriminatory practices or laws related to credit and finance.

According to Kinyanjui (1999), some entrepreneurs found difficulties in acquiring loans since they had to produce credit records yet they were not fully conversant with the requirements of acquiring and loan repayment terms. Kenyan microfinance institutions give loans with high interest rates, the loans are short term in design and limited in amount. This discourages majority of the women entrepreneurs to take loans to cater for both social and business needs. Studies have demonstrated that loans advanced to MSE entrepreneurs meet a small proportion of their financial needs (Women Entrepreneurs in Kenya, 2008). Many women entrepreneurs consider formal financial support as too expensive and would only go for it as the last option (Stevenson and St Onge, 2005). Discrimination is another challenge faced by women entrepreneurs in the country. Women entrepreneurs are often discriminated in banks as they seek financial support. Most women have reported a high level of ignorance by bank officials as they seek assistance and low preference over the male counterparts. Gender bias by banks discourages most women from seeking credit and opts for informal savings groups (Common wealth secretariat, 2002).

Gray (1996) argues that father, husbands and family resistance is a norm among business start-ups.

Women are often subjected to decisions made by other close male family members thus transecting the independent entrepreneurial spirit. Furthermore, women have little education compared to men, thus exhibit little capabilities to manage businesses (Common wealth secretariat, 2002).

Another big threat to women entrepreneurs in Kenya is City council. The licenses required for the operation of a business are too expensive and many. Women are often harassed by the officials of city councils during inspection of business premises. Furthermore, women are less likely to negotiate and meet bribes advanced by the male council officials. According to Athanne (2011), business licensing is perceived by most women as a rather long and complex process. Bindra (2006) argues that majority of Kenyan MSEs are consolidated under formal registrations with nominal costs of registration but the offices which carry out the activities of registration as well as the procedures to be followed while registering a business are rather confusing.

Another challenge experienced by women entrepreneurs is the responsibility to provide for the extended family and relatives. Majority of micro-enterprises use business resources to solve family obligations which drain the income and saving of the business. According to Ahmad (2011), women are overwhelmed by family and business responsibilities and thus lack time to participate in empowerment forums and thus limiting them from success. Most women do not participate in business training since women may leverage on it as this happens when they are catering after their businesses (Common wealth secretariat, 2002).

Evidence shows that women venture into business at a more advanced age than their male counterparts (Zororo, 2011; Cohen and Green, 1995). Women are driven by the need to provide for their families instead of profits. They perceive businesses as avenues of setting them free from asking for money from their spouses so as to offer basic necessities such as food, health and clothing to their families. Women entrepreneurs spend their entire savings to fulfill the needs of their families (Women entrepreneurs in Kenya, 2008).

Traditionally, the girl child faced a lot of discriminations in terms of being offered with opportunities compared to boys; therefore, they had limited training and education which affected their success later in life. Women are socially isolated, lack adequate work experience, and access to marketing facilities and enterprise information that is owned by men. Women argue that their role as mothers, wives and caretakers leaves them with little time to commit to enterprise activities. According to Women entrepreneurs in Kenya (2008), no woman can afford to chase her

entrepreneurial ambitions at the expense of her family. Furthermore, According to Common wealth secretariat (2002), women are less educated and thus exhibit fewer capabilities to manage successful businesses.

Another big impediment faced by Kenyan entrepreneurs is management of employees. A business must exhibit adequate mechanisms of and retaining employees so as to thrive and this proves a challenge to the Kenyan female entrepreneurs. Women owned-businesses in Kenya are often less likely to retain good talent and provide job security due to their small size. According to (Athanne, 2011) most women feel disrespected by their employees due to the small nature of their businesses. Whereas micro-enterprises are often considered as avenues for innovation, they are highly vulnerable to competition from rivals who constantly introduce new services or products or improve their processes. Another key challenge is the market and information related factors. Competition is perceived inform of market size in the rural setup. Majority of these markets are realizing no growth yet new competitors for instance mini-super markets with diverse products are emerging. Jaiyeba (2010) asserts that this could be attributed to lack of marketing skills.

## **2.7 Theoretical Framework**

The study was informed by the following models;

### **2.7.1 Social Network Theory**

This theory is rooted from the sociological world that examines the social capital of an individual which has been described as weaving of interpersonal values and relationships within families and their specific communities. Learning and information exchange is becoming more practical in new network structures. It also highly depends on the ability of individuals to work together in associations through cooperation and communication and is dictated by three key group influences: work, social life and family.

Bogren et al (2013) postulates that different scholars have cited the benefits for business growth and development networks. They further cite Granovetter (1985, 1973) who argued that economic establishments are intertwined in social networks and structures of interpersonal relationships. According to Stam et al, (2014) resources embedded in personal networks are highly critical to small firms' performance. According to Ahl (2006), networking is a more male dominated activity whereby the social capital gained by men due to their more advantageous employment before self-employment which allows them to leverage on networking opportunities compared to their female counterparts.

Bogren et al (2013) associates the underperformance of women with lack of business growth to failure to network, which directly associated with Ahl (2006), who opines that underperformance was an issue worth exploring. They also argue that both social and human capitals are vital for business growth and therefore networks are considered as valuable resources. From the perspective of entrepreneurship, social networks provide avenues for private information flows.

According to Greve and Salaff (2003), entrepreneurs interact with many individual during the planning phase than other business development phases. Therefore, a focus into the outset of structural components and entrepreneurial endeavors, people and processes within entrepreneurial social networks is thus vital means of examining network dynamics and business success.

Entrepreneurs are dependent on their networks of professional and personal associations to make their businesses decisions and strategize for success. The quality and composition of social networks greatly differs among female and male entrepreneurs and can directly influence the outcomes for each gender. For instance, there are high probabilities that men have previously worked in executive or managerial positions before establishing their businesses. This results to information and resource asymmetry, and advice male and female entrepreneurs could draw from their respective linkages.

Ideally, men's networks have led to traditional or assistance or information in driving business success. Stubberud and Robinson (2009) argue that "if the network of an entrepreneur is limited to a group of individuals who cannot provide useful information regarding the business, then their firm's performance languishes compared to one whose owners are able to leverage on high quality and diverse network.

Inadequate or insufficient networks can be harmful to an entity and serves an impediment in that it prevents entrepreneurs from securing capital from optimal sources. Informal linkages are beneficial in setting mutual trust which is vital during sourcing of finances. Considering the critical issue of financial access by female entrepreneurs, understanding the traits of strong social networks, both formal and informal and their effect on business success is vital. From the financial investment perspective, investors opt to invest their equity in business that they have stake with.

Granovetter (1973) argues that social networks are vital for entrepreneurial process and are key for success of every business venture. Positive social networks' indicators include network density, network size, network redundancy and the balance of strong and weak. Both the quantity and quality of network ties are vital for entrepreneurial process. Bridges between holes and gaps and



the importance of social capital initiating network linkages beneficial to the entrepreneur and are fundamental factors which have been highly considered in the analysis of social network literature.

Scholars have explored the traits associated with networks and developed a facet of successful entrepreneurial chain. For instance, some opine that network size is vital. Young entrepreneurs may want to understand the current size and the potential enlarge their network in so as to retrieve critical information from others who are well intentioned and positioned to assist. Whereas understanding the network linkages early enough is vital, as Blau 1997 and Salaff and Greve (2003) opine, the entrepreneur should be well positioned within the network for easy navigation within the network paths. Finally, investigations into the components of social network components explore the social network's relational structure. It is fundamental to understand the value of specific network ties over others and the likelihood for the ties to change overtime.

The usefulness of social networks and their contribution to the entrepreneurial process differ accordingly. A study by Davisson and Honig (2003) looked into the impact of social capital and human capital on entrepreneurs. They established that social capital was predominantly higher in the startup phase implying that social capital was critical. Networking allows for advancement of social capital, described as the “resources individuals obtain from knowing others, being part of a network with them, or merely being known to them and having a good reputation.

Greve and Salaff (2003) and Butler and Hansen (1991) established that social networks were highly critical at the pre-startup phase. Practically, the role of social networks during enterprise establishment can be split into three. At the initial mobilization phase, preliminary ideas and business concepts are developed by entrepreneurs based on small network of trusted ties. During the planning phase, where preparation for establishment of firms is sought, largest networks that rely on weak ties are sought by the entrepreneurs for access of both human and financial capital. Finally, entrepreneurs divert their attention to daily management of business activities within the social networks in the third phase.

### **2.7.2 Human capital theory**

The concept of human capital was initially used by Nobel economist Gary Becker, to describe the stored valued of skills and knowledge of a specified workforce. It was initially advanced to explain income differentials that existed among employees (Becker, 1964). According to Becker (1964), investing in human capital influences the distribution and structure of personal income. However, the traditional human capital approach analyzed the employees more than the entrepreneurs.

According to the human capital theory, individuals behave rationally while making investment decisions. Education and training is a way of investing in human capital. Work experience also increases human capital. The higher the amount of training taken and experience the higher the work experience, then the higher an individual's stock in human capital and productivity which translates to more earnings.

Women are said to invest less than men in their human capital as the period over which, they can recoup returns from instrumental is expected to be shorter. At school they opt for subjects that lead to the sectors where women are over-represented. Women in employment now are likely to have left school or full-time education earlier (though girls are now staying as long as boys and getting as good A-levels). They tend to undergo less work training (Clairkel, 1991).

Perhaps most fundamental of all they are more likely to exhibit employment-mostly for child care and thus do not built up and maintain skills and experience just like men. Due to their longer employment breaks and lower qualifications, they choose occupations with high long-term earnings potential and less likely to attain senior positions when they do. This under-investment in human capital is partly as a result both employers and women themselves that they will have lengthy breaks from paid unemployment during the years of rearing children, and it may also partly because anticipate being discriminated against in pay and promotion.

