

**A COMPARATIVE STUDY OF THE ENTREPRENEURIAL
CHARACTERISTICS OF FUNDED VERSUS NON FUNDED
WOMEN ENTREPRENEURS IN NAIROBI**

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BY

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DECLARATION

This research project is my original work and has not been presented for the award of a degree in any other university.


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This management research project has been submitted for examination with my approval as the university supervisor.

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Date: 7/11/06.....

JACKSON MAALU

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DEDICATION

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ABSTRACT

This study seeks to identify factors that may act as a driving force to women entrepreneurs in seeking external funding. It also seeks to establish whether there exist any entrepreneurial differences between the funded and the unfunded women entrepreneurs.

To achieve the objectives of the study, a sample of one hundred women entrepreneurs operating within Nairobi district were selected. To ensure an equal representation, Nairobi district was divided into five zones, namely; central, eastern, western, northern and southern. Primary data was collected by the use of a questionnaire. A fifty one percent (51%) response rate was achieved.

The entrepreneurial characteristics investigated were; locus of control, independence and risk taking, while the influencing factors included formal education, training, experience, birth order, parental influence, religion and ethnicity. The study also sought to identify if there was any relationship between any of the above characteristics /factors and external funding for the enterprises.

Data was analyzed using proportions, percentages and means. Graphical displays were used to amplify the comparative analysis.

Results indicate that there are no significant differences in entrepreneurial characteristics between funded and none funded women entrepreneurs. Therefore the variables used are not determinants of the entrepreneurial behaviour analysed.

1.1 Background

It was also found that the drive and ability to go for external funding can be attributed to personal traits which can not be generalized. The level of education was found to above primary school level with those with degree level of education getting into business.

Business opportunities are not limited in any environment. What is limiting them is the willingness and readiness to turn them into actionable business plans. This requires initiatives, creativity and controlling desires. The decision on how to mix factors of production is made by fourth factor-entrepreneur. An enterprise is a systematic and continuous undertaking. It is risky venture (Olson, 2000). Therefore, it requires an entrepreneur who is willing to venture into a complicated activity of a great scope. Not only are there barriers to business in the form of the factors of production but also in the form of personalities who have plunged into business.

The definitions of an entrepreneur and entrepreneurship are steeped in controversy. The entrepreneur is seen as someone who continuously innovates and creates new products and as the one who brings about economic development through a "creative destruction of existing equilibrium" (Schumpeter, 1934). This definition cannot wholly define an entrepreneur. A business manager, for instance, who astutely guides, organizes, directs or co-ordinates the operations of a business venture, by decision-making on the use of production factors, on the nature, quality and style of products or services to be produced and on allocating and these factors, is indeed an entrepreneur. In so doing the manager may also invent or be a more common, creative manager. This manager, often referred to as an entrepreneur.

CHAPTER ONE: INTRODUCTION

1.1 Background.

Business opportunities are not limited in any environment. What is limiting them is the willingness and readiness to turn them into actionable business plans. This requires initiatives, creativity and controlling desires. The decision on how to mix factors of production is made by fourth factor-entrepreneur. An enterprise is a systematic and industrious undertaking. It is risky venture (Olson, 2000). Therefore, it requires an entrepreneur who is willing to venture into a complicated activity of a great scope. Not only are there barriers to business in the form of the factors of production but also in the form of personalities who have plunged into business.

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Many writers and researchers tend to define entrepreneurs as a single category. Several economists see entrepreneurs as those motivated by profit maximization in setting up new ventures and that entrepreneurship is nothing but "alertness to profit opportunities " and the actual translation of such opportunities, learned or perceived, into tangible results in this case, profits in the market place, (Kirzners, 1980) Kirzner's entrepreneur appears to be exclusively confined to the marketplace or business. According to Knight, the desire to risk and a spirit of adventure may motivate people to take up entrepreneurship (Knight, 1921). It is clear that a synthesized definition of an entrepreneur does not exist. In this study, an entrepreneur is defined as a risk-taking individual, who establishes or buys a business for the purpose of profits and who seeks business growth or expansion as a means of increasing profits.

Entrepreneurship is the addition of value through the creation of organization (Bird, 1989). The entrepreneurs discover, invent, reveal, enact, and in other ways, make, manufacture some new products, service, transaction, resource, technology, and/or market that add value to some community or market place. Entrepreneurs are therefore the initiators of business genius. Entrepreneurs possess and manifest unique behavioural characteristics different from those of ordinary persons. They identify and seize business opportunities and turn them into business undertakings. Entrepreneurship is therefore the process of starting and/or growing a new profit-making business or providing new product or service (Bird, 1989)

Entrepreneurship involves risk taking (Baker, 2004). An entrepreneur is a person who has decided to take control of his future and become self-employed. He does this by

creating his own unique business or working as a member of a "team," as in multilevel marketing (Tucker, 2003). An entrepreneur seizes any opportunity, however mini-scale and turns it into business. Thus an entrepreneur is person who takes-charge of any smallest opportunity and turns it into business.

To be an entrepreneur is to decide to do something: it means to prepare and embark on its implementation. Entrepreneurship involves a conscious content, a precise commitment and a definite practice. Entrepreneurs perform the following functions: imagine or create from nothing some unprecedented realities (opportunities, objectives, procedures, relations, modes) and endeavour to disseminate these innovations within a new, stabilized framework, namely the enterprise (Tshikuku, 2001)

It should be emphasized that there are no significant differences between entrepreneurs and the overall general profile of other managers. There is really no "true entrepreneurial profile." Entrepreneurs come from a variety of educational backgrounds, family situations, and work experiences. A potential entrepreneur may presently be a worker, salesperson, mechanic, engineer, secretary, etc. A potential entrepreneur can be male or female.

The one common concern people have when considering a new venture creation is whether they will be able to sustain the drive and energy required not only to overcome the inertia in creating something new but also to manage the new enterprise and make it grow.

The major sources of funds for women entrepreneurs are the multinational and national financial institutions in particular commercial banks and development banks. This category of financiers provide loans and financial facilities to all those who meet their stringent loan guidelines.

The fear of failure of business and therefore inability to service the loan is a factor that

Micro financial institutions (MFIs) and non formal (people or community based programmes) form the alternative sources of funds. These institutions tailor their products to suit specific clients. Amongst this category of financiers are Non-Governmental organizations (NGOs), Merry- Go -Rounds, and savings and credit cooperatives societies, amongst others. These NGOs and MFIs do engage in the provision of finance to specific groups of people. The bias may be based on gender, area, or economic status.

have acquired some knowledge in entrepreneurship such that they are aware of the

The micro finance institutions and NGOs have shown special interest in providing women with funds. The funding of women entrepreneurs is critical because of their number and vulnerability within the society.

that identify and the application of funds. Therefore, the services entrepreneurs who are

The recognition and utilization of those funding opportunities for women has been on the increase. There are those women who have taken up the loan opportunity and those who have failed to utilize the loan opportunity.-Some of these women have been restricted in their quest for business funding because of socio-cultural issues. Women are generally known not to own any real property. (Eagly and Wood, 1991). The effect of this is that many women do not have any property as assets that they can use as collateral while seeking external funds from commercial and financial institutions.

Whereas the issue of property ownership may be a barrier to external funds, women are generally cautious when it comes to loans. They tend to shy off from seeking external funds and prefer using their own internal sources (Parlor, 2004).

The fear of failure of business and therefore inability to service the loan is a factor that has checked the pace and amount of loans acquired by women. Few women entrepreneurs are able to overcome this barrier.

1.2 Factors Influencing funding

Literacy in Kenya is high. It can be said that currently 80% of those below the age of fifty are literate, (KBS, 2005). With this rate of literacy women entrepreneurs are assumed to have acquired some knowledge in entrepreneurship such that they are aware of the various sources of funds available within and outside the country.

Education can contribute to the right selection of the source to approach for funds, the right quantity and the application of funds. Therefore, the women entrepreneurs who are educated may or may not go for funding depending on either their drive or fear.

The number of years (experience) in business may enable an entrepreneur to learn the business seasons, the opportunities, and challenges. Being in business for a longer period may expose the entrepreneur to the hard times and thus harden up and be in a position to take risk, and at the same time, throw away fear associated particularly with funding.

The type of business (e.g. retail, wholesale, distributorship) may also have an influence on funding decisions. Wholesaler and distributor businesses may require more funds than the owner can provide. Entrepreneurs may under such businesses be forced to seek external funding.

The legal structure of the business - sole proprietorship, partnership or corporate - may fuel funding. This may be due to the fact that liability of owners is dependent on the type of ownership. Corporate or company form of ownership tends to provide assurance and security of personal assets. Thus owners of companies would go for external funding without inhibitions or fear of losing personal assets in case of failure of business.

1.3 Statement of the Problem

The work experience and exposure on the other hand may expose the women entrepreneurs, to terms, and availability of external funding opportunities. At the same time work environment may expose a potential entrepreneur to other entrepreneurs who have been funded. This may facilitate the removal of fear psychosis associated with funding.

The need for independence, the push (as a result of retrenchment or lay-off) and or changing environment are but some of the reasons for starting up a business. These reasons may have a bearing on search for external funding.

Risk has long been a central concept in entrepreneurship (Adam Smith and J. S. Mill). Many definitions of entrepreneurship include risk taking as a core element. Entrepreneurial activities are frequently assumed to involve risk taking. Research has

failed to consistently find risk-taking propensity to be a trait distinguishing entrepreneurs from others (Brockhaus, 1980).

A more promising recent line of research has suggested the entrepreneurs differ in cognitive style from others and that they may be more likely to make particular cognitive errors (Baron, 1998), especially errors of overconfidence (Busenitz and Barney, 1997). In simplest terms, entrepreneurs may not be more risk tolerant, but may view identical situations as less risky than others do, leading them to engage in riskier activities than non-entrepreneurs.

1.3 Statement of the Problem

The Kenyan government has mounted an aggressive campaign to economically empower women. The campaigns include amongst other activities training and provision of funds to women entrepreneurs.

The numbers of NGOs and MFIs have been on the increase. The NGOs and MFIs have been spreading their activities across the country, with the intent of making funds more easily accessible. The institutions have also identified the barriers to sourcing and accessing of funds, particularly for women. As a result they have tailored most of their funding conditions to overcome these barriers.

