

UNIVERSITY OF NAIROBI

DEPARTMENT OF SOCIOLOGY AND SOCIAL WORK

**AN ANALYSIS OF EXTERNAL SUPPORT ON THE GROWTH OF WOMEN
OWNED MICRO ENTERPRISES: A SURVEY OF WOMEN ENTERPRISES IN
THIKA MUNICIPALITY**

BY

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DECLARATION

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

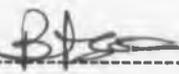
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ABSTRACT

The purpose of this study was to analyze the impact of financial and non financial services on the quality and quantity of women owned enterprises in Thika Municipality as well as the concerns of the women entrepreneurs and providers of the services about the females. The study was guided by the following objectives: to establish the mix of financial and non-financial services women in micro enterprises receive from stakeholders, to assess the impact of external support on women owned enterprises in Thika Municipality and to find out the experiences and constraints of women entrepreneurs in seeking the services.

The literature review comprised of the SME sector in Kenya, SME contribution to job creation in Kenya, characteristics and traits of entrepreneurs, experience and entrepreneurship, risk taking, management skills, barriers and constraints women entrepreneurship. The theoretical framework was based on the feminist theory, Theory of poverty by Muhammad Yunus and David Mclelland achievement orientation model.

The study adopted both descriptive and exploration survey designs. The target population comprised all the women entrepreneurs in SMEs in the following areas: textile and tailoring, retail, hospitality, services and vendors/hawkers. Questionnaires, interview schedules and observation guide were used as instruments for data collection. Descriptive statistics such as frequencies and percentages were used to analyze the data.

On the mix of financial and non financial services, the study found that 61% of the respondents indicated that the credit services were difficult to access and that there was limited access to loans as evidenced by the fact that 65% of the respondents who indicated that they had borrowed less than 20,000ksh since they started their business. On the access to non financial services, 67% of the respondents indicated that they did not receive non-financial services such as financial and entrepreneurial training, capacity building on financial services, records maintenance, and business risk taking, loan management, marketing strategies and advertisement procedures. Among the external factors which affected women enterprises included the conditions for receiving loans as indicated by 99%. In terms of efforts by the Government of Kenya and other stakeholders in their attempt to empower women economically, 54% indicated that they were not aware of such efforts. Among the major constraints in seeking external services was inaccessibility to finances for business expansion as indicated by all respondents (100%) and inadequate skills and knowledge on business management as indicated 90% of the respondents.

From the findings of the study, it was concluded that there was difficulty in the access to financial and non financial services among women entrepreneurs which is perceived to be a major challenge in their expansion and growth. It was also concluded that external support affected women enterprises through the conditions for access of loans. The study finally concluded that most of women having enterprises were not aware of the efforts made by the government, and other stakeholders in their attempt to empower women economically. The study recommended that government, and other stakeholders should come up with policies which will favour the growth of women enterprises. The study recommended that another study be carried out to investigate the challenges facing the management of women enterprises which was not the focus of this study.

LIST OF ABBREVIATIONS AND ACRONYMS

IFC	-	International Finance Cooperation
GTZ	-	Germany Society for Technical Hazard.
HDI	-	Human Development indicators
ILO	-	International Labor Organization
UNDP	-	United Nations Development Program
SAPS	-	Structural adjustment Program
SMES	-	Small Medium and Micro enterprises
MHLRD-		Ministry of Labor and Human resources Development (MHLRD)
MFIS	-	Micro finance Institutions
GOK	-	Government of Kenya
NGOS	-	Non-governmental organization
MDGS-		Millennium Development Goals
AFDB	-	African Development Bank
USD	-	United States Dollar
GDP	-	Gross Domestic Product
DMSED-		Department of Micro and Small Enterprise Development (DMSED)
DHA	-	Disabled Hawkers Association
DPO	-	Disabled Persons Organization
HDI	-	Human Development Index
AGOA-		African Growth Opportunities Assessment
IDS	-	Institute of Development Studies
KIPPRA-		Kenya Public Policy and Research Analysis
PPP	-	Purchasing Power Parity
WES	-	Women Enterprises
LDCS	-	Least Development Countries
KIBT	-	Kenya Institute of Business Training
SIYB	-	Start and Improve Your Business
FKE	-	Federation of Kenya employers
KIM	-	Kenya Institute of Management
BDS	-	Business, Development Services.
KREP	-	Kenya Rural Enterprise
KWFT	-	Kenya Women Finance Trust
ABC	-	Assistance to Business Creation (ABC)
SACCOS-		Saving and Credit Cooperative Societies
COMESA-		Common, Market, for Eastern and Southern Africa.
ROSCAS	-	Rotating, Savings and Credit Associations

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CHAPTER ONE

1.1 Introduction

When Kenya approached its second decade of independence there was little in the way of small business promotion and even less in the way of support for the informal sector. The dawn of change was heralded in 1972 with the publication of an influential (ILO policy paper), on employment, income and equity in Kenya which served to popularize the term informal sector.

By 1979 the problem of unemployment in Kenya began to be the main objective of the fourth National Development Plan (1977-1983) which highlighted the creation of employment opportunities and the major steps to be taken in order to promote the rural and informal sector enterprises. From the mid 1980's the growth of the informal sector started to receive greater attention. It was seen as one with high potential to alleviate poverty through creation of employment in form off farm activities in both and urban areas (Kimalu, 2000). Unfortunately the government never really created a truly enabling and supportive environment for the informal sector (Ikiara, 1998).

However by early 1990's the sector was creating 60-70 percent of the new job opportunities annually but unfortunately continued to suffer from official harassment besides being constrained by lack of credit, appropriate premises and lack of proper marketing strategy.

Session Paper No. 1 of 1986 on Economic Management for Kenya put considerable attention to the problem of poverty and unemployment and recommended measures which included

rapid economic growth led by the private sector with support from a more efficient public sector. A national strategy for small enterprise development was proposed and its foundation laid in 1988 with creation of the Centre Project. The Centre Project was a planning forum set up by the Government of Kenya in collaboration with ILO, UNDP and GTZ. It succeeded in setting up the agenda for national awareness and a broad consensus on the importance of the sector. The Centre Project turned out to be a watershed for small business development in Kenya by providing an agenda for change, against the background of national projections on demographic trends, underscoring the demand for employment, type and volume of current industrial activity.

Since 1987 Kenya has been implementing a series of economic reform programs commonly known as the Structural Adjustment Programs (SAPS). These programs aimed at improving the macro economic environment, causing the government to reduce its work force and put checks in its expenditure, however this led to unemployment and enhanced poverty. The sixth National Development Plan 1986-1993 under the theme Participation for Progress put great emphasis on the need to take specific measures to ensure that the role attributed to the SMES shall indeed be realized.

Several informal sector studies stress the need for improved SMES financing and by implication they accept the existence of a desired level of capital (Hovodha, 1989). This implies that informal sector entrepreneurs cannot finance investments with their earnings from their respective firm.

Credit is needed to finance the difference between actual savings and desired level of savings, while some studies. Kilby (1982), Marris and Somerset (1971) argue that capital is a yardstick for enterprise growth. Other studies stress the importance of other determinants such education, raw material, gender, market for final goods, management skills and expenses of the entrepreneur.

According to the Session paper No. 2 of 1996 on Industrial Transformation by 2020, near full employment can only be achieved during the period 1997-2020 if growth in employment averaged 4.3% annually. The paper states that the phase one in development of core industrial sector is the promotion of micro and small and medium scale industries utilizing and adding value to local raw materials and acquiring relatively modest capital investment.

1.2 Problem Statement

Women entrepreneurs can contribute to employment creation, poverty reduction, and sustainable development and the most effective way is to support women to start and grow their own enterprises (ILO, 2005).

The unequal situation of women versus men in the SME sector was highlighted in the 1992 Session Paper no.2 on Small Enterprises and Jua Kali Development in Kenya, it acknowledged gender equity among entrepreneurs was undermined by special constraints faced by women including loopholes in the implementation of equitable laws particularly in employment and inheritance as well as discriminatory and often negative attitudes and social practices that limit equal participation of men and women in all entrepreneurial activities, (Kinyanjui and Munguti 1999).

As part of the implementation of the 1992 policy one of the actions stipulated required the Ministry of Information to identify and promote successful women entrepreneurs as role models and the Central Bureau of Statistics to facilitate the collection of data on women entrepreneurs, (Ngugi ,1999).

The SME Sector file in Kenya had been in a scattered incompartmentalized manner throughout several Ministries. However, since 1999 following Presidential Circular No.1 (1999), it was directed that all informal micro and small scale enterprises activities should be moved and managed under the Ministry of Labor and Human Resources Development (MHLRD). This was reiterated in presidential circular NO.3 of July 2003 through which the government emphasized the importance of SMES as job creation mechanism. McCormick (2001) noted significant differences in the performance of women enterprises vis a vis those of Kenyan men. Their enterprises are smaller or less likely to grow, less profitable and begin with less capital investment than those owned by men.

Not only is there a great deal of gender segregation by sector with women dominating in food processing, beer brewing, and hairdressing ,dressmaking, and retail of second hand clothing. While men dominate in metal work, carpentry vehicle repair, shoe, making construction and transport but women SMEs and men operate from different locations men are twice as likely as women to locate in trading centers, commercial districts or roadside locations- women are almost twice as likely to be operating from home. Women are three times as likely as men to belong to some type of business association although there are indications that women networks have less power to assist their business. McCormick, concluded by isolating factors

that account for differences in enterprises performance the first factor has to do with the level of education, when the second factor has to do with opportunity to accumulate savings. Thirdly women spend less time in business than men because they are expected to carry out their domestic responsibilities.

There is need for increasing credit accessibility and mobilization of savings to avail more capital to SMES for faster growth and development. Survey studies carried out in Nairobi, Mombasa and Kisumu by (Ondiege and Dondo 1991) proved that those enterprises that successively applied credit were performing better than those that failed to secure credit.

Kenyan women entrepreneurs at micro and Jua kali level have great difficulties in obtaining financing due to collateral constraints ,most of them are forced to cooperate with other women in small groups to mobilize savings and pool there resources for lending to individual groups members alternatively they form small groups to access micro- credit through ,mutual guarantee system from (MFIS). Women with larger enterprises are more sophisticated better educated more experienced , more traveled have access to networks information and resources however they would benefit from better access to information regarding market opportunities export procedures, and leadership development. For growth all women entrepreneurs would benefit greatly from a supportive environment that encourages women'' go for it'' currently there is lack of social and cultural support for the role of women entrepreneurs, women are subject to stereotypes and there are few models for them at any level, gender barriers need to be addressed at all levels from legal systems to domestic system (ILO, 2005).

Accessibility to initial capital even when available is also a major hurdle for women entrepreneurs micro finance institutions (MFIS) and commercial banks choosing where they locate, thus excluding entrepreneurs in remote regions, leading to regional disparities. Credit conditions when forming a group paying membership fees: group registration fees, and joining savings plans, results in delaying in accessing initial capital thereby worsening the women's household financial burden (Stevenson and St-Onge, 2005 Alila et al, 2002.). However this is no longer the key barrier and constraint but lack of creativity, innovativeness, and responsiveness (on the part of capital suppliers) hampers women's entrepreneurship in Kenya. Whereas many (MFIS) emerged to provide initial and working capital, relevance and cost effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Government of Kenya, 1999).

The legal framework and development policies as articulated in various documents culminating in the most recent Sessional Paper No.2 of 2005 have set the stage for a conducive environment for entrepreneurship development. This Sessional Paper in particular outlines the way forward regarding government policy in specific areas including, legal regulatory environment, land laws, marketing and , financial services, skills and technology, business management and gender equity.

According to MSE Baseline Survey of 1999, there are about 260 organizations, private and public, national and international, government and non-governmental organizations, with support programs for SMEs in Kenya. In an attempt to understand the scope of these organizations, the 1999 survey enquired to the different types of assistance received by MSE

operators interviewed. The operators cited both formal, and informal, and financial and non-financial assistance.

In spite of the effort put in Kenya to empower women entrepreneurs through capacity building and to avail the needed resources, a gap still exists between the supply side of opportunities and the demand side. Most women entrepreneurs appear not to have taken full advantage of these opportunities and those with disabilities appear not to feature in these initiatives. An empirical study using primary data may shed more light on the constraints inhibiting the entrepreneurs (ILO, 2008).

Despite the support women entrepreneurs get from Government and other stakeholders are still faced with critical shortcomings and challenges therefore attention must be paid to history and cultural context among women entrepreneurs. The study sought to understand the dynamics faced by women entrepreneurs as they seek for financial and non-financial services from relevant service providers. There are limited empirical studies carried out in this area however General Policy Studies and Research have been conducted by the IDS (University of Nairobi) and Kenya Public Policy and Analysis (KIPPRA) among others. As evidenced by a number of Sessional Papers and development plans that specifically mention the SME sector, the government has indeed made significant efforts to promote this sector however its worth noting that the institutional and legal framework especially for urban entrepreneurs mainly hawkers and street vendors who do not have places to work has yet to be formulated and implemented.

The aim of this study was to investigate the interaction between women entrepreneurs and the providers of financial and non-financial services. The key concern for this study was to find out the impact these services had on the quality and quantity of women owned enterprises in Thika Municipality as well as the concerns of the women entrepreneurs and providers of the services about the females.

1.3 General Objectives

The purpose of this study was to investigate the impact of external support on the growth of women owned micro enterprises: a survey of women enterprises in Thika Municipality.

1.3.1 Specific Objectives

- i) To establish the mix of financial and non-financial services women in micro enterprises receive from stakeholders.
- ii) To assess the influence of financial support on women owned enterprises in Thika Municipality.
- iii) To find out the experiences and constraints' of women entrepreneurs in seeking the services.

1.4 Research Questions

The study sought to answer the following questions.

1. What are the sources of financial and non-financial services?
2. What is the future of women owned micro enterprises?
3. What is the existing government policy on women owned micro enterprises?
4. What institutional framework exists to promote women entrepreneurship?

1.5 Scope

The study sought to understand the dynamics faced by women entrepreneurs as they seek for financial and non-financial services from micro-finances institution and formal banks: the availability and accessibility of services, procedures, requirements, challenges, variety of services, financial products, the regulation, and existing legal framework. The study was carried out in Thika Municipality.

The current research covered women's enterprises randomly selected from different types of businesses in Thika Municipality

1.6 Justification of the Study

The studies carried out shows that the NGO-dominated micro enterprise credit has often specifically sought to address issues of women's empowerment in both the developed countries and less developed countries. In developing countries such as Kenya, women enterprises experience shortages of capital, lack of demand as constraints, in addition to poor managerial and poor quality skills (Macharia and Wanjiru, 1998). The existing studies are not exhaustive in this area and the current study will put more emphases on the level of needs for enterprise growth and of services directed to women enterprises from external sources. The study therefore aimed at analyzing factors affecting women enterprises including the finance and non-financial services, ranging from availability and accessibility of business development services (BDS), credit, impact of society, and commonly their participation in associations and socialization in the community, and the impact of government and other support systems (USAID, 2005). The current research attempted to unearth the constraints affecting the growth of women enterprises. It is hoped that the research will be helpful to policy makers in shedding more light on women enterprises and hence facilitate the formulation of policies that will be beneficial to women enterprises. It is also hoped that the

study will generate empirical data that would facilitate a more rational discussion on the growth of women enterprises in Thika Municipality.

Finally, it is hoped that the study will elicit interest in further research on factors affecting the growth of women enterprises in Thika and other towns.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The micro and small enterprises has been recognized throughout developing countries as an engine to development and as a vehicle towards fulfilling the Millennium Development Goals (MDGs) adapted in the UN Millennium summit in 2000. Chief among these goals is the reduction of poverty and the assistance of developing countries in the areas of wealth creation and the improvement of living standards. The importance of SMEs in social and economic development has long been recognized by the ILO and hence the need to support their viability, and growth. (ILO Report: 2007).

Women who form the majority of micro and small entrepreneurs in both rural and urban areas are among the most vulnerable members of society who tend to be marginalized even though they play a major role in economic and social development there involvement in the SME sector. it is therefore essential, if poverty is to be reduced though its widely accepted that women, including, those with disabilities play a crucial role in contributing to the development of the economy . However they continue to remain on the periphery-in most instances their contribution is generally seen as invisible and tends to go unrecognized. This is further complicated by the limited studies outlining this situation. Hence specific programs to promote women entrepreneurs are scant and non specific in nature. Initiatives on SMEs in the developing countries particularly in Kenya have highlighted the need to focus attention on this sector by promoting and supporting women.