Researchers have explored the impact of human capital on the success of a business (e.g., Brüderl, Ziegler, and Preisendörfer, 1992; Bates, 1990, 1985). Due to its socially complex and idiosyncratic nature, human capital embodied in skills and knowledge of founders is rare, difficult to imitate substitute and trade and therefore fulfills the criteria for competitive advantage sources by the resource-based view (Hatch, and Dyer, 2004; Amit and Shoemaker, 1993 and Barney, 1991).

However, the big question lies on whether how the human capital founders could be leveraged to create value for entrepreneurial firms. Entrepreneurs play a critical vital role in their establishments especially during the startup phase. Possession of high human capital is highly beneficial to new businesses: First, persons with wide knowledge base exhibit higher ability to scan their environment effectively and identify business opportunities (Westhead, Ucbasaran, Wright and Binks, 2003; Davidsson and Honig, 2003; Westhead, Ucbasaran and Wright, 2008, DeTienne and Shepherd, 2005). Similarly, entrepreneurs that own large human capital exhibit a higher capacity when it comes to exploitation of opportunities. The founder's human capital increases their productivity leading to more revenue generation and firm growth (Bates, 1985).

Gender studies in entrepreneurship have constantly revealed that women owned enterprises underperform compared to those run by the male with respect to economic success (Parker, 2009 and Carter and Hamilton, 1996). Debates on the performance differentials between men and women have been ongoing. Major differentials between female entrepreneurs exist for instance with respect to the size of business start-ups (Henrekson and Du Rietz, 2000) industry choice (Du Rietz and Henrekson, 2000) and growth aspirations (Cliff, 1998).

Female entrepreneurs are somehow constrained when it comes to financing their businesses. Women experience income losses when they quit their careers to cater for their families. Furthermore, pay structure differentials between women and men constrain prevent women from fully exploiting their opportunities as shown by a report by the German Institute for Employment Research (2009) that female employees earn 24 % less than male employees. Due to such wage inequalities, female entrepreneurs own less starting capital compared to men (Brush, 1992); (Thurik and Verheul, 2001). Women also make less use of external financing (Greene, Hart, Saporito and Brush, (1999). In conclusion human capital theory states that the area of education, education level, previous business skills and experience influence the nature of the business to be established.

## **2.8 Conceptual framework**

A conceptual framework can be described as a set of broad principles and ideas acquired from particular fields of enquiry and used for structuring of subsequent presentations (Reichel and Ramey, 1987). The conceptual framework shows the conceptual status of the factors, variables or phenomena the researcher is working with in diagram or narrative form. It helps in focusing and delimiting the study. The conceptual framework (Fig1) explains the influences on and Micro firm Formation and Survival.

## Independent variable

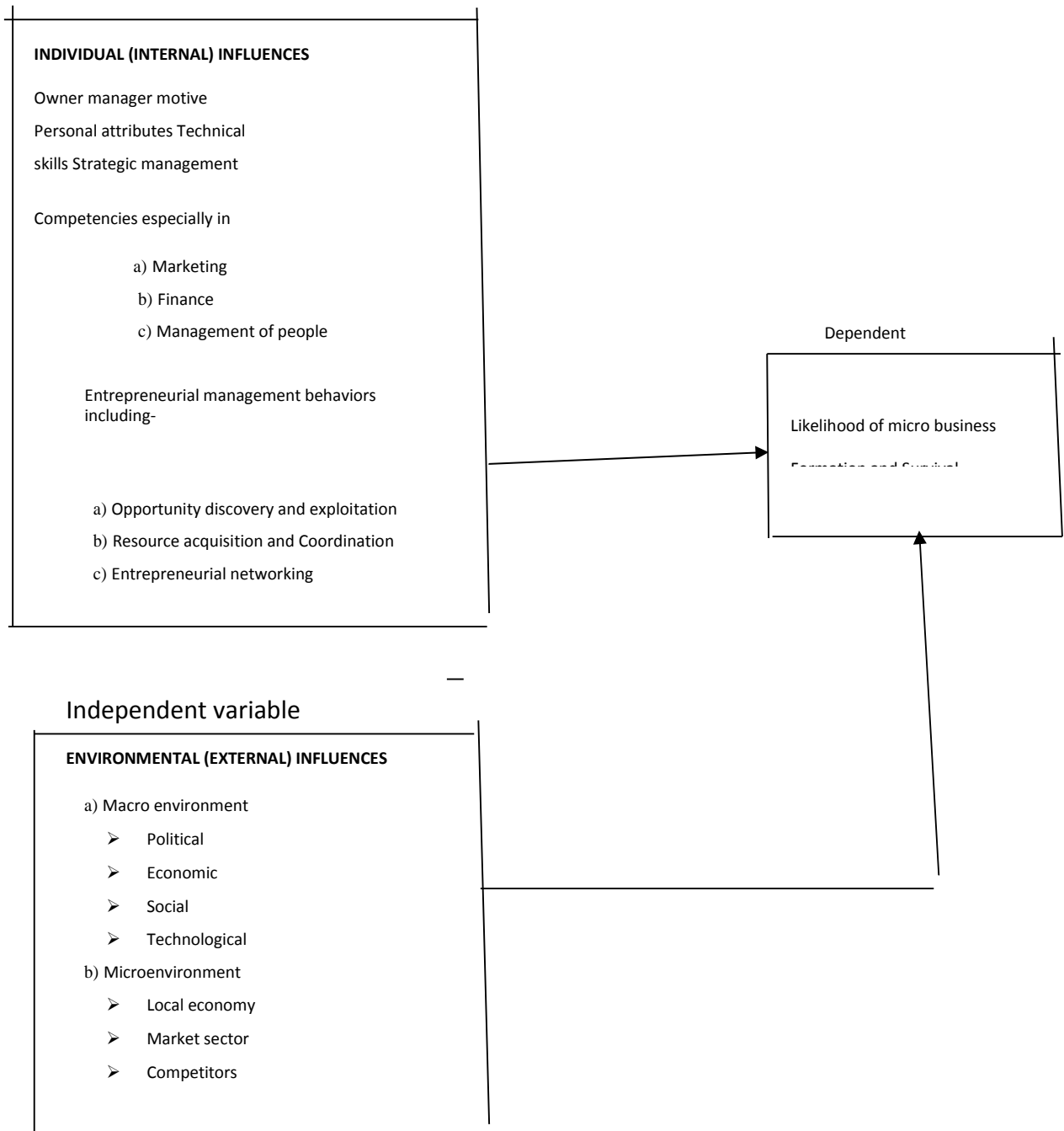


Fig 1 conceptual frame work

It is a combination of the less controllable, external factors together with the more controllable internal factors arising from the personal attributes, technical skills ,strategic management competencies and behaviors of the owner manager/entrepreneur which influence;

- a) The likelihood of a new firm starting up. There are many environmental as well as personal influences on the formation of small firms and;
- b) Its chances of survival-Once established it is vulnerable to circumstances beyond its control as

well as the possibility of internal mismanagement.

Internal influences stem from the motivations, attributes, skills, competencies and behaviors of the individuals who set up the business in the first instance. Motives vary from those which pull someone into starting their own business such as a desire for independence, to other motives which pull someone into starting their own business such as a desire for independence to other motives which push a person into self-employment, such as lack of employment alternatives elsewhere.

Once set-up the founder's personal skills and management behavior's largely determine how the firm is managed in crucial functional areas. A review of research into the management problems faced by young, small firms revealed that they experience problems particularly in the areas of marketing, accounting and finance and management of people (Cromie, 1991).

The macro-environment consists of factors which tend to have an impact on all firms nationally and sometimes internationally. It includes:

- a) Political and regulatory factors such as levels of taxation and health and safety regulations.
- b) Economic conditions such as the rate of inflation or levels of unemployment.
- c) Social and demographic influences such as cultural and religious views on the role of women in society and business or the age profile of the population. Western approaches to the fashion industry, for example are incompatible with cultures in many countries of the world where women are required to dress in traditional clothing.
- d) Technological changes, for example, information handling and communications. The impact of electronic commerce in which products, services and/or information is bought, sold, transferred via computer networks, including the internet, has been incredibly far-reaching over the past 30 years.

The micro-environment refers to more local factors which influence firms operating in particular markets and competing in certain industries. It includes;

- i. The local Socio-economic condition, such as the relative prosperity and population profile of a specific catchment area.
- ii. The development and growth potential of a particular market;
- iii. The customer needs and the structure of demand for individual products and services
- iv. The competitive environment across specific industries.

In a review of research into influence on the timing of new business births (Storey, 1991) identified several factors;

- a) Levels of unemployment-unemployment and lack of alternative employment possibilities is an important factor which pulls people into self-employment and so times of relatively high unemployment are associated with higher-rates of new firm formations.
- b) Government policies-Successive governments in the UK have introduced measures such as Enterprise Allowance Scheme to encourage new business start-ups.
- c) Profitability-When income from self-employment is higher, more people will be attracted by this option.
- d) Interest rates-When real interest rates are high –new owner –managers find it more difficult to obtain finance and are less willing to borrow.
- e) Personal Savings and Assets-Personal savings or borrowings guaranteed by personal assets are the most common form of finance for a new business.Periods when the value of houses. The most common form of personal guarantee, are high favor business start-ups.
- f) Consumer-expenditure-The highest number of new firms is in consumer-services, so during times of growing consumer expenditure more opportunities for new ventures appear in this sector.
- g) Structural change-some structural changes in the economy favor the small business, such as the movement from manufacturing to service industries. When these changes occur more new firms are likely to appear.

While these factors may induce more new business start-ups, they do not all represent positive forces in the business environment which are likely to help the new owner-manager. Some are potentially negative factors which can push people into new ventures for the wrong reasons. Potential negative factors such as un-employment through self-employment may encourage many people into a new venture, but there is no guarantee of a friendly business environment. The opposite is more likely to be true as high unemployment is likely to depress levels of demand and therefore potential customer expenditure with a new business.