The Cultural Revolution has seen many women own property and run businesses. The Cultural Revolution has placed the women at almost the same level with men. (Devine, 1994). This has encouraged the women entrepreneurs not only to exercise

entrepreneurial skills more openly in the market but to also seek ways of enhancing their business performance through funding. (Buttner, 2001).

The issue of aggressive education campaign targeting women entrepreneurs has also enabled many women to acquire relevant entrepreneurial skills and knowledge. This has therefore exposed women entrepreneurs to the challenges within the business environment. At least they now have some knowledge on business management.

The media has not been left behind in featuring very successful women entrepreneurs either. Women entrepreneurs are now more aware of their other successful colleagues in the business world.

It is therefore clear that external funding has played an important role in boosting the activities of those successful women entrepreneurs. Such women entrepreneurs act as role models not only in exhibiting superior entrepreneurial skills but also in expressing the guts required in seeking funding beyond the family establishment. Given the current favourable environment for women entrepreneurs, it is worth noting that not all women entrepreneurs have embraced the option for external funding.

It would therefore be interesting to identify the reasons why women seek funding; the characteristics exhibited by the women entrepreneurs, and differences that may exist between the funded and non funded women entrepreneurs.

The objectives of the study will be;

- To identify factors that drive women entrepreneurs to seek external funding.

- **covers** To identify entrepreneurial differences between funded and non funded women entrepreneurs.

1.4 Importance of the Study

This study will be of significant to a number of parties as discussed below.

Scholars

Academically, the study is expected to contribute to the existing literature in the field of entrepreneurial studies and act as a stimulus for further research to refine and/ or extend the present study.

Entrepreneurs

The study will help the entrepreneurs to critically evaluate themselves based on the various entrepreneurial characteristics that crystallize into business success. Thus it will act as a gauge against which entrepreneurs will identify areas that may require improvement. It will also help the entrepreneurs to appreciate characteristics deficiency within them.

Financial institutions and NGOs

The findings of the study may be useful to funding institutions. Such institutions may use the study to design their marketing campaigns and products to suit particularly women entrepreneurs.

Government TWO: LITERATURE REVIEW

The government may use the study in policy development especially those geared towards removing gender disparities in the business world. Such policies may enhance women participation in entrepreneurial activities, utilization of funds distributed by both government and non-governmental agencies, and campaigns aimed at removing cultural barriers in business.

Creativity, innovation, discovery and invention are the artwork of an entrepreneur. These are the keys which define the aspect of entrepreneurship. All these are meant to add value (Schumpeter, 1934). In other words whatever new venture an entrepreneur must not only be creative but also add value. Entrepreneurship therefore involves new goods and methods of production, open new markets and sources of supply, and reorganise industry. (Munshi, Khan et al. 1984)

Creativity is limited by fear and negative emotion, intellectualising, being closed - versus open minded, and basing decisions on experience and memory (Driver, 1979). Adams (1985) identified eight barriers to creativity as being the fear of making a mistake or being negative, to tolerate ambiguity (overriding desires for security and order), preference for judging ideas rather than generating them, inability to relax, incubate, and dream, lack of challenge, excessive zeal, excessive motivation to succeed quickly, and lack of access to areas of imagination, and lack of imaginative control as in day

CHAPTER TWO: LITERATURE REVIEW

2.1 Entrepreneurial Process

Entrepreneurial process involves the discovery; evaluation and exploitation of opportunities (Kirzner, 1997; Shane & Venkataraman, 2000). The process therefore differs from individual to individual and has thus attracted several structural explanations (Baker, 2004)

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Entrepreneurs tend to overcome these barriers. Entrepreneurs who experience none or few of those barriers will be more innovative than others. Those with fewer obstacles and more creativity should be more successful in the long run (Bird, 2001)

2.2 Characteristics of Entrepreneurs

Understanding the characteristics of entrepreneurs has been of interest to researchers. Some have looked at characteristics associated with entrepreneurship focussing on personality characteristics. Studies by McClelland and Atkinson (1953,1961), McGrath et al (1992) Brockhaus (1980) focused on needs achievement, affiliation, risk-taking, and locus control, to mention but a few.

Ronstadt (1984) defines entrepreneurship as, "the dynamic process of creating incremental wealth... by individuals who assumes the major risks in terms of equity, time, and/or career commitment". Timmons (1994) on the other hand writes, "Entrepreneurship... requires a willingness to take calculated risks- both personal and financial".

Powell and Ansic (1997) in their study suggested that women prefer lower risks especially in financial context confirming Sexton and Bowman-Upton (1990), whose study suggested a lower preference for financial risks among women entrepreneurs. According to Sexton and Bowman-Upton, women are likely to apply for a loan and are more likely to use personal assets to finance the enterprise or as collateral (Van Auken, 1999; Sexton and Bowman-Up to, 1990).It has been suggested that women may be less willing to undertake activities - such as raising external financing – that put them at risk

of losing control of their business to outside stakeholders (Scollard, 1989, 1995). In the Kenyan context Ombok (1990) found a positive relationship between achievement. Women therefore fear risk (Scollard, 1989, 1995). Women entrepreneurs who seek external funding are likely to exhibit characteristics that may differ from other women entrepreneurs. To seek external financing require guts which may be specific to some individual women entrepreneurs.

Motivation is thought to contribute to the vigour, intensity and persistence of action in achievement oriented situations, which are chosen because of a value placed on achieving as well as other directing values (MC Clelland, 1985).

Actual performance involves motivation, the needs, drives and values that add energy to and direct one's abilities. Achievement motivation is the underlying behavioural tendency to choose and persist at activities that involves a standard of excellence, a challenging task, and require personal skill and responsibility for success (McClelland, 1961).

Religion and the Entrepreneur

Many different studies do support the existence of a positive relationship between need achievement and entrepreneurship. Need for achievement is one trait that differentiated founders and non-founders (Babb and Babb, 1992). The other notable factors being achievement motivation innovative/creative imitation ability, business vision, technical knowledge and skills, organizing skills, perseverance, and the environment (Rissal, 1992).

Different entrepreneurs score different on issues of achievement (Stimpson et al, 1993). In the Kenyan context Ombok (1990) found a positive relationship between achievement motivation and entrepreneurship in a study carried out in Kisumu. According to the study, entrepreneurs who had high achievement motivation had a tendency towards risk-taking. However, achievement motivation did not predict innovativeness, knowledge of results and individual responsibility.

There are several character traits and work ethics that are common to successful entrepreneurs. These characteristics may at times have an underlying effect on an entrepreneur's quest for external funding. In other words, the ability to seek external funds with the associated risks requires guts. The challenge is further complicated for women entrepreneurs because of the environment in which they work. The women have to overcome gender issues brought about by culture and religion.

Religion and the Entrepreneur

Religion as a factor determining entrepreneurial behaviour has been studied extensively (McClelland, 1961; Weber, 1930). They argued that Protestantism presumably fostered independence and individualism by focusing upon the direct relationship between believer and God, while Catholicism relied on the Church and its representatives to make decisions on behalf of believers (McClelland, 1961; Weber, 1930).

behaviour) may have been drawn to the various Protestant faiths; "there is no way of

It is evident that America, with its roots in commercially-backed religious settlements, has never viewed religion as anti-capitalist. America's religious ethos is not merely a secular adaptation of Protestantism; it is an individualistic, Darwinist, capitalist worldview not at all confined to practicing Protestants. The origins of America's industrious development lie in Protestantism in Europe was a pro-entrepreneurial force. Modern western entrepreneurship, according to some scholars is "rooted in the values and practices" of Protestant communities in Europe; "Together, familistic sentiments, the Protestant ethic and new forms of production required and emphasized hard work, frugality, individual accountability and reliability as well as habits of self-regulation and personal drive" (Berger, 1991: 17). The practices required by Calvinism happened to be precursors to success in business. Under Calvinism, work became a tool for salvation. Honesty was required, as was responsibility in business dealings. Calvinism's emphasis was on the individual, who was required to account for his or her deeds directly to God on a daily basis - a habit, which may have translated into thoroughness in bookkeeping. The Calvinist strove to lead a simple and frugal life, which together with diligence in business led to the accumulation of unspent wealth (Berger, 1991).

The relationship between Protestantism and entrepreneurship may be partly a result of self-selection. While Weber and McClelland have inferred a causal relationship running from religion to entrepreneurship, the direction of causality is actually unclear. Whenever Protestantism cropped up in Europe, it was by definition a new and controversial belief system. Individuals with a high level of tolerance for ambiguity (read entrepreneurial

behaviour) may have been drawn to the various Protestant faiths: "there is no way of telling whether it is those who are apt for change who opt for the new model of faith or whether those who opt for new faith become as a result for change" (Martin, 1991: 83).

entry decision of East African Asian entrepreneurs. The evidence from this study

Ethnicity and the Entrepreneur even entrepreneurship and culture may change with

Ethnicity

Different ethnic groups have different traditions and custom and these are likely to contribute to differences in entrepreneurial behaviour and performance. Culture is defined as a set of shared values, beliefs and norms of a group or community. The influence of culture on entrepreneurship was first emphasized by Max Weber who famously argued that the Protestant work ethic encouraged a culture of individualism, entrepreneurship, rationality and self reliance, which was fundamental to the spirit of modern capitalism (Weber, 1976).

Harris (1968) studies in Nigeria proved that entrepreneurial performance varied among ethnic groups. Marries and Somerset (1971) on the other hand, conducted studies among Kenyan firms and no relationship was found between ethnicity and entrepreneurship. Basu and Altinay (2001) carried out a study of different immigrant communities in London consisting of: Indian, East African Asian, Pakistan, Bangladesh, Turkish Cypriot and Turkish. The findings indicated diversity in terms of business entry motives, sources of start-up and family involvement in business among the different ethnic groups. The findings were explain in terms of family background, migration motives, religion, family links, business experience, educational attainment and other factors.

The evidence suggested that the interaction between culture and entrepreneurship was stronger in the case of some communities than others. For example, culture in the form of family tradition in business and close family ties had a strong influence on the business entry decision of East African Asian entrepreneurs. The evidence from this study indicated that the relationship between entrepreneurship and culture may change with time.