In the study supported by AFDB and ILO on the same it was discovered that challenges facing women entrepreneurs are two fold. The first is to “legitimize and strengthen the base of economic activity for the large number of existing women owned SMEs including those owned by women entrepreneurs with disabilities “(ILO/AFDB, 2006). The second is to promote entrepreneurship and business opportunities which have the potential to grow faster among women with relevant education and skills. To overcome challenges the report goes on to say, it’s essential that women entrepreneurs be given better access to both financial and non financial resources. This also includes addressing gender related, institutional, cultural and legal impediments which hinder growth. It’s with this background ILO with funding from Irish Aid commissioned a research on factors which affect women enterprises in Kenya.

2.2 Country Profile

Kenya is one the East African states located astride the equator and occupying 56914059 km squared. The current population according to the UN department of Economic and social affairs (2006) its is estimated at 36 million people with a literacy rate which ranges between 75 and 85 percent with the female rate about 10 points lower than the male. The age structure of the population is young with 42 % of the population aged under 15yrs, and only 2.6% is 65yrs or older.

The education system offers eight years of compulsory primary education beginning at age six four years of secondary school and four years of university education. The language of instruction from secondary onward is English. Primary enrolment since 2002 has included about 75% of the countries children.

Kenya has five public Universities and about twice as many private institutions of higher education. The government also provides opportunities for higher education through several polytechnic institutes and several dozen-training colleges.

Kenya's economy is market based with some state owned infrastructure enterprises. It maintains liberalized external trade system. Kenya continues to be the primary communication and financial hub of East Africa. It enjoys the best transportation links, communication infrastructure and trained personnel.

However like most developing countries, high levels of unemployment and poverty are some of the key issues affecting the economy

Kenya's GDP was about USD 11.79 billion in 2006 , per capital GDP average USD 450 annually supporting a population of about 33 million people, adjusted in purchasing power parity (PPP) terms per capital GDP in 2006 was about US dollar 1200. Kenya is the most industrially developed country in East Africa, with manufacturing accounting for 14% percent of gross domestic product (GDP). Industrial activity is concentrated around the three largest urban centers Nairobi, Mombasa and Kisumu. This is dominated by food processing industries such as grain milling, beer production, sugar cane crushing and the fabrication of consumer's goods. Kenya has an oil refinery that processes imported crude petroleum into petroleum products mainly for domestic market. In addition a sustained and expanding informal sector the same sector engages in the small scale manufacturing of household goods, motor vehicle parts and farm implements. The country's natural resources include wildlife Kenya's largest foreign exchange earning sector followed by flowers, tea and coffee.

In 2006 tourism generated US dollar 803 million up from US dollar 699 million the previous year.

The total arable land in the country stands at 5 percent, Agriculture remains the population's main occupation and source of income. In 2006 Kenya's labor force was estimated to include about 12 million workers out of whom almost 75% percent work in agriculture. The number employed outside small scale agriculture and pastoral work (i.e. trade and the small enterprises sector) is about 6 million.

In 2004 about 15 percent of the labor force was officially classified as unemployed. The SME sector has long been recognized as a vehicle for providing most non-farm employment whilst also an important contributor to Kenyan wealth creation. For instance according to the 2000 Economic Survey, employment within the SME sector increased from 4.2 million in 2000 to 5.1 million in 2002 with the informal sector accounting for 70.4 percent of total employment opportunities. These percentage rose to 74.3 percent in 2002 and 76.5 percent in 2004 highlighting the immense potential this sector has (GOK) Economic Survey 2005.

2.3 The SME Sector in Kenya

According to the 1999 (Gok) National SMEs baseline survey there were 612,848 women in SMEs in Kenya accounting for 47.4 percent of the population working in SMEs. These WES tended to operate enterprises associated with "stereotype" gender roles such as hairstyle restaurants, hotels, retail shops and wholesale Outlets.

They tended to operate smaller enterprises than their male counterparts with the average number of employees in a female owner /managed SMEs being 1.54 versus 2.1 for male owned owner/managed SMEs. About 86 percent of the workers in the SMEs were women owner managers themselves. 4% of the workers in SMEs were hired workers, with the remainder being made up of unpaid family members, or apprentices, where as for the male operated enterprises only 68 percent of the workers were the male owners/managers themselves, 17% hired workers and the remainder being made up of unpaid family members and/or apprentices.

The 1999 survey also indicates that women in SMEs tended to operate small SMEs in comparison to those operated by men-thus earning less income than men. They made an average gross income of 4,344: ksh per month as compared to. 7,627: ksh for men entrepreneurs. This shows a disparity that needs to be addressed so as to increase their participation and hence raise the income of WES including those with disabilities in the SME sector.

As employment shrinks in the formal sector there is corresponding increase in growth and employment creation in the Micro and Small Enterprise SME sector. A Baseline Survey (1999) revealed that there were about 1.3 million micro and small scale enterprises employing 2.3 million people (GOK 1999). On the contrary large organizations (both public and private employed approximately only 1.6 million people consequently there has been a quest in the least developed countries (LDCS) to support growth of the SME sector as a source of employment and growth.

Based on available growth statistics the SME sector which is growing rapidly has the potential to provide employment for majority of Kenyan's including women entrepreneurs. There is a need to identify factors that hinder the growth of women in the SME sector including those entrepreneurs with disabilities and to develop appropriate intervention programs to reduce them. This will lead to a more equitable distribution of the National Income and reduce the incidence of poverty among women in SMEs and the Nation as a whole.

2.4 SMEs Contribution to Job Creation in Kenya

According to the Economic Survey(2003) employment in the SME sector increased from 4.2 million in 2000 to 5.1 million 2002 with the informal sector accounting for 70.4 % of total employment opportunities. In 2001 the informal sector accounted for 72.8% of total employment opportunities. This percentage rose to 74.3 % in 2002 and 76.5% in 2004 (GOK, 2005).

Table 2.1: Employment generation in Kenya by SMEs (2000-2004)

Year	2000	2002	2003	2004
Contribution	70.4%	72.3%	75.5%	76.5%

Source: Government of Kenya Survey 2005

According to the department of Micro and Small Enterprise Development (DMSSED) in the ministry of labour and Human Resource Development, in 2002 there were about 2.8 million SMEs employing 5.1 million people (Stevenson and St-Onge). The dramatic increase in the contribution of SMEs to employment was largely attributed to retrenchment, in both public

and private sector, however even with this growing percentage not many micro-enterprises (70% of which are women's) grow to significantly contribute to employment creation.

The trend in employment creation by the sector as expected has been upward the economic survey of 2005 estimated that 7.8 million people were in SMEs sector in 2004, an increase of 6.5 percent from 7.3 million in 2003. The informal sector continued to provide the bulk of additional jobs (GOK Economic survey, 2005). Table 2 shows these changes in the growth of employment for the period 2000 to 2004.

Table 2.2: Recorded Employment in the Informal Sector in SMEs: June 2000-2004

Modern Establishments Urban And Rural Areas	No. Of People Employed				
	2000	2001	2002	2003	2004
Year					
Wages employees	1,695.4	1,677.1	1,699.7	1,727.3	1,763.7
Self employed and unpaid family workers	65.5	65.4	65.5	65.7	65.8
Estimated informal sectors	4,191.4	4,666.3	5,101.6	5,532.7	5,970.6
Total	5,951.8	6,409.8	6,866.8	7,325.7	7,800.1

Source: GOK Economic Survey, 2005

The National average of men working in SMEs is about 51 %, compared to about 49% percent for women. It is only in the rural towns that women are a higher percentage averaging 55.8 %. Table 2.3 gives the percentage distribution of men and women in SME employment in 2004.

Table 2.3: Percentage Distribution of Men and Women

Stratum	Men Workers	Women Workers
Nairobi & Mombasa	53.8	46.2
Major towns	52.3	47.7
Rural towns	44.2	55.8
Rural areas	53.0	47.0
Total	50.8	49.2

Source: GOK, Economic Survey 2005

2.5 Sectoral Distribution of Employment among SMEs.

To understand the dynamics of how SME sector works especially informal sector enterprises and hence provide targeted support, it's necessary to have a clear picture of its contribution to employment creation. The sector broadly comprises a number of sub-sectors, including manufacturing trade (wholesale and retail), service and transport, among others.

Table 2.4 shows that between 2000 and 2004, the total employment by the informal sector enterprises increased from approximately 4.2 million people to nearby 6.0 million. Over this period, 58.48 % of the total employed was in the trade sub sector; the cumulative percentage over the period is 58.48 % of the total employed in the informal sector.

Table 2.4: Number Of Persons Engaged In The Informal Sector. 2000-2004. ("000)

Sub sectors/Activity	2000	2001	2002	2003	2004	Total	% persons in SMEs.
Mombasa.							
Manufacturing	943.5	1039.4	1,196.4	1,196.4	2763	5,574.8	21.90
construction	134.5	140.8	150.0	158.5	168.1	751.9	2.95
wholesale/retail hotels, restaurants	2,428.5	140.8	2,982.5	3,248.6	3,515.9	1,4891	58.58
Transports and Communication	121.8	2,716.3	150.6	164.6	180.6	754.6	2.96
Community, social and personal services	373.1	422.1	467.3	513.2	558.5	2,334.2	<u>9.17</u>
Others	190	211.9	231.7	251.3	271.2	1,156.1	4.54
Total	4191.1	4,667.3	5,101.6	5,532.6	5,970.6	25,470.2	100.00

Source: GOK Economic Survey

2.6 Gender Distribution

Women form the majority of the population in most countries (population census 1999), yet they are not equitably represented in economic activities either as employees or owner managers of businesses for instance, according to the economic survey 2005, in 2003 and 2004, men accounted 70% of wage employment and women only 30 %.Table 2.5 summarizes gender segregation of wage employment by sex.

Table 2.5: Wage Employment by Sex 2003 and 2004 (000)

Gender	2003	2003%	2004	2004%
Men	1,216.1	70.4	1,242.4	70.441
Women	511.2	29.6	521.3	29.56
Total	1727.3	100	1,763.7	100

Source: GOK Economic Survey 2005

Available Statistics show that 60% of women employed in the informal sector are in agriculture (primary production) 6.6 % in industry, trade and 24.6 % in services (national SME survey base line 1996).

However, there is some growth in women participations in the SME sector, for example according to the 1999 SME survey in Kenya the number of women employed in the sector rose to about 47.4% of the total. Over 60% of the women were employed in the micro-enterprise sub sector.

In the late 2005, the Kenya National Survey of persons with disabilities was launched by the government in order to count the number of people with the country to enable proper planning and distribution of resources. This survey is ongoing. Unfortunately the data will not capture the number of women entrepreneurs with disabilities. Nevertheless there is informal evidence suggesting that these women are concentrated at the lowest end of micro enterprises as hawkers selling low cost merchandise, such as sweets, pens, handkerchiefs and biscuits, but the number and characteristics of their participation in SMES is yet to be determined.

2.7 Entrepreneurial Process

Entrepreneurial process involves the discovery; evaluation and exploitation of opportunities (Kirzner,1997).The process therefore differ from individual to individual and has attracted several structural explanations (Baker , 2004) creativity, innovation, discovery and invention are the art work of an entrepreneur .These are the keys which defines the aspect of entrepreneurship. All these are meant to add value, in other words whatever new venture an entrepreneur must not only be creative but also add value.

Creativity is limited by fear and negative emotions, intellectualizing ,being closed verses open minded , and basing decisions on experience and memory Ndereba (1979).Adams(1980) identified eight barriers to creativity as being the fear of making a mistake or failing, inability to tolerate ambiguity, preference for judging ideas rather than generating them; inability to relax, incubate, and sleep it off; lack of challenge; excessive motivation to succeed quickly ,lack of access to areas of imagination; and lack of control as in day dreaming.

Entrepreneurs tend to overcome three barriers. Entrepreneurs who experience none or few barriers will be more innovative than others. Those with fewer obstacles and more creativity should be more successful in the long run (Bird, 2001). There are various reasons why people venture into business: the need for independence, the push (as a result of retrenchment or lay-off), as a survival mechanism, to make money, to use existing opportunities, and a changing environment are but some of the reasons for starting up a business.

Risk has long been a central concept in entrepreneurship. Many definitions of entrepreneurship include risk taking. Research has failed to consistently find risk-taking propensity to be a trait distinguishing entrepreneurs from others (Brockhaus, 1980).

Several economists see entrepreneurs as those motivated by economist profit maximization in setting new business ventures and that entrepreneurship is nothing but “ alertness to profit opportunities “ and the actual translation of such opportunities, learned and perceived ,into tangible results in this case, profits in the market place or business area,(Kirzner, 1980). Entrepreneurship appears to be exclusively confined to the market place of business. According to Knight (1921), the desire to risk and a spirit of adventure may motivate people to take up entrepreneurship.

2.8 Characteristics and Traits of Entrepreneurs

Understanding the characteristics of entrepreneurs has been of interest to researchers. Some have looked at the characteristics associated with entrepreneurship focusing on personality characteristics. Studies by McClelland (1953), McGrath et al (1992), and Brockhaus (1980) focused on needs achievement, affiliation, and risk taking.

Galbraith (1962) points out that capitalists or entrepreneurs are selfish and only interested in profits. Today many people agree with him. Therefore self interest is the critical factor in all those seeking to be achievers in the society. To be an entrepreneur you should be selfish and love profit. It's not the profits alone that makes businessmen successful, but a strong desire for achievement. Profits are a measure of success but not the goal. Human beings think of many things, but the best thing is to think of doing things better because that is achievement.

Fredrick Taylor and Max Weber argued that workers should be trained for their jobs. Training is not a waste, they work better. Employees are not basically interchangeable cogs. They need motivation in work settings. Motivation is strongly related to money and the worker must be made to understand that the more he works the more he earns. Motivation is thought to contribute to the vigor, intensity and persistence of action in achievement oriented situations, which are chosen because of the 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 direct one's abilities. Achievement motivation is the underlying behavioral tendency to choose and persist at activities that involve a standard of excellence, a challenging task, and require personal skill and responsibility for success (McClelland, 1961).

Many different studies do support the existence of a positive relationship between need for achievement and entrepreneurship. Need for achievement is one trait that differentiated founders and on-founders (Babb and Babb, 1992). The other notable factors are 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.

2.9 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 contribute to the entrepreneurial right selection of ideas can come through work, education maturation, racial, biological given such as race and gender (Bird, 1983)

Previous experience is another important personal life experience that shapes the entrepreneur. Blockhouse (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 Blockhouse in his study indicated a desire to start their business before they had a product/service in mind, while only a small percentage (14%) were drawn away from a traditional job by the desire to market a particular product/ service. Blockhouse 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 form of occupation before starting a venture (McCormick and Pederson, 1996).

2.10 Opportunity Exploitation

According to Kirzhen School, opportunity is the most important because it is the starting point of entrepreneurship. The opportunity should be profit making and should be exploited by people. One can create opportunity by creating a need e.g. by placing a business next to place of need. Perception can also create an opportunity. The personal characteristic of an

individual can influence opportunities i.e. by seeing what others are not seeing. One needs to be alert to profit making opportunities. After identifying opportunities, mobilization resources follows and then investments. These opportunities could be influenced or created through training on entrepreneurship, giving incentives and culture of saving among others.

Israel Kirzner defines the essence of entrepreneurship as alertness to profit opportunities. Acknowledging the combined influence of Mises and Fredrich Von Hayek, Kirziner offers his theory as a way s a halfway house between the neoclassical view of Schultz and the radical view of shackles. He attributes his basic approach to three important ideas: (1) Mises central vision of the market as an entrepreneurial process; (2) Hakey's vital insight that the market place engenders a learning process; and (3) the conviction that the entrepreneurial activities are creative acts of discovery (1985). Kirzner argued that an alert person will always be quick to take the opportunity. They seize opportunities rapidly, while the non alert will take longer to recognize the opportunity and to act on it. He emphasized the quality of perception in recognizing an opportunity that is a sure way of investment, whereas in realty every profit opportunity is uncertain. By confining entrepreneurial activity to the practice of arbitrage, therefore, Kirzner down plays the importance of uncertainty in human decision making.

The entrepreneur is a person, not a team, committee or organization. This person has a comparative advantage in decision, and makes decisions that run counter to the conventional wisdom either because he has better information or a different perception of the events or opportunities .an entrepreneur must have the courage of his conviction to face the

consequences of his action, whether they are produce profits or losses. Entrepreneurial actions are performed in all societies by individuals whose judgment differs from the norm. military and political life provide as much scope for entrepreneurship as economic life , but capitalism is a peculiar set of institutions and property relations that provide the wide at berth for entrepreneurship.