High house prices, which make more finance available through personal bank guarantee can increase the penalty for failure through the potential loss of key personal asset without necessarily reducing the risks of it happening while the potential positive factors that is when real estate are low and consumer expenditure is growing are likely to be good times to start a new business,

providing demand is not too dependent on a healthy economy.

### **Conclusion**

This brief summary of the different entrepreneurial activities pursued by women indicates not only the large and continuously growing number of female entrepreneurs, but also the changing pattern of their entrepreneurship in response to changing socio-economic conditions. However, almost all female enterprises still fall into the category of petty ventures. Although about 80% of women – owned businesses are concentrated in retailing and services, female entrepreneurs are branching out into previously male –dominated industries-manufacturing, construction, transportation and agriculture (Norman and Thomas, 1996). The dividing line between those pulled and pushed is often blurred. Many people considering an opportunity or having a desire for independence still need some form of push to help them make their decision. Equally many of those becoming entrepreneurs out of necessity act with extra-ordinary vision and tenacity to achieve their objective. A new entrepreneurial culture is developing, based on the values and strengths of women, such as creativity, flexibility, openness to cooperation, a human approach to business relations, and attention to social and cultural as well as financial goals in business.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Site Selection and Description**

Machakos town was intentionally (Judgmentally) selected as study site, since Machakos town is the capital city of Machakos County. Thus majority of Women micro entrepreneurs in the county live and operate in this town. Machakos Town is a town in Kenya, 64kilometres south east of Nairobi. It is the capital of the Machakos County in Eastern Province of Kenya. Machakos town is a major rural center, and also a satellite town due to its proximity to Nairobi. Its population is rapidly growing. This zone is mainly inhabited by the Akamba tribe.

The climate in Machakos is mild, and generally warm and temperate. The summer has a lot of rainfall, while little rainfall is experienced during the winter. The temperature has average of 19.0 degrees. The average annual rainfall is 830mm. Subsistence agriculture is highly practiced with the mainly crops grown being maize and other drought-resistant crops including millet and sorghum due to the semi-arid nature. However, the open market concept is highly practiced in the town with key market days being selected where many products are traded. Vegetables, fruits and other food stuffs such as beans and maize are traded in these markets. Mondays to Fridays are major market days. Many medical centers have been established to ensure that the region is well surrounded with hospitality.

The people in the rural parts of Machakos town are mainly involved in agriculture and trade whereas those in the more urbanized parts of Machakos town are involved in industrial work and in trade. There are lots of professionals around Machakos, many being those in the civil service – including those holding the various Machakos County jobs and those working for the national government, such as the teachers and the security personnel. We also have a number of Machakos NGOs that employ quite a number of people. Given the fact that Machakos town is a fast growing area, a good number of the residents are involved in construction work.

The town is located near the upcoming Konza Technology City, has massive chunks of land with good infrastructure. It is considered to be the first techie city which lies down the road from the Makutano ya Chumvi junction. If brought to reality Konza will become the third IT magnet in the world after Bangalore in Eastern India and Silicon Valley in California, USA. It is anticipated that the project will bring money from across the world offering a wide range of products.



Among the major strengths exhibited by the town are: Availability of massive arable land, Closeness to Nairobi County which is the country's capital, Strong Gender Supporting NGOs, availability of massive Arable Land, Well blessed with natural capital such as livestock, wild game, minerals, rangeland and space, tourist sites with well adapted local community with developed survival mechanisms.

### **3.2 Research design**

Mason (2004) informs us that a good research design will exhibit defined purpose and will exhibit high consistency between the research questions and the research methods to be employed. Numerous researchers have defined what constitutes this research process or research design as it is commonly referred to. Malhotra and Birks (1999) define it as a framework or blueprint for the research. A more comprehensive explanation is given by Bryman and Bell (2003) who state that a research design provides for the collection and analysis of data that is suited to the research questions.

A case study design was used to investigate in-depth the town in question that is the Machakos town. According to Bhardwaj (1989) a case study is a method of exploring and analyzing a life of a social unit, be it that of a person, an institution, a family, a cultural group or entire community. In this context, the operations and activities of women entrepreneurs engaged in micro businesses in Machakos town were explored and analyzed.

The study utilized the case study method because of the following reasons;

- a) It allowed for sufficient focus on manageable area of study
- b) It reduced the scale of research and increased the range of units and process within the study.
- c) The knowledge generated in the investigation was used to provide a basis for the generalization in the entire field of management.

### **3.3 Unit of Analysis**

Unit of analysis refers to individual unit about which or whom descriptive or explanations or statements are made (Mugenda and Mugenda 2003). It is the major entity that is analyzed in the study. It is 'what' that is being studied. In this study the unit of analysis was women entrepreneurs operating business in service, retail, manufacturing, extractive and wholesale sectors and women group leaders.

### **3.4 Unit of Observation**

Mugenda and Mugenda (2003) describes a unit of observation as the subject, their or entity for which a researcher measures the characteristics or obtain data required in the researcher's study. In this study the unit of observation was the individual women entrepreneurs operating business in service, retail, manufacturing, extractive and wholesale sectors and women group leaders.

### **3.5 Target Population**

Mugenda and Mugenda (1999) describe a population as a complete set of objects or individuals with some common observable attributes. This therefore means that each population is different from the other. For this study, this involved all women entrepreneurs in Machakos town. Target population on the other hand entails all the elements that exist from which the sample is drawn. In this case it is the women micro entrepreneurs in extractive, manufacturing, service, retail and wholesale business sectors. According to Chamber of Commerce-Machakos branch, majority of women operating in retail, service, wholesale, manufacturing and extractive sector were not registered, therefore the researcher did not get a list of women entrepreneurs in micro enterprises. The exact number of women entrepreneurs in micro enterprise was unknown, so the researcher use sampling frame was unknown. Also the handsome quantity of women entrepreneurs who had registered with the chamber were scattered all over Machakos town.

Burns and Grove (2003) define eligibility criteria as "a list of characteristics that are required for the membership in the target population". The research criterion for inclusion in the current study was:

- i. The subject must be a female micro entrepreneur.
- ii. The female micro entrepreneur must be the owner/manager of the business
- iii. The entrepreneurs business must be based in Machakos town in Machakos County.
- iv. The entrepreneur must be operating in extractive, manufacturing, wholesaling, service and retail industry sector.

#### **3.5.1 Sample**

A sample is a selected portion of the statistical population whose properties are observed to gain information about the entire population (Webster, 1985). When it concerns human beings, it could be defined as a set of individuals chosen from the entire population for survey purposes. Sampling is the act, technique, act or technique of choosing an ideal sample to represent the entire population for purposes of determining parameters or characteristics of the whole population (Patton, 1990). The objective of sampling is to allow and facilitate the inferences to be drawn based on a

small unit rather than the total population since it is difficult if not impossible to carry out the research based on the total population.

The sample was chosen from women micro entrepreneurs operating their businesses in Machakos town in Machakos County. The sample for this study consists of female micro entrepreneurs operating in the following business sectors;

- a) Female micro entrepreneurs operating in retail business sector
- b) Female micro entrepreneurs operating in wholesale business sector
- c) Female micro entrepreneurs operating in extractive business sector
- d) Female micro entrepreneurs operating in Service business sector. Service sector was grouped in the following categories: personal services, business services, repair services, entertainment and recreation services, hotel and lodging services.
- e) Female micro-entrepreneurs operating in manufacturing business sector.

A carefully selected sample can provide data representative of the population from which it is drawn.

### **3.5.2 Sampling size**

According to Holloway and Wheeler (2002), the sample size does not have an impact on the quality or importance of the study and no guidelines exist in selecting the sample size in qualitative studies. The sample size in this study consist of 5 women group leaders, leading women in the five micro business sectors and 50 women operating micro enterprises in the following industries: retail, manufacturing, service, wholesaling, and extractive within Machakos town.

### **3.5.3 Sampling method**

The researcher used purposive and snow ball sampling methods. Purposive sampling is where the researcher chooses subjects who in their opinion, are thought to be relevant to the researcher topic, i.e. the sample is made with a purpose in mind, the selection is made by human choice rather than at random and usually the researcher has one or more specified predefined groups that he or she is seeking. Snow ball sampling is where the researcher begins the research with a few respondents who are available to them. The researcher then asks these respondents to recommend any other persons who meet the researcher's criteria and those that wish to participate on the project. This process goes on until the sample is saturated.

The researcher selected women group leaders from each business sector i.e. (one from extractive, one from retail, one from wholesale ,one from manufacturing and one from service sectors) by

purposive (judgmental) sampling technique. Then the rest of women micro entrepreneurs were selected by snowball sampling. After been interviewed, these five key informants were inquired to tell if there were potential women respondents in their groups for this particular study.

Using this Social network, the study completed 50 questionnaires from 50 women business owners operating micro enterprises in Machakos town. No other sampling technique would be appropriate for this particular study than mixed sampling techniques of purposive and snow ball techniques employed together.

#### **3.5.4 Response Rate**

Out of the expected 50 questionnaires, All 50 were filled. This gave a response rate of  $(50/50 * 100)$  100% and all the respondents who were expected to be interviewed granted interviews as follows; one leader from extractive business sector, one from manufacturing business sector, one from service business sector, one from retail business sector and one from wholesale business sector. This gave a response rate of  $(5/5 * 100)$  100%.In total the study received 55 responses. The rate of response was favorable and thus the study shows that the responses received are adequate for data analysis and interpretation.

### **3.6 Data collection methods**

Three data collection instruments were chosen for the study. They include observation, questionnaires and interviews.