Self employment is often suggested as a way of establishing new immigrant groups into the economy when other career options are closed for various reasons (Hagen 1962). However, not all ethnic or racial groups have a higher propensity to become self-employed (Shapiro and Sokol 1998). Successful groups are for example the Indian, Pakistan and Bangladesh communities in the UK (Storey, 1994) and the Jewish and Asian communities in the USA (Butler & Green, 1997).

Less successful groups are the African, Caribbean/ Guyanese people in the UK and African- Americans in the US (Van Fleet and Van Fleet, 1985; Bates, 1996). It appears that the entrepreneur's ethnic background affects what resources are available to him or her. The main explanation from the above studies is that some ethnic groups are more successful than others due to the access they have to certain critical resources such as financial and capital (education, capital before they enter a new country or a new sector of the economy,

Choosing an entrepreneurial career is the result of abilities and motivation. Abilities and motivation are assessed through measures of personality and through review of prior experiences and background (Bird, 2001).

Experience and Entrepreneurship

Experience contributes to the development of skills, abilities and competencies important in entrepreneurship as well as to the values, needs incentives and drives that energize the entrepreneurial idea. Experience that contributes to the entrepreneurial right selection of ideas can come through work, education maturation, racial, biological givens such as race and gender (Bird, 1983).

Previous experience is another importance personal life experience that shapes the entrepreneur. Brockhaus (1980) found that job "pushes" entrepreneurs out of the organization towards the development of an entrepreneurial venture. In fact the majority of entrepreneurs (59%) in Brockhaus' study indicated a desire to start their business before they had a product/service in mind, while only a small percent (14%) were drawn away from a traditional job by the desire to market a particular products/service. Brockhaus also found that the greater the job dissatisfaction, the more likely it was that the entrepreneur would be successful. In a study carried out in Kenya 93% of entrepreneurs were found to have had some from of occupation before starting a venture (McCormick and Pederson, 1996), more studies are needed in the Kenyan context.

The guts exhibited by women entrepreneurs who seek external funding may be fuelled by their skills and competencies to manage the acquired funds. At the same time, education and work experience may also mitigate for and power the zeal for funding.

It is important for every entrepreneur to establish moral support of family and friends.

The successful sourcing and accessing of funds for women entrepreneur would therefore depend on the individual entrepreneur's needs, drives and values. Their persistent for success, personal skills, and ability to manage the challenging tasks may add the energy to seek external funding.

Childhood experience may affect entrepreneurial behaviour. The common models used to understand the link between childhood experiences and adult behaviour are psychoanalytic and social learning models.

Psychoanalysis (an attempt to delve into early development and unconscious motivation) attempts to see through the behaviours, problems and rationalization of adults to underlying tensions, drives and emotions. Children conceived, born and raised in certain countries during a certain period of history, and different parental configuration develop different adulthood tendencies (Collins and More, 1964). Adorns, etal 1950).

Social learning model on the other hand emphasizes conscious and unconscious learning behaviour through vicarious satisfactions and relationship between role model and learner. Parental role model provide exemplars for personality development and, later, for

adult role expectations. Parental and other adult role models also provide opportunities for the child to learn vicariously (Bird, 2001).

It is important for every entrepreneur to establish moral-support of family and friends. Not only can friends provide advice that is often more honest than that received from other sources, but they can also provide encouragement, understanding, and even assistance. Relatives can also be strong sources of moral support to overcome the many difficulties and problems.

In addition to moral encouragement the entrepreneur needs professional support. This advice can be obtained from a mentor (a teacher, consultant), business associates in trade associations (buyers of the venture's product or service; lawyers, or accountants; suppliers of the goods or services to the venture (help to establish credibility) -business counterparts - word of mouth advertising.

As observed by Baker (2004) women entrepreneurs face gender specific problems in accessing business overdrafts and loans. And according to Baker one particular difficulty for women entrepreneurs has been gaining access to bank lending staff. The overcoming of the hurdles requires encouragement, support, and understanding. These may come from family members, friends, business associates, mentors, and buyers and suppliers of their goods and services.

It is worth noting that not all potential entrepreneurs become entrepreneurs and not all entrepreneurs succeed (Birds, 2001). The situations surrounding entrepreneurial events help explain why some people succeed where others fail, and how the organizations created by entrepreneurs are likely to develop.

The circumstances (situation) that surround the entrepreneurial events include economic, political and technical givers, *Zeitgeist* (spirit of the time), and cultural milieu (Johnson, 1985). These circumstances (context) may also include displacement, through immigration and unemployment, of specific individuals or groups within a region.

Hofstede (1980) described cultural values as an interactive amalgamation of characteristics that influences a human group's response to its environment and thereby differentiates group membership. Hofstede identified four basic dimensions of culture: individualism/collectivism (individual or group orientation), power distance (acceptance of inequality of authority and power), uncertainty avoidance (tolerance of ambiguity), and masculinity/femininity (value orientation).

Culture may be the most important situation variable in understanding entrepreneurial activity (Kafmann, Welch, and Bushmanrin 1995) because entrepreneurship is culturally bound (Stewart et al 1999). Culture influences the entrepreneur's values, motives, aspirations, and needs (McGrath, MacMillan, 1992; Kolvereid, and Westhead, 1991; Baum et al 1993).

The Cultural Revolution through empowerment of women has given women opportunities to be engaged in business and seek funding for the same. The changing political, social, and economical environment coupled with the aggressive media campaigns on the funding of women entrepreneurs have catalyzed women quest for funding.

2.3 Entrepreneurial Behaviour

In this sub-section entrepreneurial behaviours will be discussed. The most popular entrepreneurial behaviours are innovativeness, risk taking and knowledge of result, individual responsibility, focus of control and opportunity recognition. These will be discussed.

2.4.1 Risk-taking

Risk-taking is one of the major entrepreneurial behaviours running across many discussions on entrepreneurship (McClelland, 1961, Livingstone and Ord, 1980; Coughlin and Ikiara, 1988). Masters and Meier, 1988, P. 31; Brockhaus, 1987, p.1 defined risk taking as, the perceived probability of receiving the rewards associated with a proposed undertaking which is required by an individual before he will subject himself to the consequences associated with the failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation.

This definition will be adopted in the current study. Risk is inherent in factors that determine the outcome of business efforts. These factors are numerous and difficult to

assess and control. A great part of business is directed towards minimizing uncertainties and the entrepreneurial role appears to call for decision making under uncertainty (McClelland, 1961).

Entrepreneurs have been described as working under conditions of uncertainty or as McClelland (1961) observed. "This is precisely the working situation which individuals with high need achievement prefer and work best under." A number of components that go into estimating risk in a small business have been given by Worley, Joel, Green and Fess (1989, p.27) as:

- Risk associated with competition e.g. direct competition in the market or an alternative product being developed
- Risk of product or service being developed
- Risk associated either the general economy e.g. tax changes , inflation and exchange rates
- Risk associated with being small and vulnerable to changes in local conditions e.g. re-routing of traffic or changes in local ordinances
- Risk associated with illiquidity i.e. being unable to find a buyer if a decision is made to get out of business
- Risk measured by variability over time in cash flows

CHAPTER THREE: RESEARCH METHODOLOGY.

3.1 Research Design

This was a survey study for the women entrepreneurs. The survey method was preferred for this type of study as it enables the sampling of different characteristics exhibited by the members of the defined population.

3.2 Population

The population of the study was women entrepreneurs who have been funded and those not funded but operating within the vicinity of those funded. The funded group constituted women entrepreneurs who have sought external funding from financial institutions and have been in business for at least one year and are still in business. The non-funded group on the other hand consisted of women entrepreneurs who have been and are still in business for at least one year but have not sought external funding.

3.3 Sample

The sample for the study was made up of women entrepreneurs funded and non-funded by financial institutions in Kenya. Financial institutions include co-operative savings and credit societies and micro financial institutions. The funded women were those who had applied and received funding and operate business within the Nairobi city. The selection of those funded was based on the location of the business to have a citywide representation. Therefore Nairobi city was divided into five zones –Central

Business District, Eastlands, Westlands, The North, and South Districts. A random cluster sampling was used to select 20 respondents from each of these five zones. This method was successfully used by Wakah (1999) and Mbuvi (1993).

The non-funded group was selected randomly based on their closeness to those funded and selected for the survey. The sample-size was one hundred representing both the funded and non funded women entrepreneurs. The number was divided equally amongst the five districts. Random selection was done within the district (zones).

The type of the business will not be considered for the purpose of selection. For the purpose of comparative analysis those selected as non- funded must run the same business as the selected funded.

3.4 Data Collection

Data was collected from the respondents using a questionnaire. The respondents were asked to fill the questionnaire themselves. Where this was not possible the respondents were assisted in filling the questionnaire. This was necessary in cases where the respondents were unable to fill the questionnaires due to the nature of their businesses. One hundred questionnaires were issued to the respondents. Fifty one questionnaires were either returned or fully filled up thereby making a response rate of fifty one percent. This response rate can therefore be taken as sufficient in line with similar studies Shimba (1993) 56%, Karemu (1993) 55%, Aosa (1992) 15%, Woodburn (1984) 7% and Adegbite (1986) 5%.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction *Distribution and Funding Status of the Respondents*

In this chapter, the results of the descriptive statistics are presented for all the variables using tables and charts. The results of the correlation and regression analysis are presented as a way of identifying any significant entrepreneurial differences between the funded and the non funded women entrepreneurs. The data obtained from the respondents on locus of control, need for independence and risk taking is presented in tables and charts in this section together with that on education, formal training, business experience, birth order, religion, parental influence and ethnicity

TOTAL	26	25	51	100%
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4.1.1 Personal Profile of the entrepreneurs

i. Age

The age of the entrepreneurs interviewed was captured in order to describe the entrepreneurs and for comparison with other studies. The analysis of the respondents in terms of age indicates that majority of the respondents that is 79%, till within the age bracket of between 30 and 49 years. This is represented in the table 4.1.1.1 on page 28.