2.11 Risk Taking

Risk taking is one of the major entrepreneurial behaviors running a cross many discussions on entrepreneurship (McClelland, 1961). Masters and Meier (1988), Blockhouse (1987) defined risk taking as , the perceived probability of receiving the rewards associated with a proposed undertaking which is required by an individual before he subjects 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 has been 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 entrepreneur role appears to call for decision making under uncertainty (McClelland,1961) observed , “ This precisely the working situation which individuals with high need achievement prefer and work best under “. A number of components that go into estimating the risk in small business have been given by Worley, Joel, Green and Fess (1989) 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 with the general economy e.g. tax changes ,inflation and exchange rates a, risk associated with being small and vulnerable to changes in local ordinances, risk associated

with illiquidity i.e. being unable to find a buyer if decisions made to get out of business and risk measured by variability over time in cash flows.

Entrepreneurship involves risk taking (Baker, 2004). An entrepreneur is a person who decides 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 multi-level marketing (Tucker, 2003). An entrepreneur sizes any opportunity, however mini-scale and turns it into business. In this study, the risks and the opportunities the identified entrepreneurs take are looked at and why they do so. They try to overcome the risks associated with the enterprise by coming up with way of dealing with the risks or by reducing the risks.

2.12 Management Skills

Lack of basic skills in business management and entrepreneurship is a major drawback in growth and development of the SME sector. It has been claimed (Harnennesh, 1993) that rather than physical capital, the main constraint in many developing countries is skills. This therefore suggests apposite relationship between an entrepreneur's educational attainment and enterprise performance.

Fredrick Taylor and Max Weber argued that the workers owned the tools for work or production, so if they are not present no work will be done. Around the time they were writing, owners of the enterprises were the managers and the work stations were in the homes. They argued that owners of enterprises should seat in the board but not be the managers, because they may not be professional managers. Therefore professionals should manage businesses. Concrete feedback on performance is necessary. The feedback should be

in the area of sales, cost, production and profit figures. This can be reflected in simple line charts to give one a quick impression of performance. In business, the feedback is best captured in the form of money, in costs and profits that are regularly calculated and reported.

Accordingly, official salaries should be paid promptly and in time. This would help workers to concentrate in their work and be productive. If not paid they might use their positions to obtain money in unwarranted ways or defraud their employers. This inevitably decreases the organization or employers incomes or revenue. In Weber view, rational bookkeeping constitutes the most important expression of what it makes the modern type of entrepreneur production different from adventured. Presence of professional administrators who are salaried, the existence of a large mass of wage laborers who are legally free to dispose or sale their lab our on the open market, but who are actually forced to earn a living so as to live decently.

Location maps up performance, effects of spatial differences in the business environment such as marginal differences in the state of infrastructure and their imperatives. Enterprises located in urban areas may have greater access to business services enjoy larger local product demand than those located elsewhere, and therefore perform better purely on this account. In this regards it is hypothesized that urban location has positive effect on enterprise performance. Location in a slum also has it own pros and cons. The major challenge is the ability of the customers to pay for the services offered. Again the quality of the services may be questionable.

The importance of age an enterprise in productivity is motivated by the literature on enterprise growth Jovanovich, (1982) according to which efficient firms survive and grow in the same environment where inefficient firms either die or stagnate , remaining small. It is also expected that older firms are generally more efficient than younger ones due to lessons of experience. Assuming that Kenyan SMEs conform to this theory, we expect the age variable to have positive effects on productivity. A positive impact of the age variable may of cause result from learning by doing and the resultant accumulated of experience that translates into an improvement in enterprise performance.

2.13 Educational Background of Entrepreneurs

Empirical analysis continue to shown that the SME operate in a complex environment an` are confronted by a diverse array of constraints. Olakanpo (1968), in his statistical analysis, of some determinants of the entrepreneurial success in Nigeria, cited education attainment as a factor influencing performance. He measured the performance of the entrepreneur using the difference between initial capital and the present values of capital. In his model performance was influenced by initial capital, commodity group, experience, education attainment and previous job. He postulated positive coefficient for all variables.

Harris (1969) used different forms of education such as formal academic education, primary education, formal vocational training, to capture some personal attributes of the entrepreneurs. For the eight activities which were considered formal vocational training was found to be significant at 10% for traders while informal training was significant at 2% level for sewing , knitting and tailoring and at 10% level for woodwork . The two variables were however insignificant for all the other activities considered. The coefficients to these

variables had positive signs. The overall results were found to be significant both at 2% and 10% level of significance. Adjusted R² showed that 71 – 91% of the variation in the dependent variable was explained.

Other studies appreciated the fact that education is rare among the small entrepreneurs (Nzomo (1986) , Leidholm and Mead 1989 , Marris and Somerset 1971 , ILO 1972). This can act as a constraint to the success of the entrepreneur as it isolates him. Functional literacy has been found to be positively correlated with profitability of small scale firms Aryee (1968), Olakanpo (1968). Little, Mazumder and Page (1967) suggest that explanation of this weakness might be that formal education is competitive with learning on the job, particularly for Africa. Their result of an Indian study showed that education beyond functional level was a significant positive factor for growth and profitability. Killby (1982) cites the low level of education background of the entrepreneur as a major handicap to the small scale sector. Ho (1980) argues that formal education can enhance person's managerial and technical skills and consequently his or her ability to operate the farm. This view is also held by (Chuta and Leidholm 1985). They hypothesize that education would have a positive effect on profits of the firm.

Also majority of entrepreneur in this sector are apprentices whose level of education is very low and yet are successful. This implies that it is the training one gets and not his education that may have effect on his performance. The role of education in Kenyan case is appreciated and taken into account in that education is important in enhancing perception and ideas and

business management skills. Hence education is reflected in other variables such as job training.

2.14 A Profile of Women Enterprises in Kenya

According to an ILO study carried out by Stevenson and St-onge (2005) there are profiles of some entrepreneurs operating SMEs in Kenya, namely those in Jua Kali micro enterprises, very small, micro enterprises and small-scale enterprises. These are differentiated by their demographic profiles, extent of previous businesses experience, need, access to resources, and growth orientation.

The Jua Kali micro-enterprises are identified as owners of unregistered (informal) business who have little formal education (usually less than secondary school level and lack entrepreneurial and business know-how. They also have little access to credit with limited awareness of markets and market opportunities. They are constrained by their household responsibilities and marital status (for instance, having to obtain permission from their husband to travel out of town for training or trade fairs.

The majorities of women entrepreneurs with disabilities are reported to be concentrated and this group and engage in unregistered hawking businesses. Some of them belong to disabled person organizations (DPO) or the Disabled Hawkers Association (DHA) normally used as lobby groups.

The “very small” micro enterprises are identified as those registered, operating from legitimate business premises and employing 6 to 10 workers. “Small scale” enterprises are identified as being registered, operating from legitimate business premises and employing over 10 workers and having at least secondary level education with some previous

experiences as employees. Accurately women entrepreneurs in this category have supportive husbands who may also directly or indirectly involve in the enterprise.

This segment is constrained by lack of access to finance for various reasons including having no land/property title deeds to be used as collateral for large loans. These businesses have potential for growth as well as entry into international markets, and some are already in the export trade (Stevenson and St-onge 2005)

Small scale bossiness owners are most likely to be university graduate from a entrepreneurial family with managerial experience. The cooperate world, a access to finance, and a supportive husband usually promote small scale enterprises to engage in exporting. The study concluded that to develop their business each of the above categories of entrepreneurs require targeted schemes programs or mechanisms to suit their particular needs (Stevenson and St-onge, 2005).

2.15 Barriers and Constraints to Women's Entrepreneurship in Kenya

Barriers are defined as those factors tending to inhibit potential entrepreneurs entering SMEs sector. These may also be external in nature and beyond the control of the potential entrepreneur "constraints" tend to limit growth of SMEs by confining them in terms of scale and scope of operation. They could also be said to be internal in nature, and may be controlled, to some extent by the entrepreneurs. Some of these constraints include financial aspects, gender roles, social inequality , entrenched cultural and traditional practices, technology, legal, institutional and policy levels, among others (IFC/world bank 2006, Kibas,2006)women concerns and gender-related constraints tend to negatively affect equal participation of both sexes . Hence this may lead to failure to utilize the full potential of

human resources for wealth creation on as one section of the populations which forms the majority is left out or only allowed limited opportunities. Disabled women entrepreneurs face barriers more than other women entrepreneurs in general inform of limited mobility, discrimination myths, negative cultural attitudes, over protection, marginalization, and lack of specific funding that takes into consideration their conditions (Helmsing & Kolstee, 2000).

2.16 Financial, Credit Availability and Accessibility

Financial availability and accessibility is used in many studies as being one of the major barriers and constraints to growth. In a study of NGOs and women small-scale entrepreneurs in the garment manufacturing sector of the textile industry in Nyeri and Nairobi by (Macharia & Wanjiru, 1988) the factors that inhibit credits availability to women include. Lack of start up capital (seed capital, lack of awareness of existing credit schemes, high interests rates, lengthy and vigorous procedures for loan applications and lack of collateral security for finance-these factors have become a major barrier to the growth potential of businesses owned by women.

Although more than a quarter of households in Kenya are women headed only five percent of the women own land in their own name (Feldman, 1984). At a recent "Kenya Gender Economic Growth Assessment" seminar in May 2006, a case clearly illustrating the plight of women was presented by an official from the ministry of trade and industry. A loan approved for the women applicant by the Joint Loan Scheme at the ministry failed to materialize because her husband refused to pledge family's land title deeds as collateral.

Owning titles deeds as collateral to finance expansion is still a hurdle for most women entrepreneurs, given final property is not usually registered in their names (Karanja ,1996).

The government is however moving towards solving this problem through the Session paper No. 2 of 2005 and the micro-finance bill 2005. The latter became an act of parliament.

Accessibility to initial capital, even when available is also a major hurdle for women entrepreneurs microfinance institutions (MFI) and commercial banks choose where they locate, thus excluding entrepreneurs in remote regions leading to regional disappoints. Credit conditions when forming a group paying membership fees, group registration fees and joining saving plans, results in delays in accessing initial capital, thereby worsening the women's household financial burden (Stevenson and St-onge, 2005; Alila et al, 2002). However this is no longer the key barrier and constraint, but of lack of creativity, innovativeness and responsiveness (on the part of capital suppliers) that now hamper women entrepreneurship in Kenya where as MFIs emerged to provide initial and working capital. Relevance and cost effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (Gok, 1990).

Where accessible the cost of credit was found to be expensive for most MSEs for instance the interest rates charged by some MFIs is as high as 54% per annum. This coupled with a short repayment period becomes a major constraint resulting in forcing the entrepreneur to work almost round the clock to service the loans. The exorbitantly high cost of initial capital tends to make the enterprise almost uneconomical to operate as a business.

Though commercial banks and development finance institution (DFIs) have vast financial resources their impact is yet to be felt among SMEs and particularly by women

entrepreneurs, most of whom have no collateral. Consequently, most banks have created special facilities to support SMEs as a result of government encouragement and their own need to expand. However many entrepreneurs and in particular women tend to steer clear because of lack of information and conditions such as high transactions cost and interest rates averaging above 35 % annum, commercial banks, which have microfinance programmes, include co-operative Bank, Barclays Bank, Standard Chartered Bank, Equity Bank, National Bank of there is need for increasing credit accessibility and mobilization of saving to avail more capital to SMEs for faster growth and development, survey studies carried out in Nairobi, Mombasa and Kisumu (Ondinga and Aleke-Dondo ,1991) found that those enterprises that successively acquired credit

2.17 Legal and Regulatory Framework.

These include, registration of businesses names, obtaining licenses, adhering to statutory requirements and constructing. Due to the afore mentioned factors women entrepreneurs are the least prepared to engage in contractual processes key to doing business in Kenya. Contracts involve long legal processes such as leasing, drawing up business contracts. Legal representation and other aspects which place the women entrepreneurs in a disadvantaged position. Most SMEs find these processes lengthy and time consuming thus they cannot grow or expand their enterprises (K'Obonyo et al, 1999).

2.18. Limited Entrepreneurial Culture And Management Skills.

There is general lack of an entrepreneurial culture in Kenya and more particularly for potential and operating women owner/managers of SMEs.

Njeru and Njoka (1998) point out that due to patriarchal social authority structure, women received substantial family support in the start up. Stages of their businesses but later on such support is limited, restricted, or withdrawn for fear of husbands losing dominance over their wives. Moreover there are many social cultural factors in Kenya impacting negatively on the upbringing of girls. Many ethnic cultures socially condition girls to acquire the need of affiliation, rather than achievement. The situation is worse for disabled girls since they are discriminated against in their access to education, in addition to being venial as "bad omen" for the family. They are sometimes even hidden by their families from the outside work.

Other studies carried out in Kenya have attributed the lack of entrepreneurial culture among Kenya's women to lack of confidence and self belief, lack of a variety of strong and relevant networks, passive learning methods; and starting up enterprises without adequate prior preparation. There is need for entrepreneurial training and to socially condition the youth, and particularly girls to develop a desire for achievement. This can be achieved by way of profiling and/or imitating successful women entrepreneurs. Other constraints and barriers include a poor social background, inadequate and inappropriate training and preparation for entry into SMEs and socio-economic discrimination (Njeru and Njoka 1998, Mutuku et al, 2006).

Management skills lack of occupational, experience in related business for many women entrepreneurs has indicated as a constraint to growth (Kibas, 2006) identified lack of opportunities for management training, financial management marketing and people

management to be limitations facing them. Those with disabilities are more affected because of the challenges they face not only accessing training venues, but also training materials.

2.19 Lack of Risk Mitigating Mechanism for Women in MSEs

Loans offered to women by MFIs propose a variety of short-term credits aimed at their business and household needs. For instance both KREP and KWFT which are the largest MFIs offering credit in addition to business loans, also offer consumer, medical and education loans to cater for related need. Loans from Kenya microfinance institutions tend to be limited in amount, have no grace period are short term in design and carry very high interest rates. Consequently, most women entrepreneurs are likely to have multiple short term loans to cater for both business and financial needs.

Makokha (2006) established in her study that women entrepreneurs have financial social demands that compete with business capital. Leading to diversions of capital away from business needs some of these factors include housing, space, health, old age and divorce? Therefore the study concluded that there was need to develop long term financial product such as micro-insurance. While microfinance provides working capital and disposable incomes to women SMEs, micro-insurance products would ensure that assets of these entrepreneurs are protected if there income is diverted from their businesses. The MFIs would also benefit as their clients sustainability would contribute to their own. Some specific products that need to be rolled out facing capital and benefiting women entrepreneurs include loan insurance, life insurance, person, health insurance asset insurance, and long term housing loans or mortgages.

2.20 Gender Disparities in Education, Training and Human Development

Although SMEs are now generally recognized as a viable strategy to even out social-economic disparities between men and women, Social-Cultural factors continues to discriminate against women for example in education preference is given to boys. Thus the educational level of most women entrepreneurs is very low, creating a barrier to them accessing training and other business development services. In Nairobi for example many of them come from disadvantaged social backgrounds and are not well informed about business operations and therefore fail to take full advantage of opportunities. As noted by Namusonge (2006) entrepreneur education and training play a key role in stimulating entrepreneurship and self employed.

The UNDP's HDI score for Kenya (2001) which measures the social economic development progress of a nation, declined from 0.531 in 1990 to 0.514 in 1999 and revealed gender disparities, incidences and intensity of poverty among women in Kenya are higher than men, in rural and urban areas. It was also observed that the lingering legal and cultural discriminating, which impedes women access to property ownership (especially land), and employment opportunities has contributed immensely to their low status and lack of empowerment. Current estimates indicate that women, especially those in rural areas are particularly disadvantaged with their labor often undervalued and underutilized. Generally, women in Kenya are more likely to be unemployed than men and have lower average incomes. The result is that more women than men are poor. (Human Development, Report, 2001)

2.21 Policy Environment for Women Entrepreneurship in Kenya

The unequal situation of women versus men in the MSE sector was highlighted in the 1992 Sessional Paper. The paper acknowledged that: "Gender equity among entrepreneurs was undermined by the special constraints faced by women, including loopholes in the implementation of equitable laws, particularly in employment and inheritance, as well as discriminatory and often negative attitude and social practices that limit equal participation of men and women in all entrepreneurial activities" (Kinyanjui and Munguti, 1999).

As a part of the implementation of the 1992 policy, one of the actions stipulated in the action plan (1992-1994) of the Sessional Paper required the Ministry of Information to identify and promote successful women entrepreneurs as role models and the Central Bureau of Statistics to facilitate the collection of data on women entrepreneurs (Ngugi, 1999).