#### **3.6.1 Observation**

This is a term used to indicate that the object or subject of an investigation is being subjected to close usually visual scrutiny to help observers spot irregularities and generally apply a "seeing" eye to the object. It is the most objective method, for one notes down the events as they occur. The researcher observed the following; working condition, type of business, the challenges faced e.g electricity, harassment from the county council, competition, transporte.t.c by women micro entrepreneurs.The study demanded some prior knowledge on various aspects of women entrepreneurship in micro enterprises such as classification of women micro entrepreneur, ergonomics and challenges faced by women entrepreneurs.

#### **3.6.2 Questionnaire**

A questionnaire constitutes several questions printed or typed systematically in a form or set of forms. The questionnaires that were used for this study were designed to be as direct and as straight forward to answer as possible, with a specific focus on gathering pertinent facts. The questionnaires were distributed to 50 women business owners/managers operating micro

enterprises in five different industries within Machakos town.

### **3.6.3 Key Informants interview guide**

An interview as a method of data collection involves the presentation of oral-verbal stimuli and reply in terms of oral-verbal responses. It may involve either a personal face to face interview or a telephone interview.

Mugenda (1999) opines that interviews have high flexibility and the interviewer can adjust to the situation therefore collecting all the information needed. A high response rate is achieved through interviews since the chances of the respondent refusal to respond to the study questions are minimal. Sensitive information can be extracted from the respondents as a result of personal interaction between the respondents and the interviewer.

There are two types of interviews, they include structured and unstructured. Structured interviews entail the use of a set of predetermined questions and of highly standardized recording techniques, thus the interviewer follows a rigid procedure laid down, asking questions in a prescribed form and order. Similarly, unstructured interviews are explained by the flexibility of approach to questions that is the researcher may at times decide to omit or add some questions during the interview. For this study, informal interview method was adopted to gather the required data and this is because questions were altered from time to time to fit the situation.

#### **3.6.3.1 Note taking**

Note taking is an important part of recording interview. Sekaran (2003) acknowledged the importance of note taking in the interview as she believes that information obtained from memory alone is likely to be imprecise and incorrect. In addition to this Denscombe (2003) has advocated the use of field notes to highlight such issues as atmosphere, intent and non-observable communication.

### **3.7 Data Collection procedures**

Data collection was done in the following manner;

The researcher obtained an introductory letter from University of Nairobi. Permission to conduct research was obtained from Machakos County council and Kenya National Chamber of Commerce and Industry in Machakos town constituency. Letter of authority to conduct research was requested so as to conduct research. The chief executive officer- Kenya National Chamber of Commerce and Industry directed the researcher to the directors( women leaders) heading the following women

micro entrepreneurs categories; the wholesale category, retailcategory,second hand clothes and shoes category, the manufacturing category, service category and extractive category. She also directed the researcher to other women micro entrepreneurs in service industry (women operating saloons and hotels).The researcher carried out reconnaissance trip to collect data from the sample with the help of the above mentioned people.

Primary data collection methods were employed by the study.The primary data was collected using questionnaires and Key Informants interview guide. One woman leader from manufacturing, one from extractive, one from service, one from retail and one from wholesaling industries were interviewed from 25<sup>th</sup> May 2018 to 27<sup>th</sup> May 2018.The researcher took notes as the interview went on.

Questionnaires which had been prepared for respondents to fill and avail data for the purpose of study were distributed to the women with the help of women leaders from 29<sup>th</sup> May 2018 to 5<sup>th</sup> June 2018.The researcher gave respondents time to go through the questionnaires and to ask questions on what was not clear. Such questions were explained and the respondents were reassured on the confidentiality.

Respondents were also encouraged to be more frank since they had an option to remain anonymous. This in a way was an advantage for it was going to reduce the degree of bias since the women were to complete filling the questionnaires in the absence of the researcher except for the two illiterate women whom the researcher had to guide them in answering the questions by reading and interpreting the questions for them as they provided answers.

The respondents were given adequate time to fill the questionnaires and to return them to the researcher once they had completed filling them. The researcher took an initiative to collect the questionnaires physically on the same day to avoid loss.

### **3.7.1Measurement**

The questionnaire used a five point likert scale which ranged from “Strongly agree” to “Strongly disagree” (5=’Strongly Agree’, 4=’Agree’, 3= ‘Neutral’, 2=’Disagree’ and 1=’Strongly Disagree’) to reflect the agreements of women respondents on personal entrepreneurial characteristics. This scale was advanced by Rensis Likert and is often used as a summated rating scale. Summated rating scales entails statements which express either unfavorable or favorable attitude towards the study subjects. The participant is required to agree or disagree with every statement. (Cooper and Schinderler, 2006).

### **3.8 Data analysis**

Marshall and Rossmann, (1995) define data analysis as the process of bringing order, meaning and structure to the collected data. The process was undertaken to derive meaning from the set of the data collected. Qualitative data entails three data components namely: the reduction of data, data display and the verification of data (Miles and Huberman, 1994).

Data analysis is done so as to be able to draw conclusions of the research done. The methods used for data analysis depends mainly on the type of study done and the study's objectives. Descriptive method was used to analyze and present qualitative and quantitative data. Descriptive method in this case refers to the use of english statements to present and analyze data. Applicable data was analyzed and presented quantitatively using tabulation, percentages and frequencies, mean and standard deviation

### **3.9 Ethical considerations**

According to Malhotra and Birks, (2007), ethical considerations must never be overlooked in the course of any study .The investigator in compliance with this took appropriate measures to ensure that no respondent or any participant in this research was offended or harmed in whichever way. The researcher ensured that permission was sought and the aim and objectives of the study made known to the women micro entrepreneurs. Respondents were assured of the fact that the study was only for academic purposes and not other dubious use. Participation was also voluntary and not forceful. The researcher ensured that personal or demographic information was kept confidential.

### **3.10 Conclusion**

The researcher has discussed in detail the methods of data collection which were used, the reasons for them being chosen over many others and the course that the data collection took. Care was taken so as not to take too small sample and end up with data that is incomprehensible, or too large sample that would make the data analysis procedure to take a very longtime.

## CHAPTER FOUR: DATA ANALYSIS. PRESENTATION AND INTERPRETATION.

### 4.1 SOCIO-DEMOGRAPHIC CHARACTERISTICS OF WOMEN RESPONDENTS

The study sought to explore the socio- demographic characteristics of the respondents to draw a comparison between the variables. These were their age, education and literacy, marital status, and family size. The results are shown in table 1.

Table 1: Socio-demographic characteristics of the women respondents (N=50)

Variable	Frequency	Percentage (%)
<b>Age</b>		
Less than 20	-	-
20-39	17	34
40-49	21	42
50-59	10	20
Over 60	2	4
<b>Marital status</b>		
Married	37	74
Divorced	2	4
Separated	1	2
Single	4	8
Widowed	6	12
<b>Education and Literacy</b>		
No formal education	2	4
Primary	9	18
Secondary	26	52
Tertiary(vocational)	13	26
<b>Number of persons living in the household</b>		
0-2	-	-
3-5	37	74
6-8	10	20
9-11	3	6

#### 4.1.1 Age

The age of the women respondents varied from less than 20 to more than 60 years. Age wise the total number of respondents were divided into five categories - namely less than 20 years, between 20 and 39 years, between 40 and 49 years, between 50 and 59 years and above 60 years. Majority of the women (42%) were between 40-49 old years, (34%) of the women were between the age of 20-39 years, (20%) of the women were in the age between 50-59 years and lastly (2%) were over 60 years. None of the women were less than twenty years



#### **4.1.2 Marital Status**

The marital status of the women was divided into five categories namely; single, married, divorced, widowed and separated. Majority of the women in this study were married (74%), (12%) were widowed, (8%) of the women were single, (4%) were divorced, and (2%) were separated.

#### **4.1.3 Education and literacy**

Formal education is considered highly vital for career empowerment. Formal education facilitates both the attainment of necessary skills for specific jobs and opens avenues for other job opportunities. The resourcefulness of an individual can best be leveraged through education. Therefore, in a growing economy is always considered as a way of improving a person's social economic skills. Majority of the respondents (52%) had secondary education while (26%) had tertiary education, (18%) had primary education and lastly, (4 %) indicated that they had no formal education (illiterate).

#### **4.1.4 Number of persons living in the household**

The marital status of women and number of children has always had great bearing on entrepreneurial success. Married women make great sacrifices so as to promote the careers of their husbands at the expense of their career dreams. Furthermore, the birth of children often affect the fathers' occupational involvement and affect the career engagements of the mother. As the number of family members has a direct bearing on the work involved and the time exacted, an assessment of the impact of number of family members is considered necessary. On the number of individuals living in the women's households, Majority of them (74%) had 3-5 persons living in their homes, (20%) of them had 6- 8 people living in their homes and only (6%) had 9-11 persons living in their homes. None of the women had between 0-2 persons living in their homes.

### **4.2 Personal entrepreneurial Women Characteristics**

The objective of this section was to determine the availability of locus of control, need for achievement and risk taking personality traits among the women entrepreneurs in Machakos town. These traits are essential in entrepreneurship. The women were requested to rate the statements with a degree of Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The results were analyzed and presented in tables 2 to 4.

#### **4.2.1 Locus of control**

The locus of control concept has been widely studied by different scholars. It is believed that the actions of a person determine the level of outcomes to be attained. Persons with external locus of control believe that any person's action is influenced by external factors and not fully under their

control. This differs from that of persons with internal locus of control since this category of individuals believe that all outcomes are determined by their capabilities and outcomes (Rotter, 1966). Rotter (1966) opines that persons with internal locus of control are more likely to engage in entrepreneurship as entrepreneurial orientation they can perceive outcomes as the outcome of their efforts and abilities. Caliendo et al. (2014) provide evidence that there is positive association between internal locus of control and entrepreneurship status. The table below highlights the means and standard deviation of locus of control among the women entrepreneurs.