Table 4.1.1.1 Age Distribution and Funding Status of the Respondents

		FUNDING STATUS		TOTAL	
		UNFUNDED	FUNDED	FREQ	PKKC,
AGE BRACKET	18-20	3	3	6	11%
	21-30	12	14	26	51%
	31-40	9	5	14	28%
	41-50	2	3	5	10%
TOTAL		26	25	51	100%

The finding of this study is in line with Ndereba's findings which found that 48.8% were in the age bracket of 30-45 years and National Baseline Survey (CBS/ICEG/KREP, 1999) which found that 83% were in the age bracket of 16-45 years.

ii. Level of Education

The level of education has been cited in a number of studies. Brockhaus and Nord (1979) found that entrepreneurs had a lower level of education than managers. Ndereba (2005) found 55% of the entrepreneurs had secondary level of education and 11% with middle level college and degree level of education. The study indicates that 41% have middle level college education, 35% with secondary level and 24% with degree level of education.

In relation to the level of education and funding, 67% of the secondary school leavers are funded against 33% who are unfunded in that category. The finding

indicates that majority of the funded were those with middle level of education, making around 71% of the twenty one respondents in this category. Those with degree level of education are nearly equally distributed within the two status. This is represented in the table 4.1.1.2 below.

Table 4.1.1.2 Level of Education and Funding Status

		FUNDING STATUS		TOTAL	
		UNFUNDED	FUNDED	FREQUENCY	PERCENTAGE
LEVEL OF EDUCATION	SECONDARY	6	12	18	35%
	MID- LEVEL	15	6	21	41%
	DEGREE AND ABOVE	5	7	12	24%
TOTAL		26	25	51	100%

Whereas it has been observed in previous studies (CBS/ICEG/KREP, 1999; Ndereba, 2005) that entrepreneurs have low level of education and that the graduates have not made a great impact in the sector, this study notes a considerably higher percentage (24%) of entrepreneurs with degrees and above level of education. At the same this study indicates that all the respondents had at least secondary level of education. This can be taken to indicate the rising literacy level in Kenya and the move into the entrepreneurial sector by more literate women.

iii. Formal Training

It is expected that those with formal training related to business would conduct their businesses in a manner different from those without such training (Ndereba, 2005). The study indicates that 69% of the respondents had no training related to business and only 31% had such training. This is lower than the figure found by Ndereba (2005). When the respondents were analysed on the basis of funding, of the 31% with training, 56% were funded, while of the 69% without training 31% of them were funded. Overall analysis indicates that 18% and 31% of the funded were with and without formal training respectively.

Table 4.1.1.3 Prior Business Management Skills and Funding

		FUNDING STATUS				TOTAL	
		UNFUNDED		FUNDED		FRE.	PER
		FRE.	PER.	FRE.	PER		
MANAGEMENT	YES	7	14	9	17	16	31%
SKILLS	NO	19	37	16	32	35	69%
TOTAL		26	51%	25	49%	51	100%

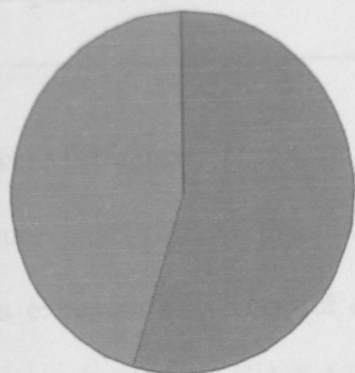
iv. Birth Order

Studies have shown that entrepreneurs tend to be first-born children (Collins & Moore, 1964; Gilder, 1984; McClelland, 1987). The respondents were classified as either first borns or others. The analysis of the respondents in terms of birth order indicates that twenty three were first boras making 45% and the rest twenty eight, making 55% of the

respondents. When taken on the basis of either first born or others the study is not in line with Ndereba's which indicated a percentage of 27.5% and 72.5% for first born and others respectively. Therefore this result contradicts findings of previous studies (children (Collins & Moore, 1964; Gilder, 1984; McClelland, 1987). The response is represented in chart 4.1.1.1 and table 4.1.1.3 below.

CHART 4.1.1 Birth Order

	UNFUNDED		FUNDED		FREQ.	PER.
	FREQ.	PER.	FREQ.	PER.		
FIRST BORN	16	31	12	24	28	55%
OTHER BIRTHS	14	28	13	26	23	45%
TOTAL	30	59	25	50	51	100%



Birth order
 ■ Other birth orders
 ■ First born

Pies show counts

Table 4.1.1.3 Sources of Influence and Funding

Table 4.1.1.4

Birth Order and Funding

		FUNDING STATUS				TOTAL	
		UNFUNDED		FUNDED		FRE.	PER.
		FRE.	PER.	FRE.	PER.		
BIRTH ORDER	FIRST BORN	16	31	12	24	28	55%
	OTHER BORN	10	20	13	25	23	45%
TOTAL		26	51	25	49	51	100%

v. Parental Influence

Entrepreneurs were offered possible sources of influence to entrepreneurship. The individual's exposure to successful role model, especially the father is an important determinant of entrepreneurial behaviour (Kent, 1986, Eisenhardt & Forbes, 1984; Schere ET. Al, 1989; Vesper, 1980; Bird, 1989).

The study indicates that 16% were influenced by their fathers, 12% by their mothers, 65% and 6% by self drive and 2% by friends. This study is in line with the other previous studies over the issue of exposure to successfully role models. It is worth noting that the exposure of parents as role model represented only 27%. The rest were from other personalities outside the parental bracket. The analyses of the respondents were as given in table 4.1.1.5 next page.

Table 4.1.1.5 Sources of Influence and Funding

		FUNDING STATUS		TOTAL
		UNFUNDED	FUNDED	
SOURCE OF ENTREPRENEURIAL INFLUENCE	FATHER	2	6	8
	MOTHER	4	2	6
	ENTREPRENEURS	18	15	33
	SELF DRIVE	1	2	3
	FRIENDS	1	0	1
TOTAL		26	25	51

vi. Religion

Studies have indicated a correlation between religion and personality in particular issues to do with independence and individualism, which are also critical in entrepreneurial traits (McClelland, 1961; Weber, 1930). The comparison between Catholics and Protestants indicated that Protestantism foster independence and individualism whereas Catholicism rely on the church and its representatives to make decisions on behalf of believers.

The response indicates 31% were Catholics, 29% Pentecostals, 25% Protestants and 14% being Hindus, Muslims and African Traditional Religion respectively. The overall analysis of Protestantism and Catholics indicates 54%% and 31% respectively. This when viewed on the basis of funding gives no difference as indicated in the table 4.1.1.6. (On page 33)

Table 4.1.1.6 Religion and Funding

		FUNDING STATUS				TOTAL	
		UNFUNDED		FUNDED		FRE.	PER.
		FRE.	PER.	FRE.	PER.		
BIRTH ORDER	CATHIOLICS	6	12	10	19	16	31
	PROTESTANTS	7	14	6	12	13	26
	PENTECOSTALS	9	18	6	12	15	30
	HINDUS	1	2	1	2	2	4
	MUSLIMS	3	5	1	2	4	7
	ATR	0	0	1	2	1	2
TOTAL		26	51%	25	49	51	100%

KEY: ATR= AFRICAN TRADITIONAL RELIGION

vii. Ethnicity

Studies in London have shown East African Asians as being more entrepreneurial than other communities (Basu & Altiney, 2001) On the African context Harris (1968) found that entrepreneurial performance varied between various ethnic groups in Nigeria. In Kenya Ndereba (2005) found majority of respondents to be Kikuyus.

On the basis of ethnicity, this study classified the respondents into either being of Asian origin or none Asian. The respondents' profile indicates 84% being non Asians and 16% being entrepreneurs of Asians origin. This is represented in the table 4.1.1.7 below.

TABLE 4.1.1.7

CHART 4.1.1.2 EMPLOYMENT STATUS AND FUNDING

Ethnicity and Funding

		FUNDING STATUS				TOTAL	
		UNFUNDED		FUNDED		FRE	PER
		FRE.	PER.	FRE.	PER.		
ETHNICITY	ASIANS	22	8	4	8	8	16
	NON-ASIANS	22	43	21	41	43	84
TOTAL		26	51%	25	49%	51	100%

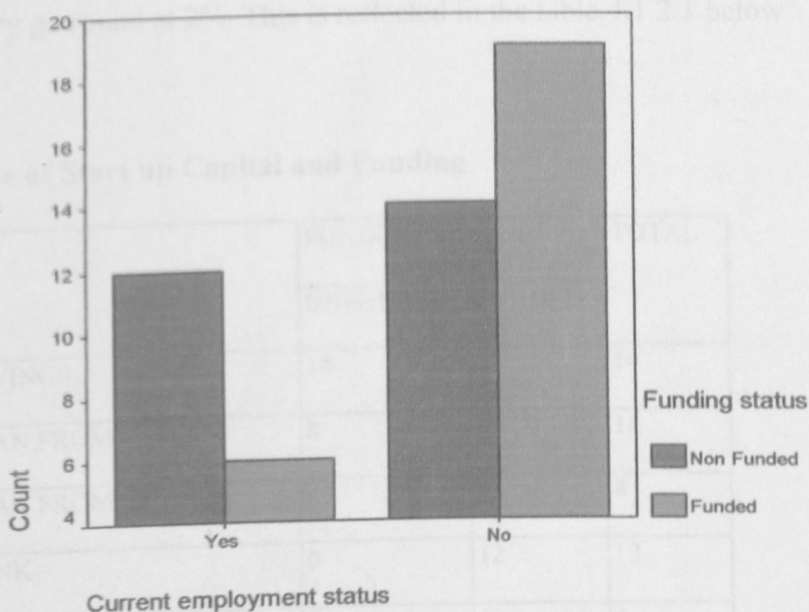
viii. Previous and Current Employment

Employment environment may provide management skills and exposure required for running business. At the same time the issue of accessing funds through external sources may be demystified through employment exposure. This may be so particularly where an employee is in charge of banking or loan processing activities. *An analysis of the respondents indicates that 55% had previous employment experience and 45% had no employment experience.*

The Kenyan entrepreneurs are at times known to be operating business along side their regular employment. The response to the issue of being in regular employment elsewhere while running business solicited the following. Those solely in business make 64% with the balance of 36% being those in regular employment.