Since 1992, some changes have been effected by the government and various NGOs and donor organizations to ameliorate the situation of women, particularly in promoting women's awareness of their rights and focusing more on special measures to increase access to credit by women in both rural and urban areas. Having said that, Kinyanjui and Munguti (1999) pointed out that loopholes still exist in the application of some of the laws pertaining to marriage, inheritance, and employment, that gender disparities persist in education enrolment and retention rates, that social norms are still characterized by cultural practices that accord lower roles and status to women than to men, and that women still lack full access to, control over and management of resources (lack of access to finance and credit, representation in cooperative societies, access to information and appropriate technologies). Both resources

and decision-making have remained largely the prerogative of men. During the field visit to Kenya, several key informants indicated the need for changes to the operating environment for women MSEs.

Gender equity continues to be identified as a priority in the 2004 Draft Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment creation. Specifically, the policy states that efforts will be made to: Pursue gender responsive policies that increase equal access to financial services by encouraging women to form savings and credit cooperatives (SACCOs) and by promoting their networking with micro-finance institutions (MFIs) and commercial banks: Promote woman's access to education: technological development : entrepreneurship: influence the orientation of women away from traditional activities to the production of non-traditional products that are more marketable and provide better remuneration: and build institutional capacity of ministries and government departments for gender integration: Identify gender- related constraints and opportunities that effect equal participation of both genders in collaboration with the private sector, collect and provide sex-disaggregated data to facilitate gender-responsive planning and policy formulation.

So that women's concerns are effectively mainstreamed into all SME activities and women's participation enhanced, design all SME programs and projects to ensure equal opportunities for women and men.

2.22 Business Support and Information

The 1999 National Baseline Survey revealed that a very small percentage of SMEs actually access any form of non-financial business assistance. But Ngugi (1999) reported that there were 500 registered business development service (BDS) providers in Kenya in 1999.

Kenya Institute of Business Training (KIBT): (ILO's) Start and Improve Your Business (SIYB): Federation of Kenyan Employers (FKE), and Kenya Institute of Management,(KIM) offer counseling and consultancy services to SMEs.

These services supplement those of business one-stop shops and business service centers, both initiated with donor support. In his assessment of the business support environment for SMEs development, Ngugi outlined several weaknesses in the business support system, as follows: lack of a coherent national training policy, lack of sustainability of organizations offering Business development services (BDS), lack of trained personnel, staff motivation, linkages with private sector organizations and adequate implementation funds, politicization of the activities of associations and ineffective transfer of national policy objectives to district plans and annexes.

One of the strategies of the Kenyan Government has been to support the formation of SME associations so that they can provide business support services to members. Following the release of the 1992 Sessional Paper, the Government facilitated the formation of 300 associations with 6,000 members located all over the country, along with an umbrella association, the Kenya National Federation of Jua Kali Associations. By 2002, over 500 primary Jua Kali associations belonged to the Kenya National Federation of Jua Kali

Associations. These associations provide forums for Jua Kali members to exchange experiences and to support, coach and inform each other. Since the majority of Jua kali members are women, they are the beneficiaries of this support. Although the field visits in Kenya hardly provides an opportunity to meet with key informants from the business development services (BDS) network, evidence suggest that many women entrepreneurs are not availing themselves, for reasons of cost, access, or availability. Furthermore, interviews with women entrepreneurs confirmed their need for various forms of information, especially market-related information.

2.23 Business Development Services

Business development services comprise non-financial services that are aimed at capacity building. They include training services, marketing and institutional support. Management training for SMEs focus on building the capacity of entrepreneurs, by transfer of the relevant knowledge and skills needed to successfully run the enterprises. This includes skills in financial management, marketing, human resource management, and entrepreneurship training. Mainstream SME training institutions providing such training, to complement particular occupational, technical, professional, trade or artisan skills their clients already possess. Similar to many developing countries, in Kenya most businesses owned/managed by women are micro in scale, located in rural areas and require little capital. They also require little or no technical skills. It is these unique characteristics of women's entrepreneurship that make them not choose business development services like their men counterparts. However, a few institutions offer targeted training to entrepreneurs, they include Christian industrial Training Centers (CITC's), Federation of Kenya Employers (FKE), the national polytechnics, the Kenya Institute of Business Training (KIBT), and a

number of NGOs using donor funding. Overall, not as many women entrepreneurs use BDS, because of cost, access, necessity, or availability (Stevenson and St-Onge, 2005). Men entrepreneurs, however, use BDS more, since they operate larger MSEs, requiring more capital and technical skills. As mentioned earlier, due to women's dual roles and, sometimes denial of husband's permission to leave home, many of them are unable to access these services.

Technical, professional, trade, occupational or artisan skills training, focus on inculcating or equipping workers with practical skills, such as carpentry, masonry, tailoring, weaving, mechanical engineering, electrical engineering, purchasing, or logistics management. This is done through the national polytechnics and technical training institutions, numbering over 46 and spread throughout the country.

Other business development services include technical assistance, marketing outlets, pre-constructed sheds and Assistance to Business Creation (ABC). Technical assistance is a broad label that includes assisting MSE operators to carry out technical/professional activities such as book-keeping, marketing, inventory costing, and choice and installation of appropriate computerized systems. In general, it is given on a one-to-one basis at the MSE business site. Some organizations provide marketing outlets for their MSE clients' products. According to the 1999 Survey, only 7% of SMEs had received one form or another of non-financial assistance between 1995 and 1999, in spite of the increasing number of formal and informal organizations in Kenya, offering all types of this. Access to non-financial assistance varies by sector. Notably, 14.4 % of SMEs in the service sector had accessed and

used non-financial assistance, compared to 6.2 % in manufacturing, 3.7 % in trade activities, and 3.4 percent in construction.

2.24 Access to Financial Support Services In Kenya

Support services to SMEs cover both financial and non-financial interventions provided to enhance the development and sustainability of the sector. According to the Baseline Survey of 1999, there were an estimated 260 organizations (private and public, national and international) with support programs.

In an attempt to, understand the scope of these organizations. The SME operators cited both formal and informal assistance, and financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the SMEs credit (69.1 percent) came from associations (ROSCAS). This was in line with other findings that only 4% of accessed credit was obtained from formal financial channel financial channels, such as NGOs, micro-finance schemes, commercial banks and Savings and Credit Cooperative Societies (SACCOS). At the same time, there were about 150 organizations with credit programs for SMEs in Kenya of these 130 were NGOs. These organizations serve all regions in the country although most of them are located in urban areas.

The fact that there are many formal organizations providing credit to SMEs while, at the same time, only 4 % of their credit is accessed from them, implies a gap in their effectiveness. This calls for further research to determine why the sector obtains most of its credit from informal sources.

As noted by the Survey of 1999, the demand for credit in Kenya is the least studied aspect of the SME sector. To estimate effective demand for credit, one needs to survey all sources of it (formal and informal) and establish all the approved loans and those that were rejected due to inability to comply with loan disbursement requirements, other than for reasons of inability to absorb and repay the loan (Central Bureau of Statistics National MSE Baseline Survey, 1999).

However, most organizations do not keep records of rejected credit requests. Even if available, they would not be the informal sources of credit. About 70 % of the loans required did not exceed KES 20,000(US\$274) and 96.3 percent did not exceed KES 100,000 (or US\$, 370). There appears to be a slight difference between the size of loan required by men and women. About 83 percent of women entrepreneurs obtained loans that did not exceed KES 20,000(US\$274) compared to about 36 percent of men. This is in line with the findings of the 1999 National SME Survey which show that women tended to operate smaller enterprises than men. It is also important to note that one of the key findings of this survey was that the smaller the enterprise, the higher the incidence of failure.

2.25 Potential Economic Opportunities for Women Entrepreneurs in Kenya

The legal framework and Government policies, as articulated in various documents culminating in the most recent sessional Paper No. of 2005, have set the stage for a conducive environment for entrepreneurship development. This Sessional Paper in particular outlines the way forward regarding government policy in specific areas including, legal regulatory environment, land laws, markets and marketing, financial services, skills and technology,

business management and gender equity if provided with a favorable environment, possible economic opportunities for women entrepreneurs would include:

Expanding the markets for their products, through exporting to regional and international markets for example, Southern Sudan, Rwanda, Common Market for Eastern and Southern Africa (COMESA) countries, Europe, the Americas and China. This will include taking advantage of such initiatives as the African Growth Opportunities Agreement (AGOA), and the services provided by the export processing zones, especially for textiles and garments. Exploiting local markets not yet reached due to lack of production capacity and market information, and Making use of some of the innovative financial products and services provided by MFIs and commercial banks geared towards supporting SMEs. Acquiring relevant knowledge: management and technical skills through training and capacity building for efficient and effective operation of SMEs.

In spite of the effort put in Kenya to empower women entrepreneurs through capacity building and to avail them of needed resources, a gap still exists between the supply side of opportunities and the demand side. Most women entrepreneurs appear not to have taken full advantage of these opportunities, and those with disabilities appear not to feature in these initiatives. An empirical study using primary data may shed more light on the constraints inhibiting the entrepreneurs.

2.26 Efforts Being Made To Empower Women in SMES in Kenya

A survey of the MSE sector indicates that several interventions are being carried out by a number of stakeholders to ensure that the sector plays its role fully. The Sessional Paper No. 2 of 2005, launched by the Ministry of Labor and Human Resource Development (MLHRD), defined eight key areas for formalizing and strengthening the MSE Sector. These eight key areas included, putting in place infrastructure, policy development, marketing, training and skills development, technology transfer, legal and regulatory structures, and access to finance. Both the Government and the private sector (including the NGOs) are engaged in various efforts to empower the entrepreneurs, in particular women, to grow their enterprises. The following are some of the key efforts identified by this study.

2.27 Gender and Equality Development (Persons with Disabilities)

In order to incorporate special interest groups in the development process, the Government, through the Ministry of Gender, Sports Culture and Social Services, prepared the National Disability Plan of Action as part of the African Decade of Persons with Disabilities (1999-2000). This led to a national conference, in 2004, with the theme "African Decade 1999-2007 Kenya Reflection and Action" Conference participants included those with disabilities, DPOs, civil society development partners, and Government representatives. As part of the implementation process, by an Act of Parliament, the National Council for people with Disabilities was formed in 2004. The Council is a semi-autonomous Government agency. One of its key objectives is to improve the social-economic party of those with disabilities through activities, such as the establishment of MFIs.

2.28 Theoretical Framework

Feminist theory, theory of poverty and achievement orientation:

2.28.1 Feminist Theory

Guttentag and Secord (1983) predict that when one gender group faces substantial lack of dyadic power for an appreciable time they will organize to seek ways to remedy their problem. According to the theory the elaborate sex role culture by which women are prevented from fully exercising their options was created by male efforts to remedy the lack of dyadic power inherent in the oversupply of men. Similarly when men have the great dyadic power based on their inferior numbers women can be expected to organize and change the balance of power. Guttentag and Secord found support in women's movement in late Medieval Europe.

Central to the women movement is the feminist framework a notion that women are exploited devalued and oppressed and that the society should commit to empowering women and changing their oppressed condition (Osmond and Thorne 1993, Walker and Thompson, 1984). The wave of feminist activity began with the publication of Betty Friedan's, best selling book *The Feminine Mystique*, 1963.

Nancy Cott (1987) defines feminism as ideology having the essential features opposition to all forms of stratification, based on gender belief that biology does not consign females to inferior status and a sense of common experience and purpose among women to direct their efforts to bring about change.

When men are in short supply, women increasingly find they need to become self supporting. This practice became so widespread that the term spinster soon ceased to mean a female spinner and instead identified any unmarried women over a certain age in New England (Guttentag and Secord, 1983).

In 1900 in New England about one in every four first births was to an unwed mother or to a woman who had married after becoming pregnant (Smith and Hindus 1975), as Jane Frohack express this “its women’s womanhood, her instinctive feminist, her highest morality that the society needs now to counteract the excess of masculinity that is everywhere to be found in our unjust and unequal laws”, (Cott, 1987).

Many feminists propose that women act in anticipation of future problems by making specific job and career plans social and economic realities dictated that the “homemaker” option is no longer available. women’s and men’s role continue to converge and distinctions between male and female activities are blurring Betty Friedan (1985) This points to enormous social change in the social and set up, where women have taken up of leadership roles, as homemakers and breadwinners too.

This theory is relevant in this research study since it helps us to understand the constraints women face as result of cultural inhibitions, it also explain the factors behind the rising numbers of women in careers and entrepreneurship in Kenya. According to Guttentag and Secord for safety, women participation in business and other types of careers is determined

by the gender ratios and the Feminist Movement Ideology that is fast encroaching the entire world today.

2.28.2 Theory of Poverty by Muhammad Yunus

The most important contribution that Muhammad Yunus has made to practical economic theory lies in a successful experiment of the right theory of poverty alleviation, namely reducing poverty not through subsidization but through income-generation capacities (Yunus, 2006). In the South Asian world, where Yunus has carried out this unique experiment on a massive scale, poverty alleviation policies have consisted predominantly of (producer and consumer) subsidies to poor families.

Contrary to the general impression, subsidies, whether in the form of lower prices or income transfers-given to other than the handicapped and similar unfortunate individuals/families-scarcely reduce poverty. Rather they sustain poverty and may perpetuate it. They introduce dependency. Instead of augmenting their income-generating capacities and providing incentives/pressures to work, subsidies put the recipients on crutches. The South-Asian advocates of subsidies to the poor have confused egalitarianism with poverty eradication. An effective long-term remedy against poverty is to empower the poor to earn their incomes. Among the most effective ways to attain that objective are enabling: (a) the children of poor families to get quality education and (b) the adults of those families to improve their earning capacities. Earning capacities of adults are built up by vocational training and microcredit at a rate of interest that covers its cost, rather than subsidized credit. These are normative policies implicated by positive economics (Yunus, 2006).

This theory is relevant in this study it helps us understand the challenges facing the access of funds by women enterprises. It therefore helps in explaining how the vulnerable can be supported financially through the provision of funds with minimum requirements and procedures for access of such funds.

2.28.3 Achievement Orientation Theory by David McClelland

Over the year's behavioral scientist have observed that some people have an intense need to achieve others, perhaps the majority do not seem concerned about achievement. This phenomenon has fascinated David McClelland (1961) for over twenty years him and his associates at Harvard University studied this urge for achievement.

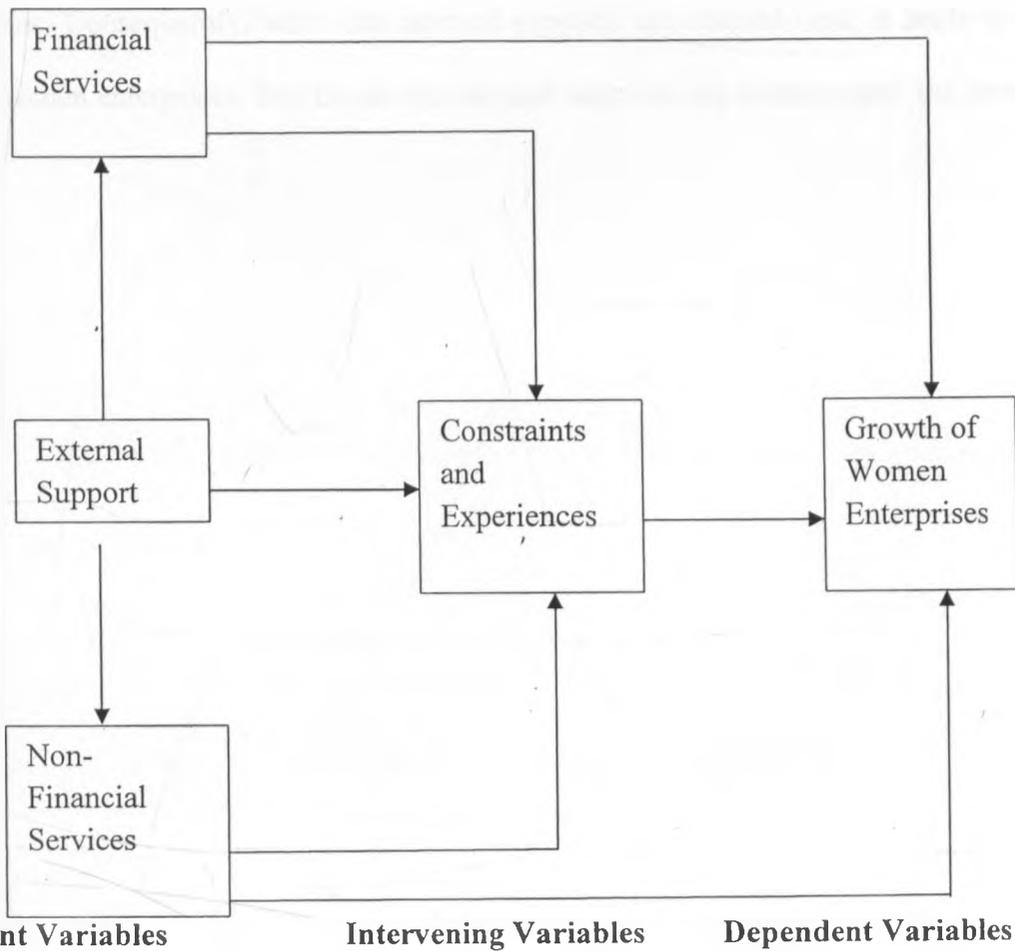
McClelland's (1987) research led him to believe that the need for achievement is a distinct human motive that can be distinguished from other needs. More important the achievement motive can be isolated and assessed in any group. Need for achievement leads to a strong desire for success. As children may be praised for their hard work, which forms foundations of their persistence Adults-pre-occupied with achievement need do things better than they did in the past, they are striving to improve their performance focusing on goals particularly that are challenging in nature.