**Table 2: Indicators of Locus of control**

**(NB the values in bracket represent percentages)**

N=50								
Items of Locus of Control	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	mean	Std deviation	
I always feel in control of what I am doing	39(78)	9(18)	2(4)	—	—	4.74	0.53	
Institutions with large control over my business exist in the society	28(56)	11(22)	5(10)	3(6)	3(6)	4.22	1.29	
I fully attribute all the achievements attained to my hard work	36(72)	14(28)	—	0(0)	0(0)	4.72	0.69	
I figure out the factors that I do not understand well and adjust my strategies accordingly	28(56)	21(42)	1(2)	0(0)	0(0)	4.54	0.54	
Individuals get rewarded for their hard work and good outcomes in the long run	44(88)	6(12)	0(0)	0(0)	0(0)	5.04	0.68	
Nothing such as luck exists, all the thing that I have achieved are fully due to my hard work	38(76)	10(20)	1(2)	1(2)	0(0)	4.7	0.61	
I always have to calm my emotions and hold them in check.	18(36)	16(32)	4(8)	2(4)	10(20)	3.6	1.48	

With the nature of fate, I always feel like I have little influence over staff that occur to me	<b>18(36)</b>	<b>8(16)</b>	<b>3(6)</b>	<b>7(14)</b>	<b>14(28)</b>	<b>3.18</b>	<b>1.68</b>
When everything goes right, I think it's just by luck	<b>1(2)</b>	<b>4(8)</b>	<b>1(2)</b>	<b>11(22)</b>	<b>33(66)</b>	<b>1.58</b>	<b>1.36</b>
<b>Average</b>	<b>5</b>	<b>1.98</b>	<b>0.34</b>	<b>0.48</b>	<b>1.2</b>	<b>4.04</b>	<b>0.98</b>

From the table above, On the construct of Locus of Control ,majority of the women declared that they strongly agreed with **positive statements** ‘Individuals get rewarded for their hard work and good outcomes in the long run’, ‘I always feel in control of what I am doing”, ‘I fully attribute all the achievements attained to my hard work’, ‘I figure out which things I do not understand well and adjust my strategies accordingly’, ‘Nothing such as luck exists, all the thing that I have achieved are fully due to my hard work ‘and ‘Institutions with large control over my business exist in the society’. Additionally women entrepreneurs agreed with **negative statements**, ‘I always have to calm my emotions and hold them in check’, ‘and with fate the way it is many times I feel that I have little influence over the things that happen to me’. On the other hand women entrepreneurs strongly disagreed with **negative statement** ‘when everything goes right, I think it’s just by luck’.The above means of indicators of locus of control show that majority of women in Machakos town possess the trait of internal locus of control as compared to external locus of control. This means that they believe that the success of their businesses is as a result of their own actions and not by luck or fate.

#### **4.2.2 Risk taking**

Risk taking is related to, take risk or to avoid when confronted by risky situations. Risk taking is considered to be a major entrepreneurial characteristic and has been widely discussed in the literatures that distinguish an entrepreneur from a non-entrepreneur (Teoh and Foo, 1997; Yurtkoru, Acar, and Teraman, 2014).Therefore, this is related with an enthusiasm for courageous actions like ingoing into unspecified novel markets, investing huge money having more chances of failure or uncertain outcomes. The table below highlights the means and standard deviations of indicators of risk taking among the women.

**Table 3: Indicators of Risk taking**  
(NB the values in bracket represent percentages)

N=50								
Items of Risk taking	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	mean	Std deviation	
I am very careful when formulating and actualizing plans	32(64)	16(32)	–	2(4)	–	4.56	0.74	
I follow the motto 'nothing ventured nothing gained'.	38(76)	9(18)	1(2)	2(4)	–	4.66	0.75	
As long as a task is interesting, I'll choose to do it even if I am not sure whether I'll manage it.	21(42)	23(46)	2(4)	3(6)	1(2)	4.20	0.98	
Even when I know that my chances are limited I try my luck	30(60)	17(34)	–	2(4)	1(2)	4.48	1.01	
I express my opinion even if most people have opposite views	33(66)	14(28)	–	2(4)	1(2)	4.54	0.99	
My decisions are always made carefully and accurately	29(58)	18(36)	1(2)	2(4)	–	4.48	0.74	
Success makes me take higher risks.	38(76)	10(20)	1(2)	–	1(2)	4.68	0.71	
I hate putting things at stake; I would rather be on the safe side.	26(52)	15(30)	1(2)	3(6)	5(10)	4.08	1.28	
In my work I only set small goals so that I can achieve them	34(68)	8(16)	–	4(8)	4(8)	4.28	1.58	
<b>Average</b>	<b>5.62</b>	<b>2.6</b>	<b>0.12</b>	<b>0.4</b>	<b>0.26</b>	<b>4.44</b>	<b>0.98</b>	

The results in the above table reveal that majority of the women respondents strongly agreed with **positive statements**, 'success makes me take higher risks', 'I am very careful when formulating and actualizing plans', 'I express my opinion even if most people have opposite views', 'my decisions are always made carefully and accurately', 'Even when I know that my chances are limited I try my luck', 'If a task seems interesting I will choose to do it even if I am not sure

whether I will manage it’, additionally the women strongly agreed with **negative statements,**’ In my work I only set small goals so that I can achieve them’, ‘I don’t like to put something at stake I would rather be on the safe side’. Majority of the means of indicators of risk taking are on the higher side, this shows that most of women respondents in Machakos town are risk takers.

#### 4.2.3 Need for Achievement

Achievement motivation is an essential psychological driving force that influences entrepreneurial behavior. People who possess achievement motivation have the ability to resolve issues, containing ambitions in life and want to achieve it by improving their performance. The table below highlights the means and standard deviations of need for achievement among the women.

**Table 4: Indicators of Need for achievement**

(NB the values in brackets represent percentages)

N=50								
Items of Need for Achievement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	mean	Std deviation	
I personally like Producing high quality work	43(86)	7(14)	—	—	—	4.86	0.37	
I engage in projects that challenge me to the limits of my ability	31(62)	13(26)	1(2)	3(6)	2(4)	4.36	1.64	
I continuously improve myself through trainings and social networks	32(64)	12(24)	3(6)	1(2)	2(4)	4.42	1.00	
I engage continuously in new, challenging and exciting goals and Responsibilities.	26(52)	21(42)	1(2)	1(2)	1(2)	4.40	0.78	
I do things better than they have been done before	36(72)	12(24)	—	1(2)	1(2)	4.62	0.81	
I am stimulated by situations that enable me to test my capabilities	33(66)	14(28)	1(2)	2(4)	—	4.56	1.54	
I grasp opportunities to create new things.	41(82)	8(16)	1(2)	—	—	4.80	0.56	
<b>Average</b>	<b>4.84</b>	<b>1.74</b>	<b>0.14</b>	<b>0.16</b>	<b>0.12</b>	<b>4.57</b>	<b>0.96</b>	

Johnson (1990) argues that although little evidence exist to back personality traits, no evidence has proven the association between the desire for achievement and entrepreneurship. Elliot (2006) argues that need for achievement constitutes two factors which are hope for success and the fear of failure. Need for achievement has been ranked as the most researched subject. McClelland (1953) describes the need for achievement as an individual's behavior towards competing with excellence. David C McClelland (1961) describes the building blocks for achievement as preference for challenge, personal responsibility and innovativeness.

In accordance to the findings of women entrepreneurs studied in this project majority of the women declared that they strongly agreed with **positive statements**, 'I personally like producing work of high quality', 'I grasp opportunities to create new things', 'I undertake tasks in a better manner than they have been executed before', 'I am attracted to situations that allow me to test my abilities', 'I continuously engage in new, exciting and challenging responsibilities', 'I continuously improve myself through trainings and social networks'. The means of indicators of need for achievement are on the higher side and this shows that women respondents in Machakos town possess the trait of need for achievement.

### **Summary of women personal characteristics findings**

According to R. H. Brockhaus (1982) internal locus of control are a vital factor of success together with higher need for success and high risk taking. Tables 6, 7 and 8 highlight the means and standard deviations of the personality traits of women respondents. Means describe the central tendency of each variable while that standard deviation shows the deviation from the mean response. The higher the mean the higher the agreeableness with the questions and vice versa. Means of the three variables i.e., need for achievement, internal locus of control and risk taking, are in high side which shows availability of these traits in women entrepreneurs of Machakos town in Machakos County.

This was reinforced by the key informants who said that women entrepreneurs in Machakos town possess the above traits and that's why majority of them had been in business for long, they also said that the women were determined, persistent, hardworking, cooperative, and humble and were able to work with different people all the time.

### 4.3 Business Profile

In studying the business profile of women entrepreneurs, the year of business establishment, the age of business establishment, Initiator of business idea, the business sector, how the women acquired skills to develop the business, and the working premise variables were used. This is highlighted in tables 5, 6,7,8,9 and 10.

#### 4.3.1 The Year of business establishment

Period of establishment of units is important as it indicates the time and level of entrepreneurial activity among women entrepreneurs. The table below shows the years at which women entrepreneurs in Machakos town established their businesses.

**Table 5: The year of business establishment**

<b>Year of establishment</b>	<b>Frequency</b>	<b>Percentage</b>
1970-1979	1	2
1980-1989	8	16
1990-1999	4	8
2000-2009	16	32
2010onwards	21	42
<b>Total</b>	<b>50</b>	<b>100%</b>

As it is evident from the table above, majority of the respondents (42%) set up their ventures from 2010 onwards, (32%) of the respondents started their ventures between 2000 and 2009, (16%) started their business between 1980-1989, (8%) started their business between 1990-1999 and (2%) started their business between 1970-1979. These entrepreneurs successfully faced the initial hiccups in their respective business and were now running them smoothly in a stream lined fashion.