CHART 4.1.1.2

EMPLOYMENT STATUS AND FUNDING



4.1.2 Enterprise Profile

Enterprises have different historical background and therefore different environmental set up. These therefore exert different degree of pressure on the entrepreneurs as far as funding is concerned. The need for funding and the ability to seek such funding may be accelerated by factors like age of business, type of business and ownership, source of start up capital, source of funding, size of business, and number of employees. These features are discussed below.

i. Sources of Start up Capital

There are various options available that an entrepreneur can use as a source of start capital. The analysis indicates that majority of the respondents 23% sourced their start up

capital from the bank. The other sources that tied up at 27.5% were personal savings and loans from family. The two sources tied up and in essence point to the same source. The other sources were loans from friends at 16 % savings and credit co-operative society at 4 % and lastly the merry go round at 2%. This is reflected in the table 4.1.2.1 below

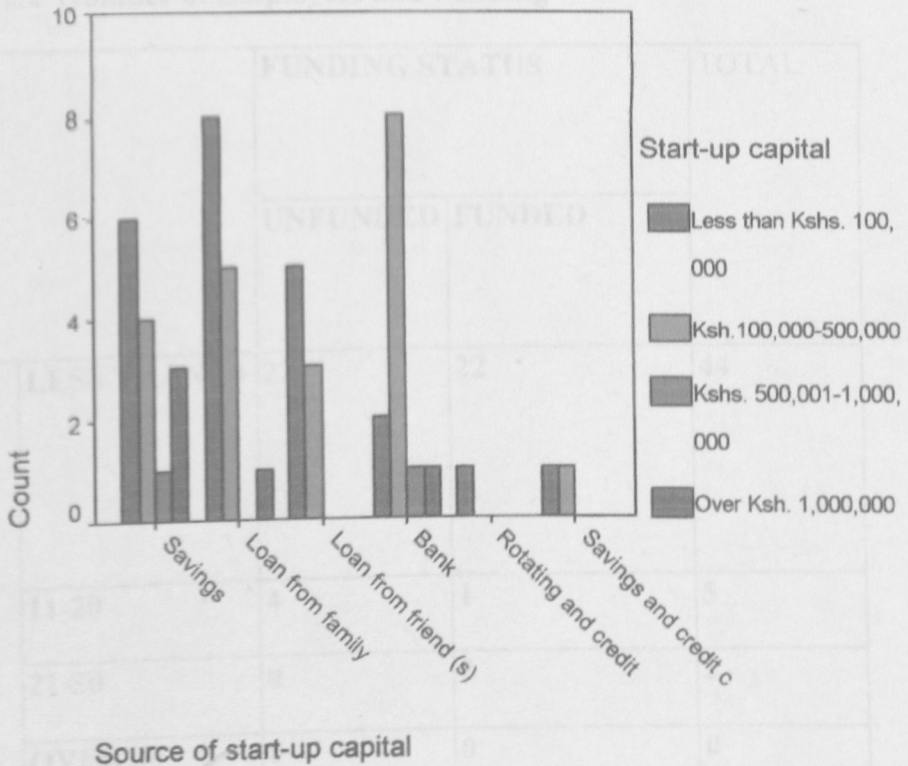
Table 4.1.2.1 Source of Start up Capital and Funding

			FUNDING STATUS		TOTAL
			UNFUNDED	FUNDED	
SOURCE OF START UP CAPITAL	SAVINGS		14	0	14
	LOAN FROM FAMILY		8	6	14
	LOAN FROM FRIENDS		4	4	8
	BANK		0	12	12
	ROSCA		0	1	1
	SACCO		0	2	0
	TOTAL		26	25	51

ii. Size of Start up Capital

The amount of capital at times would dictate the source of funding. In normal circumstances it is expected that those who intend to go into business would resort to personal savings and seek external funding where huge capital outlay is involved. Funding requirements at the time of setting up the business is more likely to dictate the future source of funds for such businesses.

Chart 4.1.2.1 Size and Source of start up capital



Source of start-up capital

The analysis indicates that the amounts involved as per the respondents ranged between less than Kshs 100, 000 making 45% to over Kshs.1, 000,000 making a mere 10%. This is likely to be normal for the category and size of entrepreneurs interviewed. The distribution of the size of start up capital and source of the capital is given in the chart 4.1.2.1 above

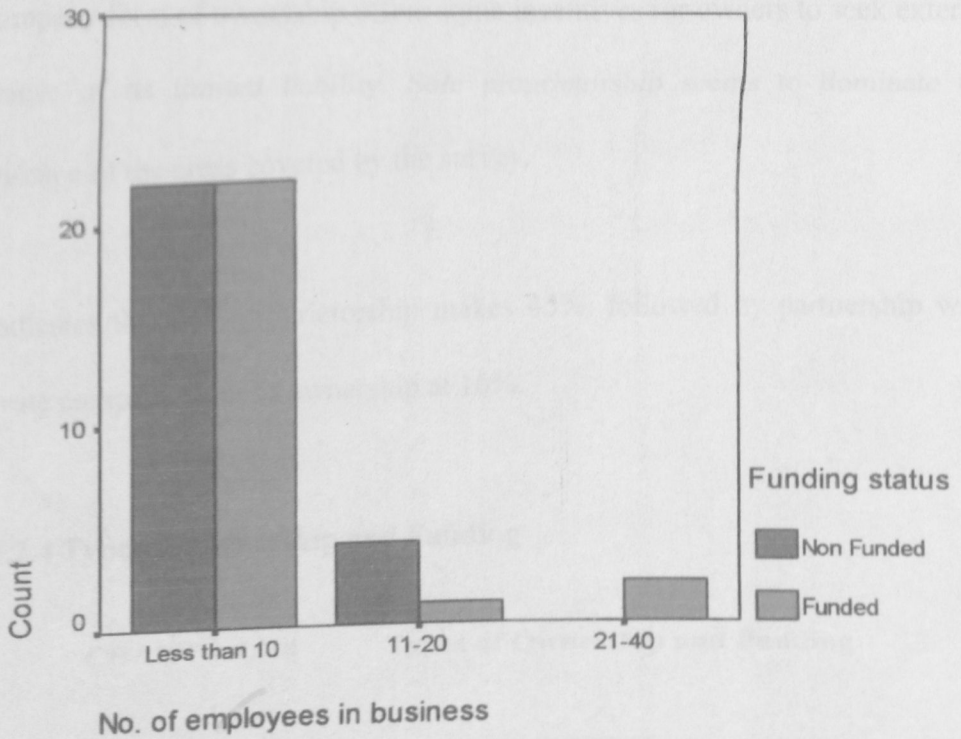
iii. Number of Employees

Table 4.1.2.2 Number of Employees and Funding

		FUNDING STATUS		TOTAL
		UNFUNDED	FUNDED	
NUMBER OF EMPLOYEES	LESS THAN 10	22	22	44
	11-20	4	1	5
	21-30	0	2	2
	OVER 30	0	0	0
TOTAL		26	25	51

The number of employees may reflect the magnitude of operation within an organization and the level of capital employed. The entrepreneurs with less than ten employees constitutes the majority, making 86% of the respondents and distantly followed by those with between eleven and twenty at 10% and lastly by those with between twenty one and forty employees at 4% respectively. Table 4.09 below represents their distribution. This when analysed gives the following distribution in terms of funding.

Chart 4.1.2.3 Number of Employees and Funding



Business in Kenya for some time had been left to the Kenyans of Asian origin or those who have failed to attain high level of education (Secondary education and upwards). This was attributed to the fact that white collar jobs were easily available to the school graduates. The jobs also offered greater rewards and prestige. The analysis of the level of education indicates that those interviewed have higher level of education, i.e. secondary school level and above. The majority of the respondents have gone through the middle level colleges making 41%. This group is followed by those with secondary level of education making 35% and lastly those with degree level of education making 24%. The distribution is given in chart 4.06 below

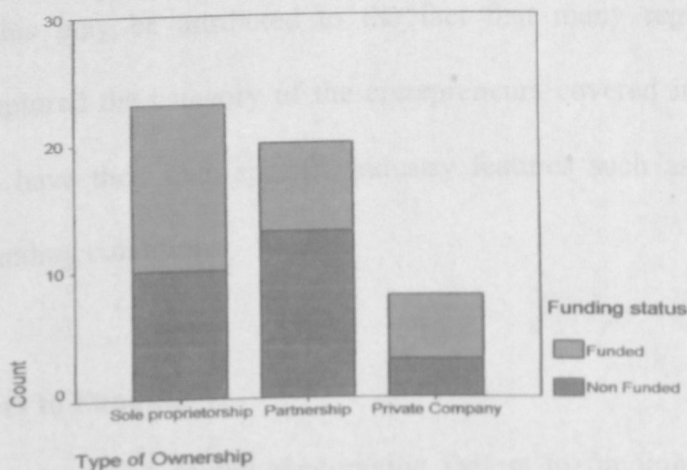
iv. Type of Business Ownership

The type of business ownership, sole proprietorship, partnership, or company requires different quantity of funds that may be sourced from owners and or outsiders. It is more likely that company form of ownership offers some incentives for owners to seek external funding because of its limited liability. Sole proprietorship seems to dominate the business landscape of the areas covered by the survey.

The study indicates that sole proprietorship makes 45%, followed by partnership with 39% and private company form of ownership at 16%.

CHART 4.1.2.4 Types of Ownership and Funding

CHART 4.1.2.4 Types of Ownership and Funding



4.2 Entrepreneurial Factors/Traits Related to Funding

The guts to go for external funding may be hampered by a number of reasons. Amongst the items scored in relation to determining ones quest for funding were fear of failure of

business, preference for judging others, preference for generating new ideas, inability to incubate an idea, lack of challenge and lack of imaginative control. Fear of failure of business is a critical issue that many consider when choosing the source of capital. For sometimes bank loans have been treated with a lot of fear particularly in relation to the survival of the business. This is mainly because repayment of the business loan is normally tied to the life of the business. Therefore business failure may result in the disposal of the collateral security. The overall score for the other heads were as given below.

i. Individuals Perception of Funding

Five issues were test scored in so far as barriers to funding are concerned. The items were lack of funding institutions, lack of information, lack of investment opportunities, culture and religion and gender issues. The prominent issue that scored highly was lack of funding institutions. This may be attributed to the fact that many regular funding institutions have not captured the category of the entrepreneurs covered in the survey. The entrepreneurs also have their own specific industry features such as seasonality, which require special funding conditions.

ii. Perceived Barriers to Funding

The three issues that were scored on the encouraging factors to funding were family influence, number of years in business and age of the entrepreneur. The outstanding influencing factor was found to be family influence. This in essence reinforces an earlier

observation that women face pressure from different quarters as far as collateral and family responsibilities are concerned. The score on the items were as given below.

iii. Perceived Pull Factors to Funding

There are numerous needs for funding. The women entrepreneurs cited need for independence as most critical. The other three were below average as reflected in the summarised table 4.2.1.

iv. Perceived Push Factors

The notable pull factors that were scored under this heading were technical training, personal contacts and keeping promise. All three factors were identified as critical. Personal skills in terms of technical training become handy particular where business in question requires application of such skills. At the same time personal contacts provide networking that would be necessary for the business in disposal of its products (output). Such contacts are critical for the survival of the business. The keeping of the promise of being in business acts as a catalyst in ensuring sustained success of the business. The summary is presented in table 4.2.1

v. Personal Guts and Funding

The external factors that impact heavily on the guts to seek funding analysed indicates that both security financing and economy in transition present business opportunities to the entrepreneurs. The scores were above average for both items as given below.