They are attracted to imposition such as sales, where feed back is immediately available and their efforts leads to success. They are swayed to organizations that are merit based and reward performance rather than seniority and do well as entrepreneurs, scientist or engineers.

This theory is relevant in this study it helps us understand the forces behind entrepreneurial innovation and creativity. Since it explains how the need to make profit: Success and achievement prompts women entrepreneurs to persist.

2.29 Conceptual Framework

This research involved determining the impact of external support on the growth of women owned enterprises in Thika Municipality. In this study, the relationship between the dependent variable growth of women enterprises and the independent variables – external support were investigated. The independent variables influencing the growth of women owned enterprises which were involved in this study are: Financial services and Non-Financial services. These variables are illustrated in Figure 2.1.



Independent Variables **Intervening Variables** **Dependent Variables**
Figure 2.1 Conceptual Framework:

Source: Author's, 2011

External support advanced to women in microfinance enterprises comprises of a mix of financial and non-financial services. Financial support includes direct monies channeled to the women's microfinance enterprises accounts. Non-financial assistance includes expertise offered to run the microfinance, advertisements, business training and counseling. However, the magnitude, frequency and the rates of the support received depends on the constraints (control and limits of the loans advanced and grants) and the experiences of women enterprises in seeking such loans. Such experiences are lobbying, training and campaigning for such loans. Consequently, when the external supports are utilized well, it leads to the growth of women enterprises. But incase the external supports are mismanaged, the reverse is also true.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the plan and methodology that was adopted by the researcher in order to collect and analyze data so as to achieve the research objectives and answer the research questions. Sub-section 3.2 describes the study area. Section 3.3 opens by discussing the research design. Section 3.4 discusses the unit of analysis. Section 3.5 describes the target population. Section 3.6 identifies sample size and sampling procedures. Section 3.7 discusses the tools of data collection. Methods of data analysis were also discussed. Finally, a brief description of how to test the validity and reliability of research instruments was done.

3.2 Site Description

According to GOK (2008), Thika municipality is in Kiambu County. The district cover an area of 1.4791 Km borders Nairobi north district to the south, Gatundu District to the West Murang'a South District to the North Kagundo and Yatta District to the East. It's located between latitude 0' 45' and 01' 15' South and longitude 36' 45' and 37 '25' East. Politically the district has two constituencies: Juja and Gatanga. The District has three local authorities, Thika county council, Thika municipality and Ruiru Municipality with forty two wards.

Thika Municipality is one of the densely populated divisions with over 400 people per square Km. Being an urban area situated on the Nairobi-Nyeri highway. According to the 1999 population and Housing census Thika District had a population of 432,554 persons with an inter-censual growth rate of this is quite low..At the start of the plan period (2008) the District stands at 464,846 and is projected to reach 479,962 persons at the end of the plan

period(2012).The sex ratio is at 1:1 the population distribution and densities as per divisions in the district is as follows

Table 3.1 Population Distribution and Densities by Division in Thika District

Division	Area(km)	1999		2008		2010		2012	
		Pop.	Den	Pop.	Den	Pop	Den	Pop	Den
Gatanga	251.1	103,048	410	110,741	441	112,527	448	114,342	455
Kakuzi	481.2	71,662	149	76,969	160	78,210	163	79,472	165
Githurai	174.2	58,992	339	63,396	364	64,419	370	65,458	376
Ruiru	352.4	91,718	260	98,565	280	100,155	284	101,770	289
Thika Municipality	220.2	107,174	487	115,175	523	117,033	531	118,920	540
TOTAL	1479.1	432,554	290	464,846	314	427,334	200	479,962	324

Source KNBS, Thika, 2008

Thika Municipality has the highest population as well as density attributed to urbanization mostly in search of employment opportunities based on the high number of industries in Thika and the fact that Thika Town forms the Central Business District of the district, It however has various age cohorts and the highest percentage which is 33.3% is made up of the youthful population in an age bracket of (15-30).

This signals a need for expansion of existing education facilities to match up the growing population, more health facilities are as well required to be expanded especially for those

between the age of (0-4).The sex ratio of 1:1 is however prevalent over every age and thus in overall the District population growth follows the expected population pyramid.

The district has a diverse topography ranging from 1200mm to 1800mm above sea level. This has a large extend affected the climatic conditions and economic activities of the district. The higher areas to the west although characterized by deeply dissected topography with numerous slopes prone to landslides, form water catchment areas and watersheds of the rivers which flow from Aberdare ranges, to the west and towards the south east, joining river Tana, and Athi drainage systems. The eastern side parts of the district are lowlands covering Ruiru, Thika Municipality, and Kakuzi divisions. The district has seasonal streams and rivers including Chania and Thika.

The rain pattern in the district is bi-modal in nature with rains ranging from 1080mm to 2130mm experienced in the months of March and May. This has favored the production of cash crops like tea. Short rains occur in the months of October and November. The Eastern part of the district is semi-arid and receives the least rainfall which is suitable for drought resistant crops. Irrigated plantation farming of coffee, pineapples characterizes the area as most of these parts have a flat topography and well drained soils. The district has a mean temperature of 17.55 degrees Celsius with the coldest months being in June, July, and August, where temperatures are 12.7 degrees Celsius while the months of February, March and April are the hottest with temperatures rising to a maximum of 22.4 degrees Celsius. Economically Thika district is one of the leading industrial districts in the country besides undertaking agricultural activities on both large and small scale. This has been boosted by the

good communication network, a relatively good climate, industrious residents, proximity to Nairobi city which provides a ready market to agricultural produce and connection to overseas market through Jomo Kenyatta international airport. Availability of raw materials among others things has to large extent contributed to active economic activities in the area Hence high population densities. The choice of Thika Municipality as the study area was influenced by various factors. Thika Municipality has been selected as the location of the study first because as earlier noted has a business community engaging in SMES. Secondly, Gay (1992) observed that factors such as familiarity to an area, limitations of time, effort and money may influence the researchers' choice of locale.

The choice of Thika Municipality as the study area was influenced by various factors. Thika Municipality has been selected as the location of the study first because as earlier noted has a business community engaging in SMES. Secondly, Gay (1992) observed that factors such as familiarity to an area, limitations of time, effort and money may influence the researchers' choice of locale. Thus Thika Municipality is familiar to the researcher. That is what influenced the researcher to choose Thika Municipality for the study. In addition the locale' will facilitate easier data collection. Moreover, no studies have been carried out in Thika Municipality to establish the impacts of external support on the growth of women owned micro enterprises. The researcher will endeavor to close this research gap.

3.3 Research Design

Kothari (2006) explains research design as a systematic way of solving the research problem whereby a researcher adopts various steps to study the problem along with the logic behind

them. According to Kothari, a design is plan, structure and strategy of investigation conceived so as to obtain answers to research questions to control variance.

This research followed both descriptive and exploration survey design which explored the impacts of external support on the growth of women owned micro enterprises. Survey design is used to ascertain the nature of a phenomenon from relatively large number of cases (NKPA, 1997). Survey methods collect data through questionnaires or/ and interviews (Orodho 2005).

Silverman (2000) posits that descriptive and exploration research provides deeper understanding of social phenomena than would be obtained from purely qualitative data. A descriptive study, Ogula (1998) asserts is used to gather systematically factual information necessary for decision-making. Descriptive design was used in this study because of its appropriateness in establishing relationships between variables and facilitating the collection of information for determining the population parameter. The second part of the design involves exploratory study design. According to Miller (1991), an exploratory study design utilizes designs or theories to explain phenomena. Lockesh (1984) asserts that exploratory research studies are designed to obtain pertinent and precise information concerning the status of phenomena and whenever possible to draw valid general conclusions from the facts discovered.

The descriptive and exploratory studies were the most appropriate for this study because in the study, the researcher will collect information on the state of affairs without manipulating any variables.

3.4 Unit of Analysis

Unit of analysis is described as “that which the study attempts to understand” (Babbie 1995). It’s therefore the entity (object or event) about which a researcher gathers information. The unit of analysis in this study is the impact of external support on Women Enterprises (WES). The study included the heads of microfinance section and credit officers, at Kenya Women Finance Trust (KWFT), Equity Bank, Ecumenical Church Fund (ECLOF), Muramati Sacco (savings and credit cooperative society) and Faulu Kenya micro finance. The following consultants were interviewed for further clarification from the, District trade development officer Thika, and the officer in charge of permits and compliance control in Thika municipality.

3.5 Unit of Observation

Unit of observation is a specific viewing of phenomena in its proper setting for specific purpose of gathering data for particular study (Neuman, 1994). The unit of observation in this study was women enterprises in Thika Municipality.

3.6 The Target Population

Borg and Gall (1996) defines population as all members of a real set of people, events or objects to which the researcher wishes to generalize the results of the research.

The target population in this study comprised all the women entrepreneurs in SMEs in the following areas: textile, retail, hospitality, services and vendors/hawkers.

3.7 Sampling Techniques and Sample Size

3.7.1 Sampling Techniques

The study used both probability and non-probability sampling techniques that include simple random, stratified and purposive sampling. According to Orodho (2005), sampling is a technique where the investigator seeks knowledge or information about a whole population, objects or events by observing a sample, and extending the findings to the entire population. The purpose of the study was to analyze the impact of external support on WES in Kenya with specific attention to Thika Municipality.

The WES in the population differs by type – textile, retail, hospitality, services and vendors/hawkers. In order to ensure that these different categories are adequately represented in the sample, stratified sampling was used. According to Frankfort-Nachmias and Nachmias (1996), stratified sampling is used primarily to ensure that different groups in the population are adequately represented in the sample.

From the Kenya National chamber of commerce Thika branch, the researcher got a list of 500 business enterprises and the women owned enterprise were singled out and classified according to whether they were textile, retail, hospitality, services and vendors/hawkers. The list obtained served as the sampling frame from which a representative sample of the population was obtained.

To select the specific subjects to be included in the sample, probability sampling technique such as simple random was then applied to select subjects from textile, retail, hospitality

and services, vendors/ hawkers. Purposive sampling was used on the target population that's the women entrepreneurs and on the key informants specifically interviewed for this study. According to Doane (2007), in a simple random sampling, every item in the population has an equal chance of being chosen in a sample of items. Thus, cases of subjects are picked because they have the information or possess the required characteristics.

3.7.2 Sample Size

The sample frame constituted WES dealing in textile/tailoring, retail hospitality and services, vendors/hawkers. A sample is a representative subset of a population (Nachmias & Nachmias, 1996). Stephen and McCarthy (1958), a sample is thus a small population selected for observation. Gay (2003) suggested that 10% of the accessible population is adequate to serve as a study sample. On this strength, the researcher took a sample size of 75 women entrepreneurs which was 15% of the total targeted population. The sample comprised of 15 respondents from each category of business.

- Textile& Tailoring (15)
- Retail (15)
- Hospitality (15)
- Services (15)
- Vendors/hawkers (15)

3.8 Methods of Data Collection

Data collection methods utilized in this study included both quantitative methods and qualitative methods. The quantitative data collection methods relied on surveys with closed-ended questions. Using a questionnaire, the researcher interviewed business owners at their

business premises. Qualitative data collection methods relied heavily on interactive interviews where key informants were interviewed several times to follow up on particular issues, clarify concepts and check the reliability of data.

In addition, other techniques used included observation guide and face to face discussions. Three different types of research techniques were used to generate data in this study. These are questionnaires, interview schedules and observation guide. Secondary data were collected from records such as admission registers and financial records.

3.8.1 Key informants Interviews

To involve key informants in the study, the non-probability technique was applied. The sample selection was based on purposive sampling technique targeting the whole population. According to Gay (1976), the approach where the population is equal to the sample is known as a *census survey* [approach]. The key informant's included heads of microfinance section and credit officers at Equity Bank: Faulu Kenya microfinance: Ecumenical church fund (Eclof): Kenya women finance trust)(Kwft): Muramati Sacco and the District Trade Development Officer in Thika : Thika Municipal Council Permits and compliance Officer. This gives a total of seven key informants

3.8.2 Observation

The study used observation method to collect information on records, stock, premises, advertisement and the number of employees to supplement the data collected by use of questionnaires and interview. This method enabled the researcher to gather information that relates to what is currently happening

3.9 Tools of Data collection

3.9.1 Questionnaire

Questionnaires are research instruments used for both quantitative and qualitative study in chronological order to get information from respondent.

Questionnaires are much less expensive and time consuming than interviews. Furthermore, it would not be possible to process and analyse data from a large number of interview schedules. Questionnaires provide greater anonymity. In this study, this was important because information regarding SMEs may invoke some reticence on the part of respondents (Weirsmas, 1980).

One type of questionnaire was administered to women of different types of women enterprises. These are textile, tailoring, retail, hospitality and services and vendors/hawkers. Items on the questionnaire were both structured and unstructured in order to determine the impact of external support on WES.

3.9.2: Interview Schedule

The current study utilized an interview schedules to gather data. The objective of these interviews was obtained information on the effects of the support they give to women entrepreneurs. The researcher conducted all the interviews.

An oral interview guide was useful in collecting data because the researcher may ask questions or make comments intended to lead the respondent towards giving data to meet the Study objectives

3.9.3: Observation Guide

The researcher made a check list of the items to be observed in business premises in the women enterprises. The researcher used direct observation method. This allows one to observe social phenomena in the natural setting (Babbie, 1995). This method was used to observe record: Business premises: number of employees: and the stock in target enterprises.

3.10 Data Analysis

The analysis of data requires a number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing statistical inference.

After collection of the questionnaires, the researcher read through to ascertain their numbers and to see how/ if all the items will be responded to. Descriptive statistics using frequencies and percentages was used to analyze the data. Descriptive statistics contain discrete numerical data (Mugenda and Mugenda, 1999).

Qualitative data in form of words from the interview schedule and the items in the open ended questionnaires were subjected to content analysis. The results were then tabulated. Responses on similar themes or objectives, emanating from different respondents will be compared to find out if the various respondents concurred on various issues and if not, the possible reasons for the observed discrepancies. Consequently, Statistical Package for Social Sciences (SPSS) facilitated data analysis. The analyzed data was presented using frequencies, percentages, tables, and charts.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The purpose of this study was to investigate the interaction between women entrepreneurs and the providers of financial and non-financial services in Thika Municipality. The findings were presented, interpreted and discussed in connection to an investigation in the interaction between women entrepreneurs and the providers of financial and non-financial services in Thika Municipality.

The findings have been presented in sub-sections as guided by the objectives of the study and that mainly answer the research questions. The study sought information from women entrepreneurs and key informants by use of a questionnaire, an interview schedule and an observation guide.

Finally, the result of the findings was discussed in the light of the reviewed literature related to the interaction between women entrepreneurs and the providers of financial and non-financial services in Thika Municipality.

4.2 Background Information

Data regarding the demographic information of the respondents was drawn from the sample population that comprised of women entrepreneurs and Equity Bank: Faulu Kenya micro finance (Eclouf) : Kenya Women Finance Trust (Kwft): Credit Officers. The ministry of trade,

Trade development officer Thika: and Thika Municipal Council officer in charge of Permits and compliance. Even though the study sampled 75 women entrepreneurs and seven key informants, 70 (93%) women entrepreneurs and all (100%) seven key informants responded the to questionnaires and key informants interview schedule .