#### 4.3.2 The Age at which the Women established their enterprises

Age wise the total number of respondents based on the age at which they established their businesses was divided into four categories – namely below 21 years, between 22 and 35 years, between 36 and 45 years, and above 45 years. This is indicated in the table below.

**Table 6: The Age at which Women Entrepreneurs established their enterprises**

Age	Frequency	Percentage
Under 21 years	4	8
22-35 Years	36	72
36-45 Years	8	16
Above 45 Years	2	4
<b>Total</b>	<b>50</b>	<b>100%</b>

As it is evident from table 6, majority of the sample respondents initiated their entrepreneurial career between 22-35 years (72 %). This implies that the maximum number of women entrepreneurs started their units after having acquired their primary and secondary educational qualification. This was followed by age group of 36– 45 years (16 %). Only (8 %) of the women entrepreneurs established their enterprises when they were below 21 years. And those who established their enterprises when they were above 45 years constituted (4%).

#### 4.3.3 Initiator of Business Idea

A business may be started either afresh or by acquiring an existing one. The table below shows who came up with the idea of venturing into business.

**Table 7: Initiator of Business Idea**

Initiator of Business Idea	Frequency	Percentage
Myself	29	58
Husband	8	16
Other Family Member	10	20
Friends	3	6
Taken over already existing business	-	-
Bought existing business	-	-
<b>Total</b>	<b>50</b>	<b>100%</b>

As shown in the table above, most of the women initiated their business ideas (58%), (20%) of the business ideas were initiated by family members,(16%) of the women’s business ideas were initiated by their husbands, and (6%) said that their business ideas were initiated by friends. None of the women took over an already existing business or bought an existing business.



#### 4.3.4 Business sector

The business sector was divided into five categories namely; extractive, manufacturing, service, retail and wholesale. Generally speaking, women entrepreneurial activity is not confined to any particular line. Women entrepreneurs are concentrated in sectors such as retailing, personal care services, catering and restaurants which are characterized by ease of entry and low startup of financial capital. These sectors are intensely competitive and overcrowded and this limits growth potential. Table 8 indicates the business sectors which the women respondents were engaged in.

**Table 8: Business sector**

<b>Business sector</b>	<b>Frequency</b>	<b>Percentage</b>
Manufacturing	9	18
Extractive	4	8
Services	10	20
Retail	21	42
Wholesale	6	12
<b>Total</b>	<b>50</b>	<b>100%</b>

As shown in the above table, majority of the women entrepreneurs in this study were engaged in retailing businesses (42%), (20%) were in service sector, (18%) were in manufacturing sector, (12%) were in wholesale and (8%) were engaged in extractive businesses.

This was seconded by key informants who said that majority of the women in the area operated retail shops, saloons, hotels, wholesale shops, tailoring shops. Others were engaged in production of consumer products and agricultural activities.

#### 4.3.5 Working Premise

A working premise is important for a business person since it enables the shareholders to the business to locate it very easily. Enterprise location is based on fundamental factors such as proximity to raw materials and markets, or to gain certain advantages like area, skills, convenience and facilities. Table 9 shows whether the women entrepreneurs had a working premise or not, and for those who had whether they owned or rented it.

**Table 9: Working Premise**

Working premise	Frequency	Percentage	Frequency	Percentage
Yes	50	100		
No	-	-		
Rented			50	100
Owned			-	-
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>50</b>	<b>100%</b>

As indicated in the table above, all the women respondents had a working premise (100%) and all of them had rented their working premises (100%).

#### 4.3.6 How the women acquired business skills

Running business enterprise requires knowledge, skills and the right attitude. The table below shows how women in Machakos town acquired skills to develop their enterprises.

**Table 10: How the women acquired business skills**

How the women acquired business skills	Frequency	Percentage
Training	9	18
Advise	12	24
Own experience	29	58
<b>Total</b>	<b>50</b>	<b>100%</b>

As shown in table 10, majority of women entrepreneurs (58%) acquired business skills through own experience, (24%) gained business skills through advise, and (18%) of the women entrepreneurs gained business skills through training.

#### 4.4 Information on motivating factors that drove women into entrepreneurship

##### 4.4.1 Motivating factors

The respondents were asked to be more particular regarding why they had decided to venture into business field which is full of uncertainties and risks. Their responses are shown in Table 11

**Table 11: Motivating factors (push and pull factors)**

<b>Pull and push factors</b>	<b>Frequency</b>	<b>Percentage</b>
Financial incentive	26	25.5
Self-Achievement	17	16.7
Un-employment	12	11.8
Satisfaction of making their own decision	7	6.9
Turning a hobby and previous work experience into business	7	6.9
To supplement husbands income	7	6.9
Flexibility that result from self-employment	6	5.9
Frustrations with salaried employment	6	5.9
Autonomy and freedom	5	4.9
Dissatisfied with the previous employer	5	4.9
Survival after a personal crisis or change of situation	2	2
Disagreement with the previous employer	2	2
<b>Total number of responses</b>	<b>102</b>	<b>100 %</b>

As shown in table 11, the women entrepreneurs gave several reasons for starting their own businesses. The main motivating factors were financial incentive (25.5%), self-achievement (16.7 %) and un-employment (11.8%). Other equally important factors included satisfaction of making their own decision (6.9%), turning a hobby and previous work experience into business (6.9%) and to supplement husbands' income (6.9%) respectively. Flexibility that results from self-employment and frustrations with salaried employment were rated (5.9%) and (5.9 %) respectively, while autonomy and freedom, and dissatisfied with the previous employer were rated (4.9%) and (4.9%) respectively. Survival after a personal crisis or change of situation and disagreement with the previous employer were ranked least (2 %) and (2 %) respectively.

This was reinforced by the key informants who said that success, finance, feeling of freedom along with the opportunity to set up own goals were the main factors that motivated women to venture in micro enterprises.

#### **4.4.2 Support received from spouse and other family members**

Women entrepreneurs need co-operation and support from husband and other family members in running of their business. The following are the major areas where women need the support of their husband and other family members; marketing of products, procurement of inputs,

Production process, tackling various problems, financial support among others. Table 12 shows the response of the women entrepreneurs on whether they received support from their husbands and other family members.

**Table 12: Support received from the spouse and other family member**

Members	Support received from spouse		Support received from other family	
	Frequency	Percentage	Frequency	Percentage
Very supportive	31	62	16	32
Supportive	7	14	16	32
Indifferent	1	2	2	4
Not supportive	5	10	16	32
Have no spouse	6	12	–	--
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>50</b>	<b>100%</b>

On the response of the women’s husband support, majority of the women said that their husbands were very supportive (62%), (14%) said their husbands were supportive, (12%) said they had no husbands, (10%) said that their husbands were not supportive and finally (2%) which is only one woman said that her husband was indifferent.

On the other hand, on the responses on whether the women received support from other family members, (32%) of the women said that other family members were very supportive, (32%) said that the other family members were supportive, (32%) said that other family members were not supportive respectively and (4%) said that other family members were indifferent.

#### **4.5 Information on Challenges faced by WomenMicro-Entrepreneurs.**

##### **4.5.1The Challenges faced by women micro entrepreneurs in Machakos town**

The existence of various institutional, social barriers and financial markets has long discouraged women from starting and running businesses, and many believe that these barriers still exist today. The study’s purpose was to identify the greatest barriers that were being faced currently by female entrepreneurs within Machakos town in running their business ventures .The table below shows the research findings.

**Table 13: Challenges faced by Women Micro entrepreneurs**

<b>Challenges</b>	<b>Frequency</b>	<b>Percentage</b>
Competition	39	29.10
Working capital	39	29.10
Working space	19	14.2
Multiple responsibilities	15	11.2
Dealing with the County government	12	9.0
Lack of sufficient training and education	9	6.7
Other (weather)	1	0.7
<b>Total number of responses</b>	<b>134</b>	<b>100%</b>

Table 13 indicates that the greatest challenges faced by the women respondents were working capital (29.10%), competition (29.10%) respectively and working space (14.2%), other challenges were multiple responsibilities (11.2%), dealing with the county government (9 %), lack of sufficient training and education (6.7%) and the least challenge was weather (07%).

This was seconded by key informants who said that being a woman entrepreneur in Machakos town was quite difficult. First many people believe that all what women should do is to take care of children and family, secondly majority of women in Machakos town did not own property and therefore obtaining finance from financial institutions to expand their businesses was difficult since most of the financial institutions required collaterals and therefore most of the women had to depend on own saving, chamas and help from relatives as source of their businesses finance.

#### **4.5.2 Strategies adopted by women entrepreneurs to counter the challenges they experience in operating their businesses.**

The table below indicates the various strategies adopted by women entrepreneurs in Machakos town to counter the challenges they experienced in running their businesses.

**Table 14: Strategies adopted in managing challenges**

<b>Strategies</b>	<b>Frequency</b>	<b>Percentage</b>
Loans and table banking	45	22.5
Offering quality products and services	40	20
Space management	35	17.5
Time management	30	15
Payment of City council at the right time	25	12.5
Seminars and Trainings	15	7.5
Networking	5	2.5
Maintaining quality records	2	1
Good communication to customers	2	1
Community borehole	1	0.5
<b>Total number of responses</b>	<b>200</b>	<b>100%</b>

The table above shows the approaches adopted by the women to counter the various challenges they experienced in their businesses. The strategies used by the women were through loans and table banking (22.5%), offering quality products (20%), space management (17.5%), time management (15%), payment of the city council at the right time (12.5%), seminars and trainings (7.5%), networking (2.5%), good communication to customers (1%), maintaining quality records (1%) and through community borehole (0.5%).