4.2.1.1 Entrepreneurial Traits/factors and funding

	UNFUNDED	FUNDED	E. AVERAGE
Individuals perception to Funding	260	251	510
Perceived Barriers to funding	123	128	255
Perceived Pull factors	78	85	153
Perceived Pushed factors	367	101	204
Personal Guts and Funding	228	80	100
Total	1720	694	1324

Key: E=Expected minimum average

The score for the four entrepreneurial traits when analysed under funded and unfunded were as given in the table 4.2.1.1 above. The average scores for the different question when analyzed on the basis of correlation indicate high correlation between the funded and unfunded entrepreneurs. The same result was compared on the basis of differences of means and standard deviation. This was done for the funded, unfunded and groups expected means. The result are summarized in the table 4.1.2.3

Table 4.1.2.3 CORRELATION

I		PERCEIVE	PULL	PUSH	GUTS	BARRIERS
PERCEIVE	Pearson Correlation	1	.998(*)	-.303	.392	-.991
	Sig. (2-tailed)		.042	.804	.744	.088
	N	3	3	3	3	3
PULL	Pearson Correlation	.998(*)	1	-.364	.331	-.979
	Sig. (2-tailed)	.042		.763	.785	.129
	N	3	3	3	3	3
PUSH	Pearson Correlation	-.303	-.364	1	.758	.169
	Sig. (2-tailed)	.804	.763		.452	.892
	N	3	3	3	3	3
GUTS	Pearson Correlation	.392	.331	.758	1	-.514
	Sig. (2-tailed)	.744	.785	.452		.656
	N	3	3	3	3	3
BARRIES	Pearson Correlation	-.991	-.979	.169	-.514	1
	Sig. (2-tailed)	.088	.129	.892	.656	
	N	3	3	3	3	3

Correlation is significant at the 0.05 level (2-tailed).

The results indicate that there exists a high positive correlation between perception to funding and perceived pull factors at a 0.998. The high correlation is also present between perceived, push, factors and personal guts at +0.758.

The results also indicate negative correlation between the following entrepreneurial traits; Perception to funding and barriers to funding at 0.991; barriers to funding and pull factors at 0.7979.

Table 4.1.2.4 COMPARISON OF MEANS

STATUS		PERCEIVE	PULL	PUSH	GUTS	BARRIES
funded	Mean	251.0000	85.0000	101.0000	80.0000	128.0000
N		1	1	1	1	1
Std. Deviation						
unfunded	Mean	260.0000	78.0000	367.0000	228.0000	123.0000
N		1	1	1	1	1
Std. Deviation						
group	Mean	510.0000	255.0000	153.0000	204.0000	100.0000
N		1	1	1	1	1
Std. Deviation						
Total	Mean	340.3333	139.3333	207.0000	170.6667	117.0000
N		3	3	3	3	3
Std. Deviation		147.00454	100.23140	140.98227	79.43131	14.93318

The analysis of the means indicates no significant differences between the funded and the unfunded groups for perceived, pull, and barriers, the only significant difference is on the push and guts factors.

4.3 Entrepreneurial Behaviour

Entrepreneurs have exhibited certain behavioural characteristics. The respondents were asked to respond to questions which were then scored to the three behavioural

characteristics. The dimensions scored were risk taking, locus of control and feeling of independence.

i. Risk Taking

Entrepreneurs were requested to complete a set of 10 questions to measure risk taking propensity adapted from a questionnaire used by Hisrich & Brush, 1985. The set of questions had a seven-point scale and 7 points were awarded for each question to make up a total of 70. In each case the risk score was calculated as the summed average of the ten-item scores. A score of 7 on these scales means that an individual has a high level of risk propensity. A score of 1 indicates that the person has a low risk propensity, while a score of 4 indicates that the respondent has a risk propensity consistent with that of the general population. A dummy variable equal to one was assigned if the entrepreneur scored an average score greater than 4 points and zero otherwise. A score greater than 4 points was used in this study as indicative of higher risk taking propensity.

The average risk score was 9.9 for the unfunded, 10 for the funded with an expected average score of 10.

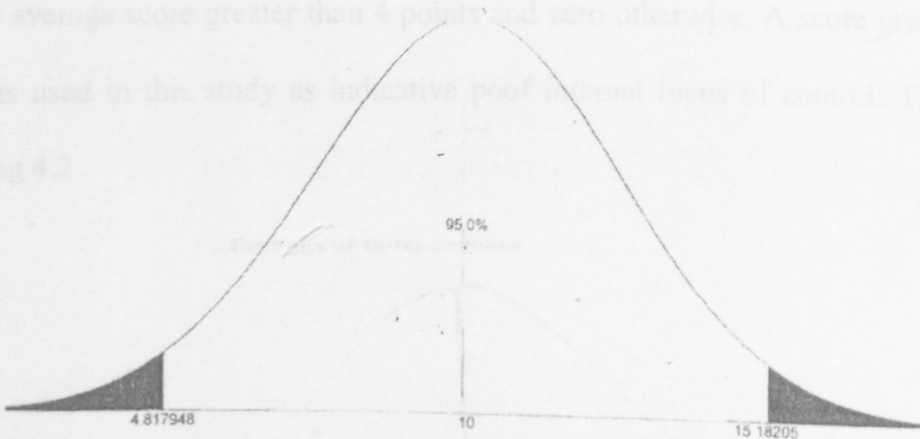
Table 4.3.1.2

Risk Taking and Funding

	UNFUNDED	FUNDED	E.AVERAGE
Total score	259	251	510
Average score	9.961538462	10.	10

Risk Taking and Funding

Risk Taking and Funding



Given

Mean = 10
 Standard deviation = 2.643904 (Variance = 6.990228361216)
 Two tailed
 Probability between the two tails = 0.95
 (Probability within each tail = 0.025)

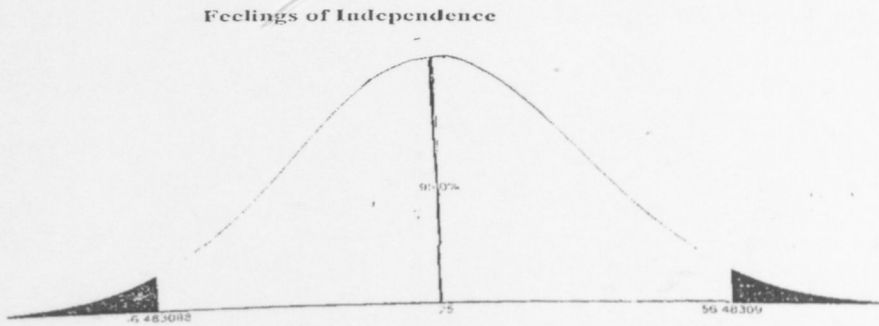
— Results —

The left cutoff is 4.8179
 The right cutoff is 15.182

iii. Feelings of Independence

ii. Locus of Control

Entrepreneurs were requested to complete a set of 10 questions to measure Locus of Control adapted from a questionnaire used by Ilisrich & Brush, 1985. The set of questions has a seven-point scale and 7 points are awarded for each question to make up a total of 70. In each case the locus score was calculated as the summed average of the ten-item scores. A score of 7 on these scales means that an individual has an internal locus of control. A score of 1 indicates that the person has an external locus of control, while a score of 4 indicates that the respondents has a locus of control consistent with that of the general population. A dummy variable equal to one was assigned if the entrepreneur scored an average score greater than 4 points and zero otherwise. A score greater than 4 points was used in this study as indicative poof internal locus of control. The average score being 4.2



Mean = 25
Standard deviation = 10
Probability within two standard deviations = 95.45%
Probability within three standard deviations = 99.73%

iii. Feelings of Independence

Entrepreneurs were requested to complete a set of 10 questions to measure independence and need for achievement adapted from a questionnaire used by Hisrich & Brush, 1985. The set of questions had a seven-point scale and 7 points were awarded for each question to make up of 70. In each case the independence score was calculated as the summed average of the ten-item scores. A score of 7 on these scales means that an individual has a high level of independence. A score of 1 indicates that the person has a low independence, while a score of 4 indicates that the respondent has independence consistent with that of the general population. A dummy variable equal to one was assigned if the entrepreneur scored an average score greater than 4 points and zero otherwise. A score greater than 4 points was used in this study as indicative of independence and need for achievement. The average score for the respondents was 4.289, which reflected an ability of directing ones own activities without being pushed by others.

Feelings of Independence

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

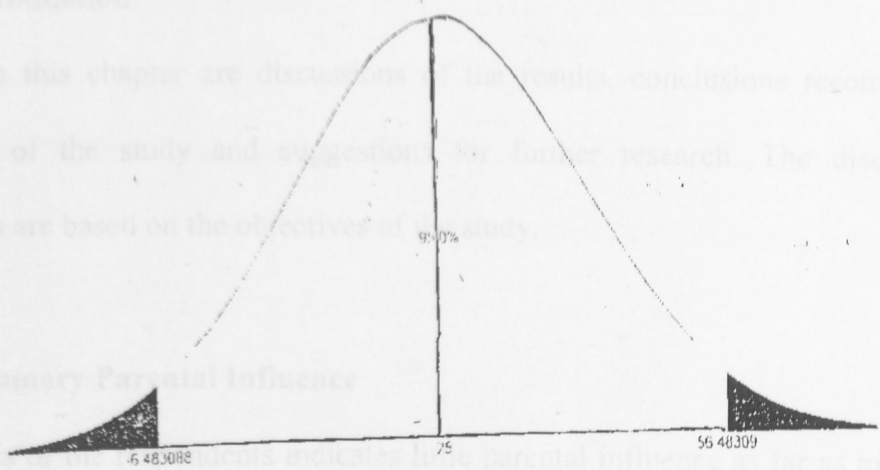
Feelings of Independence

5.0 Introduction

Included in this chapter are discussions of the results, conclusions, recommendations, limitations of the study and suggestions for further research. The discussion and conclusions are based on the objectives of the study.