4.2.1 Age

In the sample 49% of the respondents were aged between 35-44 years. It was also found that 31% were aged between 45-54 years. The study further found that 11% of the respondents were aged below 25 years. It was finally found that 9% of the respondents were 55 years and above. From the findings of the study, it can be said that women the respondents used in the study were well presented in the study across ages. Data regarding the age of women entrepreneurs is presented in Table 4.1.

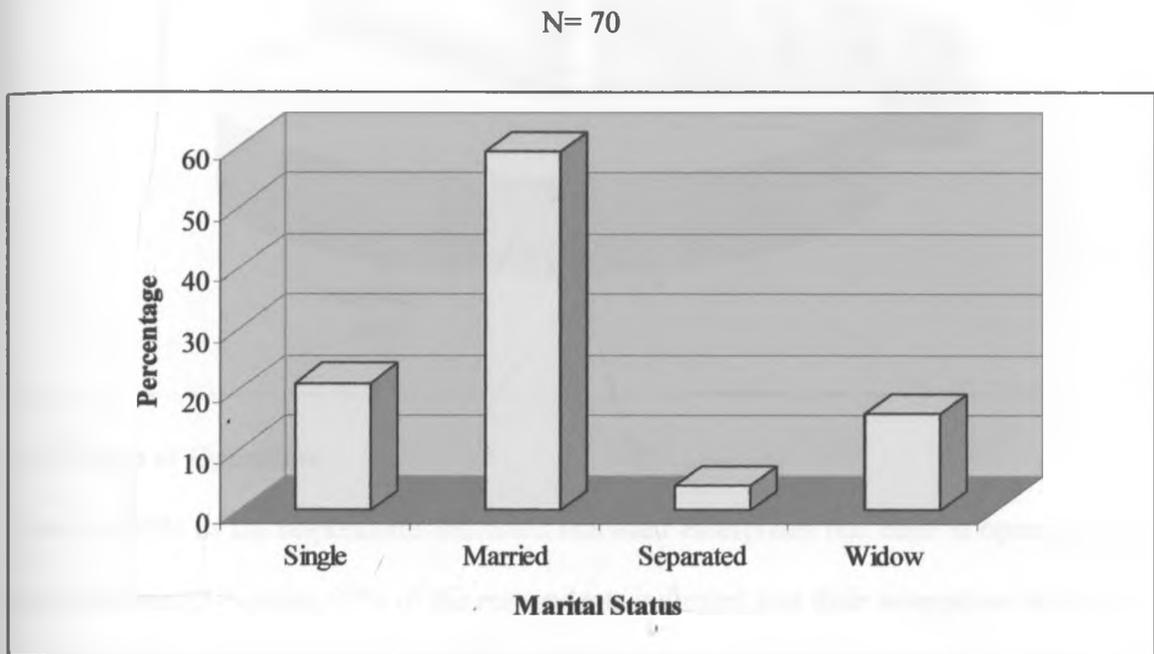
Table 4.1: Age distribution

Age Brackets	Frequency	Percentage
Below 25 yrs	8	11
35-44 yrs	34	49
45-54 yrs	22	31
55 yrs and above	6	9
Total	70	100

4.2.3 Marital status

A total of 59% of the respondents were married, 21% were single. 16% were widowed and that 4% were separated. The findings of the study were as presented in Figure 4.1.

Figure 4.1 Distribution of the Respondents by Marital status

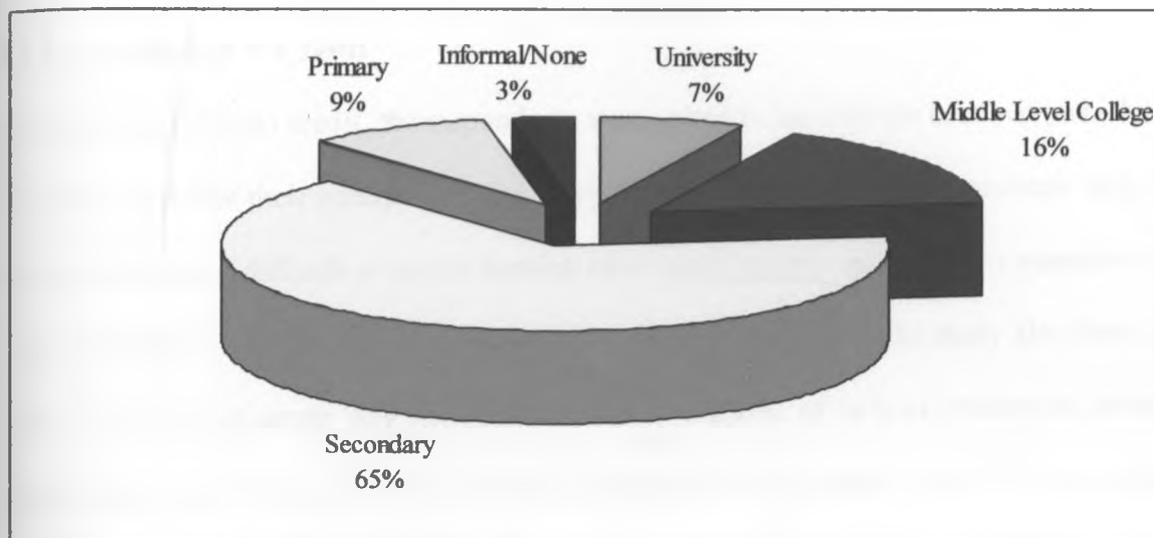


4.2.4 Level of Education

The study found that 65% of the respondents had attained secondary level of education, 16% had attained middle level college education and 7% had a Bachelor Degree. Only 3% had informal education. From this data, it is clear that not all women running businesses possess skills necessary to effectively manage businesses and some have achieved very low levels of training similar to those attained in informal education. The findings of the study were as presented in Figure 4.2.

Figure 4.2 Distributions of the Respondents by Level of Education

N= 70



4.2.5 Years of Operation

A total of 63% of the respondents indicated that their enterprises had been in operation for a period between 3-5 years, 27% of the respondents indicated that their enterprises had been in operation for a period less than 3 years, 13% indicated that their businesses had been in operation for a period of over 5 years. The findings were as presented in Table 4.2

Table 4.2: Distribution of the Enterprises by Years of Operation

Duration in Current Enterprise	Frequency	Percentage
Less than 3 years	19	27
3-5 yrs	42	60
Over 5 Years	9	13
Total	70	100

4.3 Financial and Non-Financial Services Women in Micro-Enterprises Receive from Stakeholders

The researcher sought to gather information concerning the mix of financial and non-financial services women in micro-enterprises receive from stakeholders.

4.3.1 Accessibility to Credit

On the accessibility to credit, the respondents were asked to indicate the ease with which they accessed credit for their enterprises. The study found that 61% of the respondents indicated that the credit was difficult to access reasons cited were lengthy and vigorous procedures for loan application, lack of collateral, security and high interest rates. The study also found that 36% indicated that credit was not accessible at all because of lack of awareness, stringent conditions when forming groups to endorse progressive saving plans. Only 3% indicated that credit was easily accessible since they had a long history in the MFIS and in stable groups besides they had the collateral. In support to these findings, Alila et al, (2002) found that, credit conditions when forming a group paying membership fees: group registration fees, and joining savings plans, results in delaying in accessing initial capital thereby worsening the women's household financial burden. This are perceived to be the major hindrance to the access to credit facilities by women enterprises. From the findings of the study, it can be said that it is hard for the women enterprises in Thika Municipality to get credit services. The findings of the study are as presented in Table 4.3

Table 4.3 Accessibility to Credit

Accessibility to Credit	Frequency	Percentage
Easily Accessible	2	3
Difficult to access	43	61
Not accessible at all	25	36
Total	70	100

4.3.2 Amount of Money Borrowed

The respondents were asked to indicate the amount of money they had ever borrowed since they started their businesses. It was found that 65% had borrowed less than 20,000ksh, 30% had borrowed between 20,000ksh: to 50,000ksh: 3% had borrowed between 50,000ksh to 100,000ksh: and 2% had borrowed over 100,000. According to Makokha (2006), loans from Kenya microfinance institutions tend to be limited in amount, have no grace period are short term in design and carry very high interest rates. From the findings of the study, it can be said that majority of women enterprises could only access little amount of loans for their enterprises the reasons given, were that in most occasions the savings dictated the loan amount acquired and majority had an average of 4000ksh savings, the financial institutions engaged on progressive borrowing plan, this barred the women from accessing big loans until after a long time. This is supported by the fact that majority indicated that the credit facilities were difficult to access. The findings of the study are as presented in Table 4.4

Table 4.4 Amount of Money Borrowed

Loan accessed	Frequency	Percentage
Below Ksh 20000	46	65
Ksh 20000-50000	21	30
Ksh 50000-100000	2	3
Above Ksh 100000	1	2
Total	70	100

When asked whether money advanced to them was a loan, all the women entrepreneurs said that it was indeed a loan. Women entrepreneurs identified Equity bank: Faulu microfinance, Ecumenical church fund (Eclof,):Kenya women finance trust(Kwft) : Muramati savings and credit cooperative societies (sacco): and revolving savings and credit associations (ROSCAS) popularly known as table banking as the main source of loans.

Although responses from the key informants on the financial services received from external sources differed in text, they had the same message. They informants identified the following external financial services: loans, grants, finances from merry – go- rounds, capacity building activities through groups’ rotational funds, soft loans from commercial banks and shylocks. Other sources as identified from the key informants included money from gender based ‘Chamas’ which are informal women groupings. It was found that 73% of the respondents rarely accessed the loans, 16% accessed the loans regularly and 11% indicated that they were

not time bound. From the findings of the study, it can be said that the women enterprises Thika Municipality rarely accessed the loans. The findings are presented in Table 4.5

Table 4.5: Frequency in borrowing

Frequency in borrowing	Frequency of Access to Loans	
	Frequency	Percentage
Rarely	51	73
Regularly	11	16
No Time Bound	8	11
Total	70	100

4.3.5 Repayment of Loans

The study found that 70% indicated that they repaid the loans using the proceeds from their businesses while 30% indicated that they never repay the loans from their business proceeds/profits. From the findings of the study, it can be said that the loans were repaid from business proceeds.

4.3.6 Access to Non-Financial Services

The few non-financial services received by women entrepreneurs include value addition services, entrepreneurial training, capacity building on, records maintenance, and business risk taking, loan management, marketing strategies and advertisement procedures. According to the key informants women entrepreneurs rarely received non-financial services. When The respondents were asked to indicate whether they received any non-financial services. The study found that 67% of the respondents indicated that they did not receive non-financial services while 33% indicated that they received the services.

In the study 20% of the services were provided by the financial institutions field officers who do group recruitment and trainings to equip and persuade women to get loans, 11% received training from government agencies mainly from the ministry of sports gender and social services ,ministry of trade and ministry of industrialization this mainly happened where respondents have joined groups, 2% received the training ,value addition, advisory services Nongovernmental organizations,(Ngos) and Faith based organizations (Fbos).The nonfinancial services are not consistent ,the providers are driven by market forces, availability of capital, government policies and funding from donors . These findings are in line with the findings of a study done by Stevenson and St-Onge (2005) who found that, not as many women entrepreneurs use business development services because of cost, access, necessity, or availability. From the findings of the study, it can be said that most of the women enterprises were not receiving non financial services. The findings were as presented in Table 4.6.

Table 4.6: Access to Non-Financial Services

Access to Non-Financial Services	Frequency	Percentage
Yes	23	33
No	47	67
Total	70	100

Those who indicated that they received non-financial services were asked to mention some of the services they received. The following services were mentioned: training, advertisements, branding and marketing, amongst others.

4.3.7 Use of Business Development Services by Women Enterprises

The study found that 84% indicated that training was used as a business development services respondents noted that after the training the understood entrepreneurial technicalities, factors that would determine the growth expansion and sustainability of their enterprises. Business advisory services were used as indicated by 76% of the respondents started banking, record keeping and monitoring of the input and output in their enterprises.

Market services was not used as indicated by 79% mainly the local market was available, the quality and quantity of the products dictated so, a negligible percentage eyed outside market. From the findings of the study, it can be said that respondents who accessed business development services applied the skills partially though they are very crucial, as noted by Namusonge (2006) entrepreneur education and training play a key role in stimulating entrepreneurship and self employment. Thus it is considered to be very important for business development services to be accessed by women enterprises. The findings are presented in Table 4.7:

Table 4.7: Uses of Business Development Services by Women Enterprises

Services	Yes	No	Total
Training	84	16	100%
Business Advisory	76	24	100%
Market Services	21	79	100%

4.3.7 Frequency of Access to Non-financial Services

The respondents who indicated that they access the non-financial services were asked to indicate the frequency with which they received the non-financial services. The study found that 70% of the respondents indicated that they received the services rarely. The study also found that 17% indicated that they received the services regularly and 13% indicated that the reception to the services were not time bound. Ngugi (1999) outlined several weaknesses in the business support system, as follows: lack of a coherent national training policy, lack of sustainability of organizations offering business development services, lack of trained personnel, staff motivation, linkages with private sector organizations and adequate implementation funds, politicization of the activities of associations and ineffective transfer of national policy objectives to district plans and annexes.

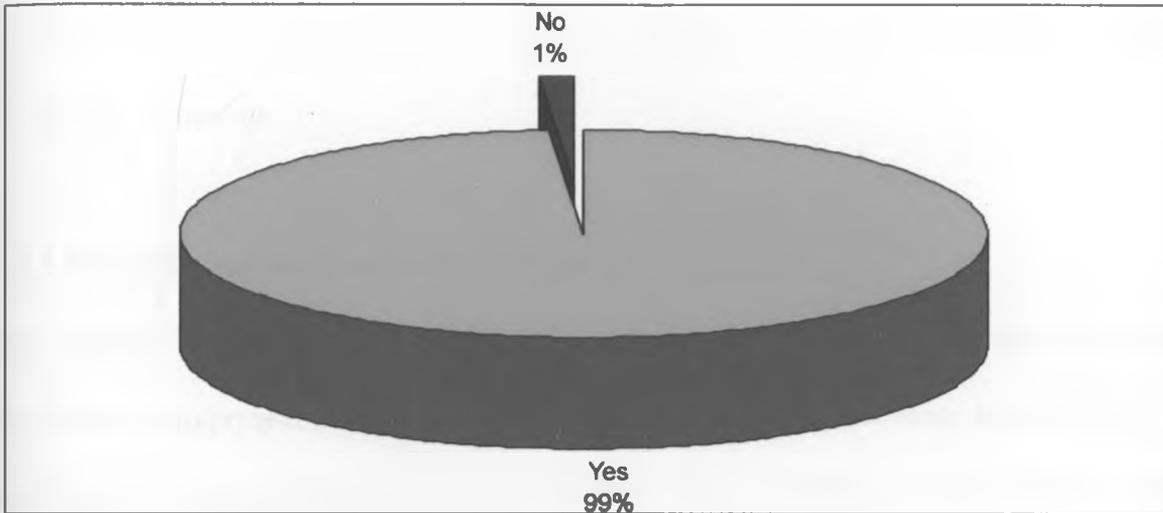
4.4 Assessment of the Impact of External Support on Women Owned Enterprises

4.4.1 Conditions for Receiving the Loans

The respondents were asked to indicate whether there were conditions for receiving loans or grants. The study found that 99% of the respondents indicated that there were conditions for receiving loans while 1% indicated that there were no conditions affecting access to loans. From the findings of the study, it can be said that there are conditions attached to the reception of loans which is perceived as major hindrance to access to loans. The findings of the study is supported by the findings of a study by Macharia and Wanjiru (1988) who found that the factors that inhibit credits availability to women included lengthy and vigorous procedures for loan applications and lack of collateral security for finance-these factors. The findings are as presented in Figure 4.3.