#### **4.5.3 Awareness of and compliance with government regulations**

The study sought to find out whether the women were aware of government regulations (labor law, tax, safety and health, licensing) governing their businesses and whether they complied with the regulations. The results are shown in the table below.

**Table 15: Awareness of and compliance with government regulations**

<b>Awareness of government regulations</b>			<b>Compliance with government regulations</b>	
<b>Frequency</b>	<b>Percentage</b>		<b>Frequency</b>	<b>Percentage</b>
Yes	50	100	50	100
No	–	–	–	–
<b>Total</b>	<b>50</b>	<b>100%</b>	<b>50</b>	<b>100%</b>

From the table above, all the women respondents (100%) were aware of the government regulations affecting their businesses and all of them, (100%) complied with the government regulations.

#### 4.5.4 Challenges faced by women in complying with government regulations

The researcher sought to find out the challenges faced by women micro entrepreneurs while trying to comply with government regulations. The results are indicated in table 16.

**Table 16: Challenges faced by women in complying with government regulations**

Challenges	Frequency	Percentage
High license fee	17	34
Lack of training on regulations	1	2
No challenge	32	64
<b>Total</b>	<b>50</b>	<b>100%</b>

From the table above, Majority of the women (64%) indicated that they did not encounter any challenge when trying to comply with government regulations, (34%) faced the challenge of high licensing fee and (2%) said they lacked training on government regulations.

This was reinforced by key informants who said that women entrepreneurs required affordable taxation fees, education and guidance on hand when one needs it. They also said that although institutional support existed, it was not appropriate since strategies were not designed to cater for the needs of women.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Summary of Study Findings**

The purpose of the study was to investigate the motivating factors that drive women into entrepreneurship as well as to establish the challenges they face while conducting business in Machakos town in Machakos County. Four objectives were formulated in order to achieve the aim of the study and they include: To profile women entrepreneurs in micro enterprises in Machakos town; to establish the types of business sectors which female micro entrepreneurs are engaging in based on skills, finance and experience, to evaluate the motivating factors that drive women into entrepreneurship and to critically examine the internal(individual) and external(environmental) challenges faced by women entrepreneurs in Machakos town.

In view of the first objective 'to profile women entrepreneurs based on demographic and personal characteristics'. The findings revealed that most of the respondents were women aged between 40-49 years (42%) and the largest number of women entrepreneurs were married (74%).The study established that majority of them had formal education (96%) and the highest level of education attained by majority of women was secondary education (52%). The study also revealed that most of the women were housewives before they engaged in entrepreneurship (52%) and most of them started their businesses from scratch (48%).The study also revealed that majority of the women possess locus of control, need for achievement and risk taking traits which are essential in entrepreneurship.

In relation to the second objective' to establish the types of business sectors which female micro entrepreneurs are engaged in based on skills, finance and experience' majority of women entrepreneurs included in this study were engaged in retail (42%) and service activities (20%), this is because these sectors requires little capital, little or no experience and does not require any formal training as compared to other high technology sectors. Most of the enterprises were established in the year 2010 onwards(42%) and between 2000 and 2009(32%).Most of the women established their businesses when they were at the age of between 22-35 years(76%) and majority of women initiated their business ideas(58%).

Whereas with respect to the third objective' to evaluate motivating factors that drive women into entrepreneurship' The greatest motivating factors that drove women into entrepreneurship in Machakos town were finance (25.49%),self-achievement(16.66%) and un-employment



(11.76%). Most of the women entrepreneurs received support from their spouses (62%) and other members (32%).

On the fourth objective' to critically examine the internal and external challenges faced by women entrepreneurs in Machakos town 'the findings revealed that the major challenges faced by the women respondents were working capital(29.10%), competition(29.10%) respectively, working space(19%) , multi responsibilities(11.76%) and dealing with City council (8.95%). Majority of the women overcame these challenges through loans and table banking (22.5%), stocking high quality products (20%), space management (17.5%), time management (15%) and payment of tax during the stipulated time (12.5%). The study also established that all the women entrepreneurs were aware of government regulations 100% and all of them had tried to comply with them (100%). Majority of the women (64%) did not experience any problem while trying to comply with the government regulations while (34%) confessed that they experienced a challenge of High license fee.

## **5.2 Conclusion**

Women entrepreneurship is considered to have significant impact on economic development. Lots of companies, communities and countries around the world are investing in women entrepreneurship. Many researchers have tried to identify the factors that drive women into entrepreneurship as well as the challenges they face while running their businesses. According to these studies the most common factors that drive women into entrepreneurship are finance, self-achievement, freedom, unemployment, autonomy, flexibility that result from self-employment, while the major challenges faced by women entrepreneurs are :access to loans and finances, access to markets, access to education, access to networks, multiple responsibilities, government regulations and lack of societal support. The results obtained in this project paper support the findings of other researchers who handled related topic before. Women entrepreneurs studied in this project paper were driven into entrepreneurship by similar factors as found elsewhere in developing countries, they also experience similar obstacles faced by other women entrepreneurs in most developing countries. The study finding revealed that finance, need for employment and need for self-achievement were the three major entrepreneurial factors which motivate women into micro scale industries. Also the study revealed that the major challenges faced by women entrepreneurs were competition, finance, multiple responsibilities, working space, and dealing with the town council. Although all these challenges have solutions, it will take time and combined efforts of women entrepreneurs themselves, their families, society, government, stakeholders, and

researchers if not to eliminate, to minimize the above challenges. More research should be undertaken to better understand women micro entrepreneurs, through understanding, better policies to facilitate the full potential of women in micro enterprises.

### **5.3 Recommendations**

Positive action by national and county governments, financial institutions and non-governmental agencies, women entrepreneurs and their families is a pre-condition for women to realize their entrepreneurial potential. Among some of the recommendations to promote women entrepreneurship in micro enterprises are as follows:

#### **5.3.1 Women and Family members**

- a) Women entrepreneurs should take some time to study the challenges women face in business and possibly proffer solutions to them before starting their business.
- b) Irrespective of the factors that motivate women into business, there is need for adequate preparation before starting their business.
- c) Attending of training programmes, seminars, workshops and conferences by women entrepreneurs is very important.
- d) The family members should support women in the operation of their businesses but should not deplete business resources for the family upkeep.
- e) Women entrepreneurs should diversify their businesses rather than concentrate in one sector i.e. trade. This would have the effect of eliminating the stiff competition between similar businesses and therefore create more potential for growth.

#### **5.3.2 Government and other stakeholders**

1. Women entrepreneurs should be provided with role models and peer mentoring, that is using more women to advise, support and provide examples of achievement of women entrepreneurs.
2. The government and financial institutions should ensure that women entrepreneurs have access to suitably administered credit, which means unsecured credit without many procedural requirements, which is essential for women to overcome their shortage of capital and loan products offered by micro finances, commercial banks and other financial institutions around the country should be revised to meet the needs of women entrepreneurs, more individual-based products need to be developed.
3. The government, NGOs and other partners providing support services should create awareness of the services available through national, regional and international forums.

4. The government should reduce the tax imposed on micro enterprises, they should set fair licensing fee.

#### **5.4 Suggestions for future study**

The researcher believes that continuing research on women entrepreneurship will contribute to improving women entrepreneurs' businesses, consolidating gender equality and identifying and addressing their particular problems. Therefore the researcher makes the following suggestions for future study;

1. This study was limited to 'motivating factors that drive women into entrepreneurship as well as the challenges they face while conducting business in Machakos town. A future study should look at women entrepreneurs in rural areas, in terms of factors that motivated them to engage in entrepreneurship and the challenges they face while conducting their businesses.
2. A study should be carried out on women micro entrepreneurs in other counties in Kenya to see whether the same results will be obtained by testing the variables in this study on women entrepreneurs in microenterprises.
3. Since this study was limited to women entrepreneurs, a future study should consider looking at men entrepreneurs in Machakos town so as to compare the results with those for women, and identify the motivating factors and challenges facing men entrepreneurs.
4. A study should be conducted to establish the role played by Machakos County government in empowering women microenterprises.
5. A study should be conducted to establish the influence of technology on growth of micro businesses owned by women in Machakos County

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## APPENDICES

### APPENDIX 1: INTRODUCTION LETTER



CECILIA MUTHEU MUSYOKA,

P.O BOX 52132-00200

NAIROBI.

17<sup>TH</sup> MAY 2018

THE COUNTY SECRETARY,  
MACHAKOS COUNTY,  
P.O BOX 1996-90100,  
MACHAKOS.

Dear Madam,

**REF: WOMEN MICRO ENTREPRENUERS INFORMATION AND PERMISSION LETTER**

I am student reg no.c50/61859/2010 pursuing MA in Entrepreneurship Development at the University of Nairobi. For the completion of my thesis I am required to collect data from women entrepreneurs in Micro enterprises (i.e manufacturing, service, wholesale, retail.extractive sectors) operating in Machakos town-Machakos County. Upon completion of my thesis the information can be useful to the women entrepreneurs, Machakos County government, National government and researchers.

Since most of these women have registered their businesses with Machakos town county council I believe that, it is the best place where I can obtain their Personal Information (telephone numbers, their names, and the type of businesses which they engage in) which is going to enable me to reach them very easily. This information is going to be held with high confidentiality. Therefore I am kindly requesting you to allow me to have access to the information mentioned above at the same time to draft a Letter of authorization for me indicating that you have given me permission to collect the data.

Thank you for your time and consideration.

YOURS FAITHFULLY,

CECILIA MUTHEU MUSYOKA.

**APPENDIX 2: CONSENT LETTER-KENYA NATIONAL CHAMBER OF COMMERCE  
AND INDUSTRY -MACHAKOS BRANCH**



"The voices of many made one"

THE KENYA NATIONAL CHAMBER OF COMMERCE & INDUSTRY MACHAKOS COUNTY.