5.1 Summary Parental Influence

The analysis of the data indicates that the parental influence as far as motivation of going into business is concerned. This can be attributed to the fact that few Kenyans of Africa are into business. Also notable is the fact that many parents in the past preferred



Mean = 75
Standard deviation = 16.0628 (Variance = 258.01354364)
Two tailed
Probability between the two tails = 0.99
(Probability within each tail = 0.025)

Result
The left cutoff is -6.4831
The right cutoff is 56.4831

Therefore it means that the major pushing factor which would influence potential entrepreneurs into business would seem to be others who have successfully ventured into business (successful entrepreneurs).

However, moral support from families has contributed significantly in encouraging one to seek and/or secure funding. This observation concurs overwhelmingly with the existing body of knowledge that family support is a vital ingredient among wannabe entrepreneurs.

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5.0 Introduction

Included in this chapter are discussions of the results, conclusions recommendations limitations of the study and suggestions for further research. The discussion and conclusions are based on the objectives of the study.

5.1 Summary Parental Influence

The analysis of the respondents indicates little parental influence as far as motivation of going into business is concerned. This can be attributed to the fact that few Kenyans of Africa are into business. Also notable is the fact that many parents in the past preferred white collar jobs and therefore did little in pushing and/or encouraging their family members into business ventures. Therefore it means that the major pulling factor, which would influence potential entrepreneurs into business would seem to be others who have successfully ventured into business (successful entrepreneurs).

However, moral support from families has contributed significantly in encouraging one to seek and/or secure funding. This observation concurs overwhelmingly with the existing body of knowledge that family support is a vital ingredient among women entrepreneurs.

Ethnicity and Religion

The study focussed largely on Kenyan women entrepreneurs of African descent and therefore ethnicity is not a basis of analysis. On religion, there are more Protestants entrepreneurs than non-protestants. This affirms earlier studies that have observed that Protestantism influences entrepreneurial behaviour in a positive way. In terms of funding, the distribution was fairly even between Protestants and no-protestants. This implies that religion is neutral and does not determine whether or not a particular woman entrepreneur will seek external sourcing.

Level of Education

The majority of respondents were of secondary and middle college education. This implies persons with modest rather than higher education are more likely to venture into business. However, it seems that respondents with university level education ranked highest in sourcing external funding. This could be explained by the fact that well educated people are more aware of funding institutions and wider networks than their counterparts.

Age and Birth Order

It has been observed that many of the women entrepreneurs interviewed ranged between 26 and 45 years. It is also observed that persons between 26 and 35 years are more likely to seek funding than their older counterparts. There is a link between ordinal age and business risk taking, with older group being more risk averse. For instance, only a few of

those between 46 and 45 years sought external funding for start up capital most of them in this category relied largely on their own savings.

In terms of birth order, analysis shows that in average, those who sought funding were first borns. Firstborns were go-getters when it came to seeking external funds for their business.

Behavioural Characteristics

There are no significant differences in behavioural characteristics between funded and unfunded women entrepreneur. This may be attributed to the fact the women entrepreneurs are faced with similar consistent environmental and differentiating factors play no or limited role in affecting their personal behavioural factors.

5.2 Conclusion

It can be concluded from this study that there are no significant entrepreneurial differences between funded and none funded women entrepreneurs who were interviewed. The women come from diverse background in terms of education, location of business, ethnicity, amongst the variables identified above. The drive and ability to go for external funding can be attributed to personal traits that cannot be generalized.

5.3 Suggestions for further Study

The following areas could be studied;

- A comparative study can be conducted between urban and rural women entrepreneurs because of their perceived different environmental set-ups.
- A comparative study can be conducted across the ethnic divides in Kenya so as to test if any ethnic tribe in Kenya exhibits superior entrepreneurial traits.
- Financial institutions to establish some of the pertinent issues they look for when funding entrepreneurs so as to identify the presence of these amongst the women entrepreneurs.

5.4 Recommendation

Funding institutions should develop action oriented funding practices. Such practices may include visiting the entrepreneurs within their business premises, offering special loan packages without stringent conditions of collaterals and offering training sessions for would be borrowers on management of funds.

The education should be geared towards exposing and empowering the graduates at all levels of the education system with abilities to employ skills acquired in business. At the same the government should design special funding programmes to assist school graduates to venture into business. Such funds can be channelled through various financial institutions with grassroots networks.

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APPENDIX I

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IF NO.

Daile Tucker <http://www.homebusinessmag.com/>

Your ethnic background

Asian

New Asian

How many businesses do you run

When did you start your first business

APPENDICES

APPENDIX 1

QUESTIONNAIRE

Kindly answer the following question as per the instructions provided. Information provided will be treated as confidential (don't write your name anywhere)

1. Location of Business.....

2. When did you start the business.....

3. Is this your first Business? [YES] [NO]

If NO, Rotating and credit co-operative (ROSCA)

1. Age in completed years.....

3. Your ethnic background

i. Asian (pick only one range)

ii. Non Asian.....

4. How many businesses do you run

.....

5. When did you start your first business

.....

1. Less than 10

2. 11-20

6. Your religion as practiced *
- i. Protestant
 - ii. Catholic
 - iii. Pentecostal
 - iv. Hindu
 - v. Moslem
 - vi. African Traditional Religion
7. What was your source of start-up capital?
- i. Savings
 - ii. Loan from the family
 - iii. Loan from friend(s)
 - iv. Bank
 - v. Rotating and credit co-operative (ROSCA)
 - vi. Savings and credit co-operative (SACCO)
 - vii. Other (specify)
8. What was the start-up capital? (PICK ONLY ONE RANGE)
- i. Less than Ksh. 100,000
 - ii. Ksh. 100,001-500,000
 - iii. Ksh.500,001-1,000,000
 - iv. Over Ksh. 1,000,000
9. How many people are employed in the business? (TICK ONLY ONE)
- i. Less than 10
 - ii. 11-20

13. Type of business (TICK ONE)

- iii. 21-40 []
- iv. Over 41 []

10. What is your level of Education

- i. None []
- ii. Primary School []
- iii. Secondary School []
- iv. Middle - Level College []
- v. Degree Level []

11. Are you currently employed [YES] [NO]

- i. For how long
- ii. At which level?

16. How were you employed in this business?

- a) Clerical
- b) Supervisory
- c) Management level.

12. Have you ever been employed [Yes] [No]

- i. For how long?
- ii. At which level?

 - a) Clerical
 - b) Supervisory
 - c) Management level.

iv. Other (specify)

13. Type of Business (TICK ONE)
- i. Retail
 - ii. Distributors
 - iii. Wholesaler
14. Type of Ownership (TICK ONE)
- i. Sole proprietorship
 - ii. Partnership
 - iii. Private Company
 - iv. Public Company
15. What is your designation in the firm/business?
-
-
16. How old were you when started this business? years.
17. How long have you been working in this firm/business?
- i. Below 2 years
 - ii. 2-4 years
 - iii. Over 4 years
18. Who influenced you to go into business?
- i. Father
 - ii. Mother
 - iii. Successful Entrepreneur
 - iv. Other (specify)

21. Which of the following do you consider as barriers to sourcing of funding to

19. Did you have any prior business Management Experience/skills? [YES] [NO]

i. Lack of funding institutions

If YES briefly explain.

ii. Lack of information

.....

iv. Culture and religion

.....

v. Gender issues

20. Which of the following do you consider as barrier to women quest for funding

(rank them from the highest of 5 to the lowest of 1)

i. Family Influence

Fear of failure of business [1][2][3][4][5]

ii. No of years in business

Preference for judging ideas [1][2][3][4][5]

23. Preference for Generating ideas [1][2][3][4][5]

Inability to incubate an idea [1][2][3][4][5]

ii. Working/Employment status

Lack of challenge [1][2][3][4][5]

iii. Changing Environment

Excessive Zeal [1][2][3][4][5]

24. Lack of access to areas of imagination [H][2][3][4][5]

Lack of imaginative control [1][2][3][4][5]

ii. Personal concerns

iii. Keeping promise

21. Which of the following do you consider as barriers to sourcing of funding to women?
- i. Lack of funding institutions
 - ii. Lack of information
 - iii. Lack of investment opportunities
 - iv. Culture and religion
 - v. Gender issues
22. Which of the following factors encouraged you to seek external funding? (Rank them from 5 being most important to 1 being the least important)
- i. Family Influence [1][2][3][4][5]
 - ii. No of years in business [1][2][3][4][5]
 - iii. Age [1][2][3][4][5]
23. Rate the following as far as need for funding is concerned.
- i. Need for independence [1][2][3][4][5]
 - ii. Working/Employment status [1][2][3][4][5]
 - iii. Changing Environment [1][2][3][4][5]
 - iv. Retrenchment [1][2][3][4][5]
24. How does approach to start up affect the need to go for funding (Rank)?
- i. Technical training [1][2][3][4][5]
 - ii. Personal contacts [1][2][3][4][5]
 - iii. Keeping promise [1][2][3][4][5]

25. Does the lack of the following affect the need for funding?

- i. Access to funding [1][2][3][4][5]
- ii. Business knowledge [1][2][3][4][5]
- iii. Cultural attitude [1][2][3][4][5]

26. How do these key opportunities affect the "Guts" to go for loans?

- i. Security financing [1][2][3][4][5]
- ii. Economy in transition [1][2][3][4][5]
- iii. Family support [1][2][3][4][5]