Figure 4.3 Conditions for Receiving the Loans

N= 70



Those who indicated that there were conditions affecting access to loans were asked to mention the conditions. The following conditions were mentioned: one having saved for more than six months with the lending institution the time factor hinders respondents since majority may use the existing capital to enhance a saving culture. Having guarantors to qualify for the loans it's an obstacle since most respondents are in women groups and the approval for the loan basically is determined by group officials and the consistency in attending meetings. Security for loans affect the respondents because they lack collateral like log books, land titles, mainly they give low value securities like household items. Maximum loans to be advanced, this is determined by the saving culture, the stock and the history of the enterprise and financial institutions policy; this mainly constrains the amount borrowed. completion of the previous loan before accessing another one, regular mode of repayment of the loan, high penalties for defaulters these conditions come in package financiers are very strict on this and some respondents cited a history of inconsistency in banking savings and

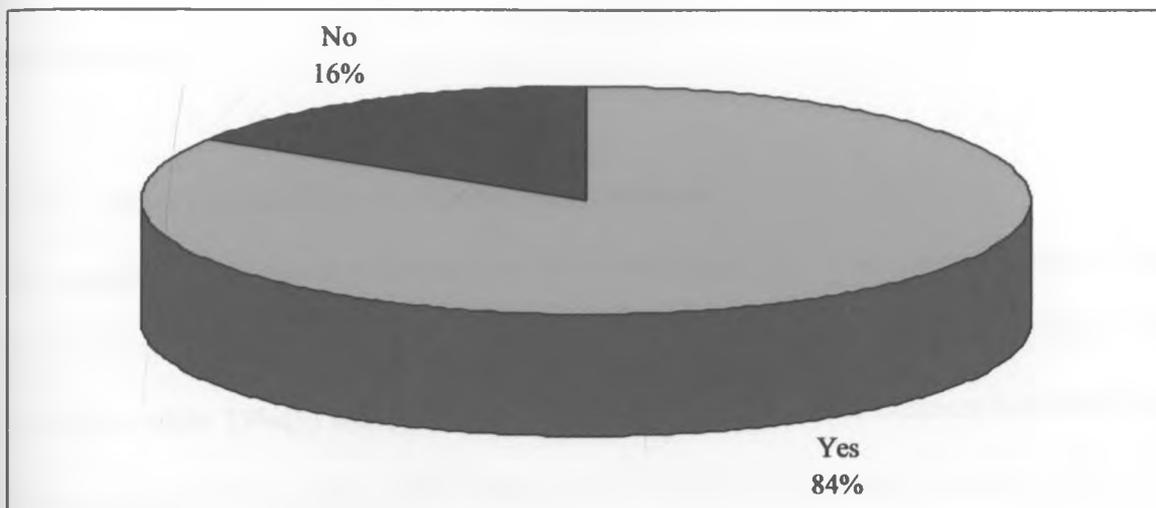
some group members defaulted hence spoiling for the rest. Having a registered group where the member must have attended several group meeting the respondents cited group dynamics to be very complex especially where they differed in income, objectives and locality conflicts would arise later hence a stable and reliable group is crucial. The conditions were perceived to hinder access to loans and grants by women enterprises. This information was confirmed by the key informants

4.4.1 Effect of conditions on Access to loans

The respondents were asked to indicate whether the conditions for loans affected its access by women entrepreneurs. The study found that 84% of the respondents indicated that the conditions for loans affected their access because there was delay in acquiring the loans, social cultural factors where women failed to get guarantors at the family level due to gender prejudice, where they were in groups they were in some instances disqualified when members defaulted or due group leadership wrangles. 16% indicated that loan conditions did not affect access to loans majority worked acquired bank loans at individual level had collateral and support from the family. According to the findings of a study by Central Bureau of Statistics (1999), the study found that application for loans were rejected due to inability to comply with loan disbursement requirements, other than for reasons of inability to absorb and repay the loan. From the findings of the study, it can be said conditions attached to the loans affected the access to by loans by Women enterprises. The findings are as presented in Figure 4.4.

Figure 4.4 Effect of conditions on Access to loans

N= 70



According to the key informants, the external support had an impact on the women owned enterprises. It was noted from the study that the external support helped women to initiate their own businesses leading to self employment. Other women entrepreneurs expanded their businesses thereby employing more people. According to credit officer in Muramati Sacco, loans advanced to women entrepreneurs resulted in higher turn over.

Key informants in microfinance sections noted that loans advanced to women were important ingredients for business growth which consequently improved women's living standards. Also indicated by the respondents was the fact that more small scale businesses have a come up due to financial support. The number of women seeking skills on how to manage financial matters has risen up over time. The credit officers with Equity realised that over time, the advancement of loans has resulted in the creation of jobs among the populace.

Women entrepreneurs selected for the study offered views on the challenges they faced when managing cash and credit transactions. Likewise, effects of such challenges on running those businesses were gathered by use of questionnaires. Women entrepreneurs offered views on whether women are able to establish business branches out of their initial business establishments.

4.4.3 Impact of the loans on business development

The respondents were asked whether they had established other businesses in the recent past. The study found that 86% indicated that they had not established any business branch in the recent past while 13%(9) indicated that they had established other business branches within Thika municipality these were Retail shops (4), hospitality and service businesses ,cited were hotels (3) and schools(2) respectively. Only 1.4% (1) one respondent had opened an outlet for her baked products in Nairobi. This is an indication of slow growth rate in the already established enterprises run by women. Survey studies carried out in Nairobi, Mombasa and Kisumu by Ondiege and Dondo (1991) proved that those enterprises that successively applied credit were performing better than those that failed to secure credit. The opposite is true according to the findings of the study where only a few businesses accessed credit services thus interfering with their growth and expansion. The findings of the study are presented in Table 4.8.

Table 4.8: Establishment of other Business Branches in the recent Past

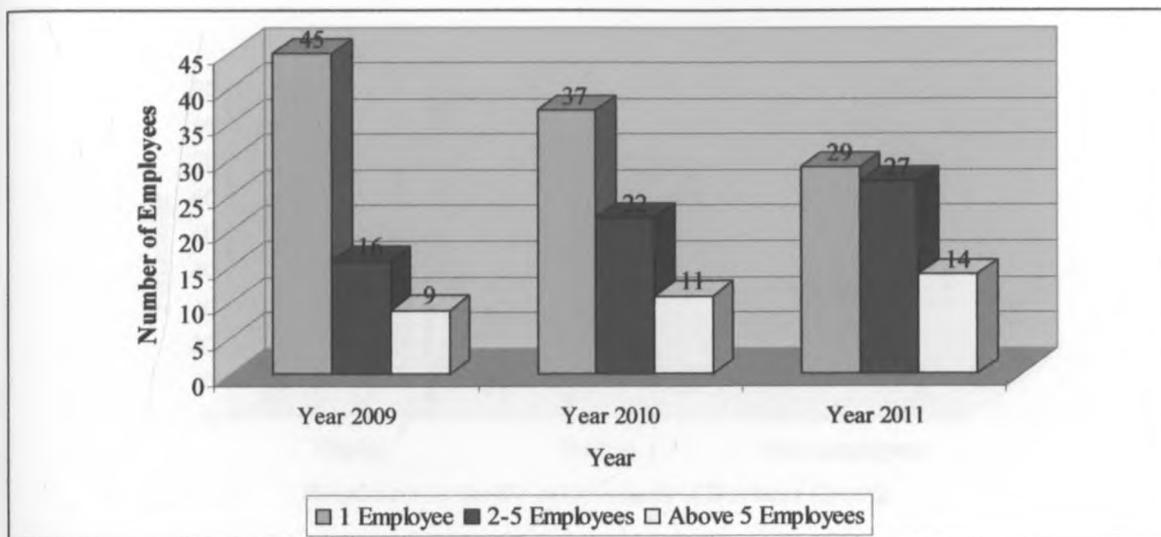
Establishment of other Business	Frequency	Percentage
Yes	10	14
No	60	86
Total	70	100

4.4.4 Employment creation

The study also sought to establish the number of employees in the businesses in the year 2009-2011. The study found that in the year 2009, 49 of the businesses had one employee. In the year 2010, the number of employees in the businesses grew with those having one employee reducing to 37. In the year 2011, the number of businesses with one employee reduced to 29. From the findings of the study, it can be said that there was growth in the businesses in terms of the number of employees over the years. According to GOK (1999), as employment shrinks in the formal sector there is corresponding increase in growth and employment creation in the Micro and Small Enterprise SME sector. A Baseline Survey (GOK, 1999). Revealed that there were about 1.3 million micro and small scale enterprises employing 2.3 million people this is an indication of the contribution of business enterprises in the creation of employment opportunities. The findings of the study are presented in Figure 4.5.

Figure 4.5 Numbers of Employees in Women Businesses in the Years 2009-2011

N= 70

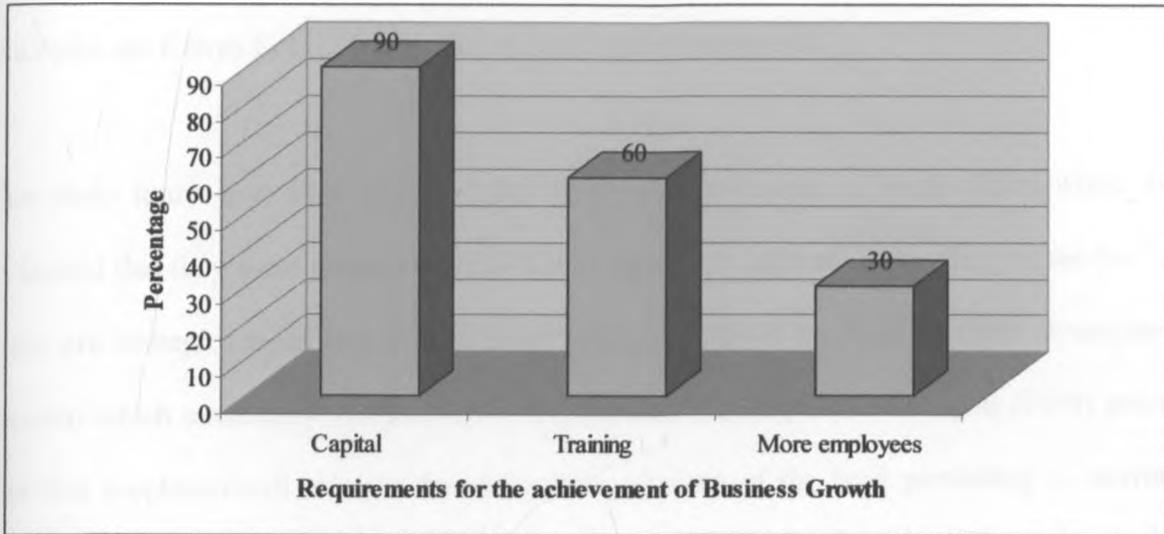


4.4.5 Requirements for the achievement of Business Growth

The study found that 90% of the respondents indicated that they required capital. The study also found that 60% of the respondents indicated that they required training and that 30% indicated that they required more employees. Olakanpo (1968), in his statistical analysis, of some determinants of the entrepreneurial success in Nigeria measured the performance of the entrepreneur using the difference between initial capital and the present values of capital. In his model performance was influenced by initial capital, commodity group, experience, education attainment and previous job. This is an indication that the major requirements for the growth of women owned enterprises are capital and training. The findings are as presented in Figure 4.6.

Figure 4.6 Requirements for the achievement of Business Growth

N= 70



4.5 The Experiences and Constraints of Women Entrepreneurs in Seeking the Services.

The third research objective sought for information on the experiences and constraints of women entrepreneurs in seeking the services

4.5.1 Efforts by the Government of Kenya, and other stake holders

The government in the sessional paper no; 2 of 2005, launched by the ministry of labor and human resource development (MLHRD) defined eight key areas for formalizing and strengthening the SME sector by putting in place infrastructure, policy development, marketing, training and skills development technology transfer, legal and regulatory structures and access to finance. The government provides security and licenses, through the municipal council, issues group registration certificates for eligibility, it facilitates' business registration, provides loans through Women Enterprise Fund (Wesf) , noticeable the ministry of trade has district trade officers who help in writing business plans and avails

loans to groups or individuals who qualify. Civil societies mainly create awareness of the provisions available in the government as well as in private sector the raise issues on interest rates besides Non-governmental organisation (Ngos) do offer both financial and non financial services aimed at improving livelihoods cited are trainings, loans. And grants examples are Kenya Eclof, World Vision, and Plan international.

The study found that 54% indicated that they were not aware of such efforts while 46% indicated that they were aware of such efforts. This is an indication that despite the fact that there are strategies to ensure women empowerment, little is know about these strategies by women which eventually affects their effectiveness. Kunyanjui and Munguti (1999) pointed out that loopholes still exist in the application of some of the laws pertaining to marriage, inheritance, and employment, that gender disparities persist in education enrolment and retention rates, that social norms are still characterized by cultural practices that accord lower roles and status to women than to men, and that women still lack full access to, control over and management of resources (lack of access to finance and credit, representation in cooperative societies, access to information and appropriate technologies). The findings are presented in Table 4.9.

Table 4.9: Efforts by the Government of Kenya, and other stake holders in Economic Empowerment of Women

Effort by the government and other stakeholders	Frequency	Percentage
Yes	32	46
No	38	54
Total	70	100

The study found that the efforts included the establishment of women fund, training and provision of start up capital. Women entrepreneurs contended that empowerment efforts help them in net working with other women through group formation and they acquire information necessary to establish other businesses. The awareness was created through media some programs future outstanding entrepreneurs give reason for their success and creative adverts from the government and other stakeholders pass the information , in chief barazas mainly there are key community leaders who work with the chiefs , government policies are discussed there and relayed to the locals besides social gathering like include merry go rounds and chamas bring together women from diverse backgrounds .this creates a gap and women develop the impetus to follow up.

4.5.3 Challenges faced by Women Entrepreneurs

The study found that the major challenge to the enterprises was inaccessibility to finances for business expansion as indicated by all respondents. Another major challenge was inadequate skills and knowledge on business management as indicated by the respondents. According to Harnennesh (1993), rather than physical capital, the main constraint in many developing countries is skills. IFC/world bank (2006), reported that some of these constraints include financial aspects: gender roles: social inequality: entrenched cultural and traditional practices: technology: legal, institutional and policy levels, among others. The findings are presented in Table 4.10.

Table 4.10: Challenges facing Women Entrepreneurs

Constraints	Frequency	Percentage
Inaccessibility to finances for business expansion	70	100
Lack of information	60	85
Lack of productive resources	52	74
Lack of markets for goods	31	43
Inadequate skills and knowledge on business management	63	90
Compliance costs	59	84
Gender role challenges	25	36

Other challenges include either lack collateral the banks require log books title deeds or pay slips this is a constraint. Women find it a challenge to use household assets as collaterals besides they amount to low value resulting to small loans. Many women entrepreneurs experience compliance costs, which include costs of processing the loans and other logistic costs such as rent and high license costs. Women entrepreneurs often lack information on markets, suppliers, export opportunities, and availability of training programs. This is due to their dual work roles and resulting time constraints.

Lack of relevant skills and knowledge compounded by deficiencies in basic education inhibits the growth potential of women Enterprises because communication was cited as a challenge. Thika being a metropolitan town with a plural society some respondents can only use the local language, besides record keeping where they can't write and use modern information technology has adverse effects. This is supported by Killby (1982) citing the low level of education background of the entrepreneur as a major handicap to the small scale

sector. Ho (1980) argues that formal education can enhance person's managerial and technical skills and consequently his or her ability to operate the farm. This view is also held by (Chuta and Leidholm 1985). They hypothesizes that education would have a positive effect on profits of the firm.

Market glut was also found to be a major problem for women Enterprises related to lack of access to higher value markets and lack of innovation this was mainly affected textile and tailoring products also respondents who run schools and colleges in Thika town mentioned there was competition. Many women entrepreneurs are located in low value markets where there are barriers to entry. The sector tends to be crowded because of these barriers leading to market glut and little room for growth. Finally, women entrepreneurs tend to face constraints resulting from gender roles and responsibilities. Women's more demanding role in the family relative to men's, affect their entrepreneurial ability by reducing the time, energy and concentration levels they can apply to their market work. The amount of time they have available for market work is limited by the time necessary to care for the family. Their concentration while working is reduced by multiple distractions leading to a further reduction in productivity and earnings. Household responsibilities makes them risk averse, while societal perceptions affect their treatment when they step beyond their perceived boundaries, limiting their access to the resources required for successful entrepreneurship.

From the observation schedule, it was observed that some of businesses visited did not have proper business records which are perceived to be a challenge to the success of women owned enterprises. Regarding the availability of stock, it was observed that most of the women owned enterprises were small which affected the amount of stock held in the

businesses. On the nature of premises and location, it was found that the premises were spacious and most of them were located at strategic places thus the premises were not a challenge to the success of the businesses. The premises were also perceived to be in a position of allowing expansion. In terms of the number of employees, it was observed that most of the business had one employee. This can be attributed to the stagnation in the growth of women enterprises

The respondents mentioned several and costly licenses that affected their performance, displayed on the premises were mainly the single business permit issued by the local government at the cost of 3500ksh, business registration certificate at the cost of 2500ksh. others special permits like in the health department for hotels and training institutions charges amounted to 4500ksh. The medium traders with 5-20 employees had trade permits from the central government at a cost of 5000ksh. It was regulatory to register with Kenya Revenue Authority (KRA,) and pay up for National Social Security Fund (NSSF) 320KSH and 420KSH remittance to National Hospital Insurance fund (NHIF) respectively per every employee.