Email.machakos@kenyachamber.or.ke utangwa house opp county headquarters

Our ref 23/5/18

Date:/ 23/5/2018

TO THE WOMEN IN BUSINESSES

FRATERNITY

UNDER THE UMBRELLA BODY OF

KNCCI MACHAKOS COUNTY

**CICILIA MUTHEU MUSYOKA 1D NO 24632036**

The above named person is a student at the university of Nairobi pursuing a degree in entrepreneurship development.

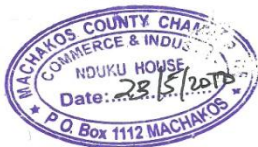
Kindly assist her to conduct a research in women in business (sme's)

Yours faithfully

Miriam Faithfully

Miriam Ndunge

C.E.O Chamber Machakos



## APPENDIX 3: LETTER FROM UNIVERSITY OF NAIROBI



### UNIVERSITY OF NAIROBI DEPARTMENT OF SOCIOLOGY & SOCIAL WORK

Fax 254-2-245566  
Telex 22095  
Varsity Nairobi Kenya  
Tel. 318262/5 Ext. 28167

P.O. Box 30197, Nairobi  
Kenya  
Email: dept-sociology@uonbi.ac.ke

11/5/2018

TO WHOM IT MAY CONCERN

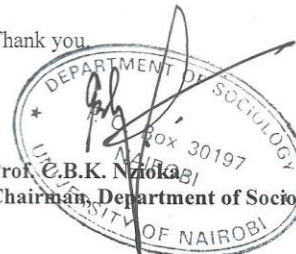
RE: CECILIA MUTHEU MUSYOKA- C50/61859/2010

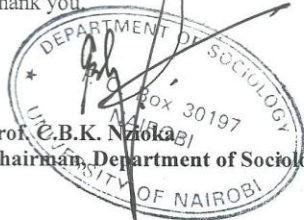
Through this letter, I wish to confirm that the above named is a bonafide postgraduate student at the Department of Sociology & Social Work, University of Nairobi. She has presented her project proposal entitled; "Women Entrepreneurship in Micro Enterprises (Challenges & Motivating Factors).A Case study of Machakos Town in Machakos County"

Cecilia is required to collect data pertaining to the research problem from the selected organization to enable her complete her thesis which is a requirement of the Masters degree.

Kindly give her any assistance she may need.

Thank you

  
Prof. C.B.K. Nzioka  
Chairman, Department of Sociology & Social Work





## **APPENDIX 4: QUESTIONNAIRE FOR WOMEN ENTREPRENEURS IN MICRO ENTERPRISE.**

I am a student Reg No C50/61859/2010 pursuing MA in Entrepreneurship development, in University of Nairobi. I am carrying out research on women entrepreneurship in micro businesses (Challenges and Motivating factors): A Case study of Machakos town in Machakos County. This is in partial fulfillment of my masters degree programme. It is hoped that the study will yield useful findings that will be useful to women micro entrepreneurs, the County government, researchers and the National government among others.

Please answer the following questions in the spaces provided and mark (v) the best answer according to you. Your help will be highly appreciated. All the information given shall be treated confidentially and will be used solely for research purposes. Thanking you in advance.

### **Part A: Personal Details**

1.1 Name of the respondent \_\_\_\_\_

1.2 Which age bracket are you in?

1. Less than 20
2. 20-39
3. 40-49
4. 50-59
5. 60- above

1.3 Marital status:

1. Married
2. Divorced
3. Separated
4. Single
5. Widowed

1.4 Do you have any formal education?

1. Yes
2. No

1.5 If yes, to Question 1.4, what is the highest grade completed?

1. Primary
2. Secondary
3. Vocational
4. Others (specify) \_\_\_\_\_

1.6 If No to Question 1.5, do you read and write?

1. Yes
2. No

1.7 If No to Question 1.6, who assists you in communicating for your business? (With suppliers, government offices, customers, e

1. Your husband

- 2. Your son/daughter
- 3. Relative
- 4. Friend
- 5. Other \_\_\_\_\_

1.8 How many persons are there in your household? \_\_\_\_\_

1.9 What were you doing immediately before starting this business?

- 1. Student
- 2. Un-employed
- 3. Employed
- 4. Housewife
- 5. Others (specify) \_\_\_\_\_

1.10 Did you have any prior work experience relating to this business?

- 1. Yes - Substantial
- 2. Very little
- 3. Very little
- 4. No just started from scratch

**Part B: Personal Women Characteristics**

- Please answer all questions
- The grading scale is from ( 1 ) to (5) with (1) being strongly disagree and (5) being strongly agree
- For each sentence Please mark once (√) the best answer according to you.

**Locus of Control**

<b>Questions: Locus of Control</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>
1. I always feel in control of what I am doing					
2. There are moments when I cannot subdue my emotions and keep them in check.					
3. There are institutions in our society that have considerable control over my business					
4. When I get what I want it is usually because I worked hard for it					
5. I figure out which things I do not understand well and adjust my strategies accordingly					
6. When everything goes right, I think its just by luck					
7. With fate the way it is many times I feel that I have little influence over the things that happen to me					
8. In the long run people receive the respect and good outcomes they have worked for					
9. There is no such thing as luck, what happens to me is a result of my own behavior.					

## Risk Taking

Questions: Risk taking	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
10. I am quite cautious when I make plans and when I act on them					
11. I follow the motto ' nothing ventured nothing gained'.					
12. If a task seems interesting I'll choose to do it even if I am not sure whether I'll manage it.					
13. I don't like to put something at stake; I would rather be on the safe side.					
14. Even when I know that my chances are limited I try my luck					
15. In my work I only set small goals so that I can achieve them					
16. I express my opinion even if most people have opposite views					
17. My decisions are always made carefully and accurately					
18. Success makes me take higher risks					

## Need for Achievement

Questions: Need for Achievement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
19. I personally like producing work of high quality					
20. I engage in projects that challenge me to the limits of my ability					
21. I continuously improve myself through trainings and social networks					
22. I continuously engage in new, exciting and challenging goals and responsibilities.					
23. I do things better than they have been done before					
24. I am attracted to situations that allow me to test my abilities					
25. I grasp opportunities to create new things.					

## Part C: Enterprise Level Basic Information

2.1 Name of the enterprise \_\_\_\_\_

2.2 Address: \_\_\_\_\_

Telephone \_\_\_\_\_ Cell phone \_\_\_\_\_ (your own)

2.3 When did this business start (Year) \_\_\_\_\_?

2.4 At what age did you start your business?

1. Under 21 years
2. 22-35 years
3. 36-45 years
4. Above 45 years

2.5 Who initiated the business idea?

1. Myself
2. My husband
3. Other family member
4. Friends
5. Taken over already established business
6. Bought existing business
7. Other \_\_\_\_\_

2.6 What sector is your business in?

1. Manufacturing
2. Extractive (agriculture, forestry, mining, fishing)
3. Services (personal services, business services, repair services, recreation and entertainment services, hotel and lodging service)
4. Retail
5. Whole sale
6. Other (specify) \_\_\_\_\_

2.7 Do you have a working premise?

1. Yes
2. No

2.8 If Yes to Question 2.7 is the premise

1. Owned?
2. Rented?
3. Other? (Specify) \_\_\_\_\_

2.9 How did you get the skills to develop the business?

1. By training
2. By advise

3. Own experience

**Part D: Information on motivating factors that drive women into entrepreneurship**

3.1 Why did you prefer to start your own business?

a) Pull factors

1. Self achievement
2. Autonomy and freedom
- 3 Flexibility that result from self employment
4. The satisfaction of making their own decisions
5. Turning a hobby and previous work experience into business
6. Financial incentive
7. To supplement husbands income

b) Push factors

1. Un-employment
2. Survival after a personal crisis or change of situation
3. Disagreement with the previous employer
4. Dissatisfied with the previous employment
5. Frustrations with salaried employment

3.2 What was the response of your spouse when you started your enterprise?

1. Very supportive
2. Supportive
3. Indifferent
4. Not supportive
5. Have no spouse

3.3 What were the responses of other family members when you started your enterprise?

1. Very supportive
2. Supportive
3. Indifferent
4. Not supportive
5. Have no spouse

## **Part E: Information on challenges faced by women micro entrepreneurs**

4.1 What were the five greatest constraints you face as a business person?

1. Working space
2. Working capital/finance
3. Dealing with the county government
4. Multiple responsibilities
- 5 Lack of sufficient training and education
- 6 Competition
- 7 Others (specify) \_\_\_\_\_

4.2 How do you overcome these problems? \_\_\_\_\_

4.3 Are you aware of the government regulations affecting your business? (**NB:** Labor law, Tax, Safety and health, Licensing, others)

1. Yes
2. No

4.4 If your answer is yes to Q.4.3, have you tried to comply with those regulations?

1. Yes
2. No

4.5 What problems do you face while complying with the regulations? \_\_\_\_\_

**Thank you for your cooperation**

- What do you consider motivates Machakos town women to become entrepreneurs?
- What types of business do women feel comfortable to venture into in this community?
- `Are women in Machakos town prepared and experienced enough to start their own business?
- Do women in Machakos town have adequate capital and what are the sources of their capital?
- What is your opinion about business women in Machakos and their role in society?
- How difficult is it to be a woman entrepreneur in Machakos town?
- What kind of support or help would you aspire for female entrepreneurs in Machakos town?
- What is the level of support given to women by government?

**Thank you for your cooperation**

## APPENDIX 6: WORK PLAN

<b>Time table</b>	<b>Activity</b>
July –September 2017	Chapter one:(Topic formulation, statement of problem, objectives and research questions)
October 2017- January 2018	Literature review and Theoretical framework
February –April 2018	Data collection and analysis(Research methodology)
May 2018	Finding and Recommendation