ANSWER THE FOLLOWING BY TICKING EITHER YES OR NO FEELINGS ON BELIEF

1. Do you often feel "That's just the way things are and there's nothing I can do about it"?
- Never [] almost never [] seldom [] sometimes []
Usually [] almost always [] always []
2. When things go right and are terrific for you, do you think, "I was lucky!"?
- Never [] almost never [] seldom [] sometimes []
Usually [] almost always [] always []
3. Do you think you should go into business do something with your time for pay because everything you read these days is urging you in that direction?
- Never [] almost never [] seldom [] sometimes []
Usually [] almost always [] always []
4. Do you know that if you decide to do something, you will do it and nothing can stop you?
- Never [] almost never [] seldom [] sometimes []
Usually [] almost always [] always []
5. Even though it is scary to try something new, are you the kind who tries it?
- Never [] almost never [] seldom [] sometimes []
Usually [] almost always [] always []

6. If your friends, parents tell you that it is foolish of you to want a career. Have you listened to them?
- Never [] almost never [] seldom [] sometimes []
 Usually [] almost always [] always []
7. Do you think it is important for everyone to like you?
- Never [] almost never [] seldom [] sometimes []
 Usually [] almost always [] always []
8. Do you get a feeling of satisfaction from doing a job properly?
- Never [] almost never [] seldom [] sometimes []
 Usually [] almost always [] always []
9. If you want something, do you ask for it rather than wait for someone to notice you and "just give it to you"?
- Never [] almost never [] seldom [] sometimes []
 Usually [] almost always [] always []
10. Even though people tell you "it cannot be done," are you going to find out it yourself?
- Never [] almost never [] seldom [] sometimes []
 Usually [] almost always [] always []

FEELINGS ON INDEPENDENCE

1. I hate to go shopping for clothes alone.
- Strongly disagree [] disagree [] slightly disagree []
slightly agree [] Neither agree nor disagree [] agree []
strongly agree []
2. If my friends don't want to go to a movie I want to see, I will go by myself. Strongly disagree [] disagree [] slightly disagree [] slightly agree [] Neither agree nor disagree [] agree [] strongly agree []
3. I want to be financially independent.
- Strongly disagree [] disagree [] slightly disagree [] slightly agree []
Neither agree nor disagree [] agree [] strongly agree []
4. I often need to ask other people's opinions before I decide on important things.
- Strongly disagree [] disagree [] slightly disagree [] slightly agree []
Neither agree nor disagree [] agree [] strongly agree []
5. I would rather have other people decide where to go out.
- Strongly disagree [] disagree [] slightly disagree [] slightly agree [] Neither agree nor disagree [] agree [] strongly agree []
6. When I know I'm in charge, I don't apologize, I can't do it, I just do what has to be done.
- Strongly disagree [] disagree [] slightly disagree [] slightly agree [] Neither agree nor disagree [] agree [] strongly agree []

7. I will speak up for an unpopular cause if I believe in it.

Strongly disagree [] disagree [] slightly disagree [] slightly agree [] Neither
agree nor disagree [] agree [] strongly agree []

8. I'm afraid to be different.

Strongly disagree [] disagree [] slightly disagree [] slightly agree [] Neither
agree nor disagree [] agree [] strongly agree []

9. I want the approval of others.

Strongly disagree [] disagree [] slightly disagree [] slightly agree []
Neither agree nor disagree [] agree [] strongly agree []

RISK TAKING

1. Can you take risks with money, that is, invest, and not know the outcome?

Never [] almost never [] seldom [] sometimes [] Usually [] almost

always [] always []

2. Do you take an umbrella with you every time you travel? A thermometer?

Never [] almost never [] seldom [] sometimes [] usually []

almost always [] always []

3. If you're frightened at something, will you try to conquer the fear?

Never [] almost never [] seldom [] sometimes [] Usually [] almost

always [] always []

4. Do you like trying new food, new places, and totally new experiences? Never []

almost never [] seldom [] sometimes [] Usually [] almost always []

always []

5. Do you need to know the answer before you ask the question?

Never [] almost never [] seldom [] sometimes [] Usually []

Never [] almost never [] seldom [] sometimes [] Usually []

almost always [] always []

6. Have you taken a risk in the last six months?

Never [] almost never [] seldom [] sometimes [] Usually []

almost always [] always []

7. Can you walk up to a total stranger and strike up a conversation?

Never [] almost never [] seldom [] sometimes [] Usually []

almost always [] always []

8. Have you ever intentionally travelled an unfamiliar route?

Never [] almost never [] seldom [] sometimes [] Usually [] almost

always [] always []

9. Do you need to know that it's already been done before you're willing to try it?

Never [] almost never [] seldom [] sometimes [] Usually [] almost

always [] always []

10. Have you ever gone on a blind date?

Never [] almost never [] seldom []

sometimes Usually []

almost always []

always []

APPENDIX TWO SCORES FOR QUESTIONS

Directions to student for faculty

	1	2	3	4	5	TOTAL
1. Have you ever gone on a blind date?						
2. Have you ever had a crush on someone?						
3. Have you ever had a crush on someone who was not your friend?						
4. Have you ever had a crush on someone who was not your friend?						
5. Have you ever had a crush on someone who was not your friend?						
6. Have you ever had a crush on someone who was not your friend?						
7. Have you ever had a crush on someone who was not your friend?						
8. Have you ever had a crush on someone who was not your friend?						
9. Have you ever had a crush on someone who was not your friend?						
10. Have you ever had a crush on someone who was not your friend?						
TOTAL						

APPENDIX TWO SCORES FOR QUESTIONS

Barriers to quest for funds

ITEMS	1	2	3	4	5	TOTAL
Fear of failure of business	14	7	7	7	21	51
Preference for judging ideas	3	4	21	14	9	51
Preference for generating ideas	3	5	16	13	14	51
Inability to incubate an idea	6	10	13	10	12	51
Lack of challenge	5	15	15	10	6	51
Lack of imaginative control	5	6	14	16	10	51
TOTAL	36	42	86	70	72	306

Sources of Funding and Funding status

ITEMS	UNF	FUN	1	UNF	FUN	2	UNF	FUN	3	UNF	FUN	4	UNF	FUN	5	TOTAL
Fear of failure of business	7	7	14	1	1	2	4	3	7	5	2	7	10	11	21	51
Preference for judging ideas	2	1	3	3	1	4	8	13	21	7	7	14	4	5	9	51
Preference for generating ideas	1	2	3	2	3	5	2	14	16	6	7	13	7	7	14	51
Inability to incubate an idea	3	3	6	6	4	10	8	5	13	5	5	10	6	6	12	51
Lack of challenge	3	2	5	9	6	15	11	4	15	7	3	10	3	3	6	51
Lack of imaginative control	3	2	5	1	5	6	6	8	14	8	8	16	5	5	10	51
TOTAL	19	17	36	22	20	42	39	47	86	38	32	70	35	37	72	306

Barriers to Funding

Items scored Ranked	1	2	3	4	5	TOTAL
Lack of funding institution	7	3	8	7	26	51
Lack of information	4	2	16	12	17	51
Lack of investment opportunities	2	2	11	24	12	51
Culture and Religion	7	26	9	7	2	51
Gender issues	7	10	21	6	7	51
TOTAL	27	43	65	56	64	255

Barriers to Funding and Funding status

Items scored Ranked	UNF	FUN	1	UNF	FUN	2	UNF	FUN	3	UNF	FUN	4	UNF	FUN	5	TOTAL
Lack of funding institution	5	2	7	3	0	3	3	5	8	3	4	7	12	14	26	51
Lack of information	2	2	4	0	2	2	5	11	16	5	7	12	9	8	17	51
Lack of investment opportunities	0	2	2	2	0	2	7	3	11	15	9	24	5	6	12	51
Culture and Religion	4	3	7	9	15	26	4	5	9	0	7	7	2	0	2	51
Gender issues	4	3	7	7	3	10	10	11	21	2	4	6	5	2	7	51
TOTAL	15	12	27	21	20	43	29	35	65	25	31	56	33	30	64	225

Opportunities on Cash and Funding

Questions	1	2	3	4	5	TOTAL
i. Family influence	6	2	12	8	23	51
ii. No. of years in business	3	7	16	11	14	51
iii. Age	7	23	10	7	4	51
TOTAL	16	32	38	26	41	153

Encouraging Funding Factors

Questions	1	2	3	4	5	TOTAL
i. Family influence	6	2	12	8	23	51
ii. No. of years in business	3	7	16	11	14	51
iii. Age	7	23	10	7	4	51
TOTAL	16	32	38	26	41	153

Pull Factors in Business in Relation to Funding

		UNF	FUN	1	UNF	FUN	2	UNF	FUN	3	UNF	FUN	4	UNF	FUN	5	TOTAL
1	Technical training	1	0	1	4	0	4	2	12	12	5	6	11	10	13	23	51
11	Personal contacts	1	a	1	2	4	6	8	5	13	6	7	13	13	5	18	51
U)	Keeping promise	0	3	3	5	3	8	5	4	9	8	11	19	5	7	12	51
	TOTAL	2	3	5	11	7	18	15	21	34	19	24	43	28	25	53	153

Opportunities on *Guts* and Funding

QUESTION		UNF	FUN	1	UNF	FUN	2	UNF	FUN	3	UNF	FUN	4	UNF	FUN	5	TOTAL
Security financing		0	0	0	2	1	3	4	1	5	5	6	11	10	22	32	51
Economy in transition		0	0	0	0	2	2	15	2	17	13	9	22	4	6	10	51
TOTAL		0	0	0	2	3	5	19	3	22	18	15	33	14	28	42	102

Pull Factors in Business in Relation to Funding

		UNF	FUN	1	UNF	FUN	2	UNF	FUN	3	UNF	FUN	4	UNF	FUN	5	TOTAL
I	Technical training	1	0	1	4	0	4	2	12	12	5	6	11	10	13	23	51
II	Personal contacts	1	a	1	2	4	6	8	5	13	6	7	13	13	5	18	51
U)	Keeping promise	0	3	3	5	3	8	5	4	9	8	11	19	5	7	12	51
	TOTAL	2	3	5	11	7	18	15	21	34	19	24	43	28	25	53	153

Opportunities on Guts and Funding

QUESTION		UNF	FUN	1	UNF	FUN	2	UNF	FUN	3	UNF	FUN	4	UNF	FUN	5	TOTAL
Security financing		0	0	0	2	1	3	4	1	5	5	6	11	10	22	32	51
Economy in transition		0	0	0	0	2	2	15	2	17	13	9	22	4	6	10	51
TOTAL		0	0	0	2	3	5	19	3	22	18	15	33	14	28	42	102