The respondents were asked to mention whether they had challenges with regard to the management of cash and credit transaction. The study found that 84% of the respondents indicated that they were faced with the challenges of financial management while 16% indicated that they did not have such challenges. This is an indication that cash management affected enterprises run by women in Thika Municipality. According to Stevenson and St-Onge (2005) SMEs require management training in: financial management, marketing,

human resource management, and entrepreneurship training. The findings are presented in Table 4.11.

Table 4.11: Cash and Credit Management

Cash and Credit Management	Challenges on Cash	
	Frequency	Percentage
Yes	59	84
No	11	16
Total	70	100

The respondents were further asked whether the challenges affect their businesses. It was found that all the respondents (100%) mentioned that the challenges affected their businesses.

4.5.4 Effects of Constraints on the Business Enterprises owned by Women

The respondents were further asked to mention how different constraints affect the operation of business enterprises owned by women. The study found that all the respondents 100% indicated that the constraints reduce profits and that it leads to business closure. Other effects included: reduced business growth (86%), laying off workers 79% and destruction of corporate image (50%). McCormick (2001) noted significant differences in the performance of women enterprises vis a vis those of Kenyan men. They found that women enterprises are smaller or less likely to grow, less profitable and begin with less capital investment than those owned by men. This can be attributed to the constraints they face in their growth. From

the findings of the study, it is evident that constraints faced by women entrepreneurs have an effect on business enterprise. The findings are presented in Table 4.12.

Table 4.12: Effects of the Challenges

Effects of the Challenges	Frequency	Percentage
Reduced profits	70	100
Destruction of corporate image	35	50
Laying off workers	55	79
Reduced business growth	60	86
Business closure	70	100

4.5.5 Measures to Enhance the Growth of Women Micro-enterprises

On the strategies for enhancing growth of women enterprises, the respondents were asked to recommend strategies for enhancing the growth of women enterprises. The measures recommended included: relaxing rules for registration of women groups, reduction of compliance cost and increasing fund allocations for women to cater for more women and to extend existing establishments as indicated by all respondents (100%). Other strategies included enhancing training, establishing insurance cover for the loan advanced and sensitizing women through paid up advertisement. The Sessional Paper No. 2 of 2005, launched by the Ministry of Labor and Human Resource Development (MLHRD), defined eight key areas for formalizing and strengthening the MSE Sector. These eight key areas included, putting in place infrastructure, policy development, marketing, training and skills

development, technology transfer, legal and regulator structures, and access to finance. The results of findings are presented in Table 4.13

Table 4.13: Measures to Enhance Growth

Measures to Enhance the Growth of Women Businesses	Frequency	Percentage
Enhance training	60	85
Relax rules on registering these groups	70	100
Compliance cost to be reduced	70	100
Establishing insurance cover for the loan advanced	45	64
Quality assurance officers for monitoring and evaluation	25	35
Sensitize women through paid up advertisement ,lobbying	55	76
Increase the women fund allocations to cater for more women and extending existing establishments	70	100
Sensitize society on the importance on women enterprises	35	50
Incentives for creativity and innovation for exemplary contributions	30	43
Establishing academies for young women entrepreneurs	5	7

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to find out the impact these services had on the quality and quantity of women owned enterprises in Thika Municipality as well as the concerns of the women entrepreneurs and providers of the services about the females. The study was guided by the following objectives: to establish the mix of financial and non-financial services women in micro enterprises receive from stakeholders, to assess the impact of external support on women owned enterprises in Thika Municipality and to find out the experiences and constraints of women entrepreneurs in seeking the services. This chapter gives a summary of the findings, conclusion and recommendations drawn from the findings in connection with the interaction between women entrepreneurs and the providers of financial and non-financial services in Thika Municipality.

5.2 Summary of the Research Findings

The following is the summary of the findings of the study as per the objectives:

5.2.1 The Mix of Financial and Non-Financial Services Women in Micro-Enterprises Receive from Stakeholders

On the accessibility to credit services, the study found that 61% of the respondents indicated that the credit services were difficult to access among women enterprises. On access to financial services, the study found that there was limited access to loans as evidenced by the fact that 65% of the respondents who indicated that they had borrowed less than 20,000 since they started their business. Further more among those who had accessed the loans, the study found that 73% indicated that they rarely accessed the loans. On the access to non-financial

services, the study found that 67% of the respondents indicated that they did not receive non-financial services. These services included: financial and entrepreneurial training, capacity building on financial services, records maintenance, and business risk taking, loan management, marketing strategies advertisement procedures and value addition skills. Those who indicated that they received the non-financial services indicated that they received the services rarely as indicated by 70%.

5.2.2 Assessment of the Impact of External Support on Women Owned Enterprises

Among the external factors which affected women enterprises included the conditions the conditions for receiving loans as indicated by 99%. These conditions were perceived to affect access to loans by women enterprises as indicated by 84% of the respondents. In terms business expansion, the study found that 87% of the respondents indicated that they had not established any business branch in the recent past. In terms of the number of employees, the study found that there was increase in terms of the number of employees in the business. This was evidenced by reduction in the number of businesses which had one employee from 2009 to 2011. Finally on the requirement for the achievement of business growth, the study found that 90% of the respondents indicated that they required capital.

5.2.3 The Experiences and Constraints of Women Entrepreneurs in Seeking the Services.

In terms of efforts by the Government of Kenya, and other stake holders in their attempt to empower women economically, the study found that 54% indicated that they were not aware of such efforts. Among the major constraints in seeking external services was inaccessibility to finances for business expansion as indicated by all respondents (100%). Another major challenge was inadequate skills and knowledge on business management as indicated 90% of the respondents. Other constraints included costly permits and licenses: financial management, marketing, human resource management, and entrepreneurship training.

5.3 Conclusion

From the findings of the study, it can be concluded that there was difficulty in the access to financial and non financial services among women enterprises which is perceived to be a major challenge in their expansion and growth.

It can also be concluded that external support affected women enterprises through the conditions for access of loans. These in term affected the expansion of businesses in terms of growth and the number of employees.

The study finally concluded that about half of women having enterprises were not aware of the efforts made by the government, and other stake holders in their attempt to empower women economically. Furthermore, the constraints in seeking the services included inaccessibility to finances caused by the conditions for the access to loans and lack of training on business management skills.

5.4 Recommendations

The researcher made the following recommendations based on the study objectives and research questions:

- 1) The study recommends that financial institutions should relax their conditions for the access to loans by women enterprises. This will allow women to access finances which will in turn help in the expansion women owned businesses. The study also recommends that business development services should be provided to women owned enterprises to improve their business management skills
- 2) Regarding the external support, the study recommended that government, and other stake holders should come up with policies which will favour the growth of women enterprises. This can be done through establishing more micro financial institutions for women and through expansion of the services of the existing institutions.
- 3) The study finally recommended that women should be encouraged to access business development services which will improve their business management skills thus improving the performance of their businesses.

5.5 Areas for Further Study

This study was carried out in Thika Municipality to establish the impact of external support on the growth of women owned micro enterprises. The researcher therefore suggests that another study be carried out to investigate the challenges facing the management of women enterprises which was not the focus of this study.

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APPENDICES

APPENDIX I: COVER LETTER

Catherine Wairimu Kiruthu,

University of Nairobi,

Reg: No. CSO 50/P/8954/06,

Department of Sociology.

Po box 30197 Nairobi Kenya.

Dear Madam,

Good morning/Afternoon

I am a post graduate student at the University of Nairobi. I am currently collecting data for my research dissertation. The study is an analysis of impact of external support on the growth of women owned enterprises in Thika Municipality. It's my humble request to involve you in this study by asking you questions that have relations to the growth and development of small, medium and micro enterprises in Kenya.

Any information you give will not only strictly be kept confidential, but anonymous and will be utilized only for the academic purposes for which it is intended.

Yours Faithfully,

Catherine Wairimu Kiruthu,

APPENDIX II: QUESTIONNAIRE FOR WOMEN ENTREPRENEURS

This questionnaire was used by the researcher/research assistant when interviewing the respondent.

Part 1 Personal Details

1. Type of the enterprise

.....

....

2. Age

1. Below 25 yrs ()
2. 25-34 yrs ()
3. 35-44yrs ()
4. 45-54yrs ()
5. 55 yrs and above ()

3. Marital status

- Single ()
- Married ()
- Separated ()
- Window ()

4. Level of education and training

- Informal/none ()
- Primary ()

Secondary ()

College ()

University ()

(5) Duration in the current enterprise (in years)

(i) Less than 3 years ()

(ii) 3-5 yrs ()

(iii) Over 5yrs ()

(b) Any other business prior to the current one?

.....
.....
.....

6 Key skills /abilities in women Entrepreneurs None ()

Yes ()

If you have specific abilities/ skills please give, details below and how you acquired them.

.....
.....
.....

7) Year you initiated your business

.....
.....
.....

Part II The Mix of Financial and Non-Financial Services Women in Micro Enterprises

Receive From Stakeholders.

1) How accessible is credit to you?

Easy to get () hard to get () not accessible at all ()

2) How much money have you borrowed to Date?

Below 20,000 Kshs () 20000-50,000 () 5001-100000 () above 100,000 Kshs: ()

3) How frequent do you acquire the loan?

Rarely () regularly () No time bound ()

4) Is the money advanced a loan or a grant?

Loan () grant ()

5) Who advances the loan or grant to you?

.....
.....

6) Are there conditions for receiving such loans or grants?

Yes () No ()

If yes, state such conditions

.....
.....

7) Do you receive any non financial assistance?

Yes () No ()

If yes what are the non-financial services that you receive

.....
.....
.....
How frequent do you acquire the non-financial assistance?

Rarely () regularly () No time bound ()

8) Do you repay your loan from your business proceeds?

Yes _____ No _____,

If no list other sources of funds

9) To what extent do you use the following business development services (if available or accessible to you) training, business advisory services and marketing? (How relevant are they to your business (are they appropriate?)

a) Training . yes / no

b) Business advisory (counseling and monitoring) yes/ no

c) Market services yes/no

Part III Impact of External Support on Women Owned Enterprises

1) Do you think the conditions imposed on getting a loan affect the growth your business?

Yes () No ()

2) Have your business established other branches in the recent past?

Yes () No ()

3) Fill the table below

Year	Number of employees
2011	
2010	
2009	

4) What is important in your life as concerns help from the support?

Interest profit ()

Better premises ()

Good health ()

5) What do you need in order to achieve the required growth?

Capital () Training () More employees () Power to make decision ()

Part III Experiences and Constraints of Women Entrepreneurs in Seeking the Services

1) Are you aware of the Efforts being undertaken in Kenya by the Government, NGOS, and donors to economically empower women?

Yes () No ()

If yes state the efforts made

.....

.....

.....

2) How are these efforts in above empower you as a woman entrepreneur:

Please explain,

.....
.....
.....

3) If no, how do you receive such information on the empowerment of women economically?

.....
.....
.....

4) Do you need advice on how to manage your credit or cash, please explain?

5). Are you facing any challenge in managing your cash and credit transaction?

Yes _____ No _____

If yes, do they affect your business?

6) List other Barriers and constraints you face as a women entrepreneur?

1) _____

2) _____

3) _____

4) _____

7) How do these Barriers affect your enterprise?

.....
.....

8) To what extent do the conditions imposed by micro-finance institutes and financial institutions affect your business

.....
.....
.....

9.) What measures do you think can be undertaken to enhance the growth of women owned micro-enterprises?

.....
.....
.....

APPENDIX III: INTERVIEW SCHEDULE FOR THE KEY INFORMANTS

1. What are the financial services women in micro enterprises receive from external sources.....

.....
.....

(2)What are the non-financial services women in micro enterprises receive from external sources.....

.....
.....

(3)What experiences do women entrepreneurs have in seeking the services?

.....
.....
.....

(4) What constraints do women enterprises face when seeking both financial and non-financial services?

.....
.....
.....

(5) What is the impact of external support on the growth of women owned enterprises in Thika Municipality.

.....
.....

6 What measures do you think can be undertaken to enhance the growth of women micro-finances?

.....
.....
.....

APPENDIX IV: OBSERVATION GUIDE

(1) Rate the conditions of the following items in the enterprises. Put a tick where appropriate

Condition	Excellent	Good	Fair	Unsatisfactory
Records				
stock				
Premises				
Advertisement				
No. of Employees				

(2) Availability of business expansion space

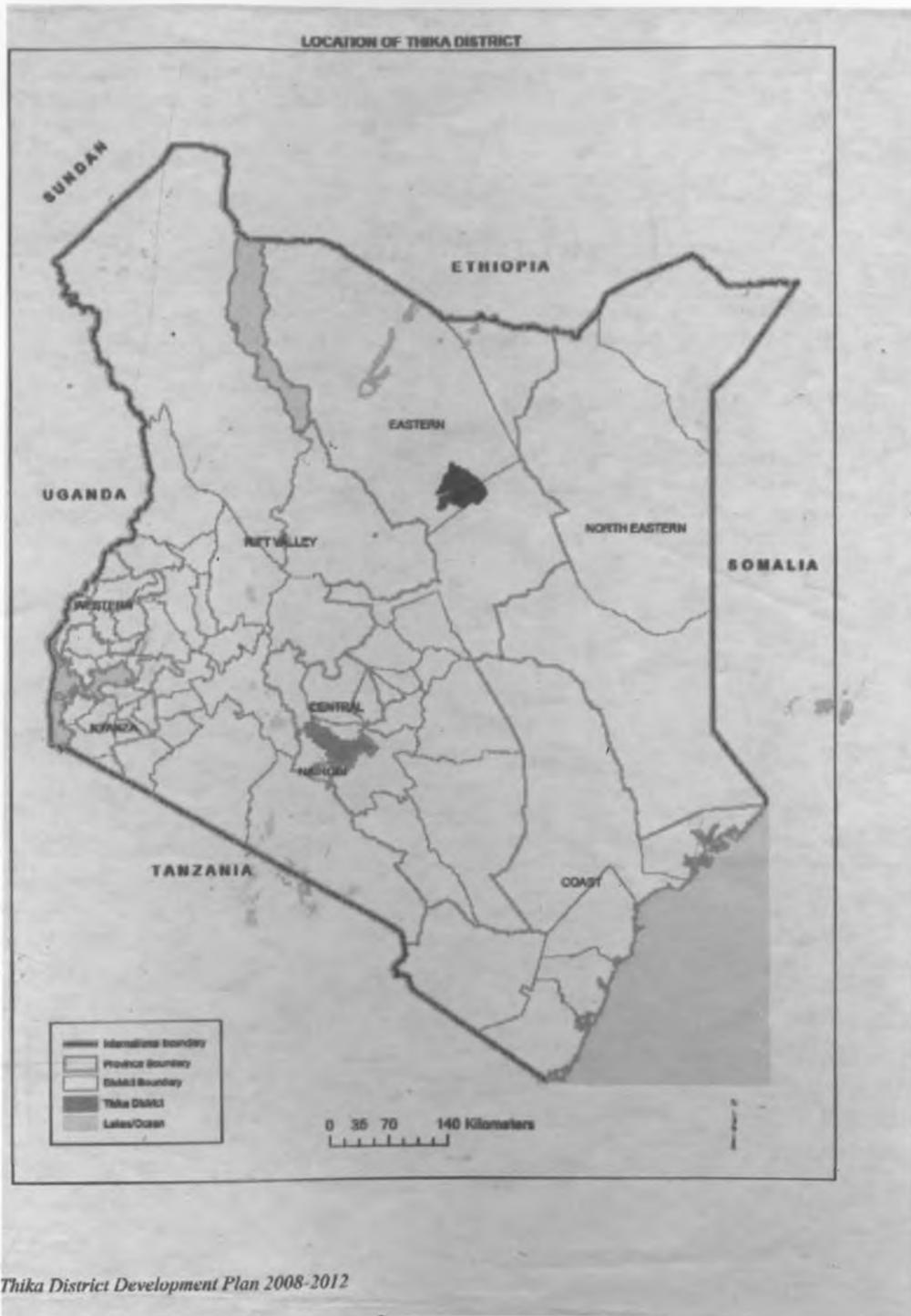
Adequate _____ inadequate _____

(3) Interaction between workers and entrepreneurs

Cordial _____ Strained _____

APPENDIX V: MAP OF THE STUDY AREA

MAP 1: Thika District



APPENDIX VI: Map of Administrative Units of Thika District

MAP 2: Administrative Units of Thika District

