

**THE ROLE OF MICRO AND SMALL ENTERPRISES ON WOMEN  
EMPOWERMENT IN MUTHURWA MARKET IN NAIROBI.**

**BY:**

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## DECLARATION

This project report is my original work and has not been presented for a degree in any other University



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7.11.2012

Date

This project report has been submitted for the award of a Masters of Arts Degree in Gender and Development Studies with my approval as the University Supervisor

Signature .....

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## **LIST OF ABBREVIATIONS**

**ICT- Information Communication Technology**

**ILO- International Labor Organization**

**MDGs- Millennium Development Goals**

**NGOs- Non-Governmental Organizations**

**SACCO-Savings and Credit Co-operative Society**

**UK- United Kingdom**

**UN- United Nations**

**UNESCO- United Nations Educational, Scientific and Cultural Organization**

**UNIDO- United Nations Industrial Development Organization**

**USAID- United States Aid to International Development**

**WEF - Women Enterprise Fund**

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## ABSTRACT

Women entrepreneurship in particular is attracting the attention of policy makers and researchers because it has been recognized during the last decade as an important and untapped source of economic growth. However, we still lack a reliable and detailed picture of the economic impact on women's entrepreneurship.

Entrepreneurship development among women is one activity that promises encouraging results. By motivating, training and assisting women towards independent business ventures, it may be possible to bring beneficial results in the development of a region. Women's entrepreneurial activities are not only a means for economic survival but also, to empower them economically and enable them to contribute more to overall development.

The main objective of the study was to establish the impact of women's entrepreneurial activities in Muthurwa Market. The specific objectives of the study were to explore the benefits of women's entrepreneurial activities and to determine the challenges that women faced as entrepreneurs.

The study employed both qualitative and quantitative methods of data collection, which included key informants interviews and a structured questionnaire. The study randomly sampled 75 women entrepreneurs, while 10 key informants were purposively selected from government officers in local authority, women organizations within the market, financial institutions that lend money to the women entrepreneurs and City Council business licensing officers.

From the study, it was evident that women entrepreneurs had benefited from their businesses and were able to meet the family food expenditure, meet the children's school fees, pay house rent, increase stock and client base.

The study findings show that women entrepreneurs start their businesses with minimal start-up capital obtained through loans from merry-go-round groups and family savings. The study also shows that women entrepreneurs traded in electronics, new clothes and second hand clothes. Further, the study shows that women entrepreneurs use their income to pay school fees for their children, feed the family and whatever is left is used to expand the business.

The study findings show that more than three quarters of the women entrepreneurs had secondary and post secondary school level education while slightly over half of them had some form of training after school. Only a minority had primary level education level.

The study shows that women entrepreneurs faced a number of challenges such as balancing business time and family work, access to financial credit, balancing family expenditure and business growth, the process of acquiring a license, their double roles as well as low education levels.

The study recommends that the process of registering and acquiring a business license be defined and simplified so that a lot of time and resources are not wasted while trying to register a business and to also make it affordable and friendly to the women entrepreneurs.

The study recommends that there is need to have appropriate data on the informal economy. Thus, there is need to have sufficient and detailed statistics on the small and micro enterprises especially those operated by women so as to inform decision making policy formulation and planning.

The study further recommends training of women entrepreneurs on aspects of sound business management, customer care, Information Communication Technology (ICT) and business diversification to help them improve on their business management skills and overcome the challenges of balancing business time and resources with family time and resources.

The study recommends that the process of getting a loan from the Women Enterprise Fund be redefined and shortened, so that it can be friendly to those with limited education levels and women entrepreneurs can access loans from the Fund.

# CHAPTER ONE – INTRODUCTION

## 1.1 Background to the Study

Women micro-entrepreneurs were largely invisible in the early informal sector studies undertaken with the encouragement of International Labour Organization (ILO) in the 1970s. However, the realization that this robust sector was a major source of employment for the rapidly growing urban populations in developing countries added to the pressure to revise employment data since neither men or women working in this highly diverse sector were generally counted.

Women's entrepreneurship in particular is attracting the attention of policy makers and researchers because it has been recognized during the last decade as an important and untapped source of economic growth. However, we still lack a reliable and detailed picture of the economic impact on women's entrepreneurship.

The need to develop women's entrepreneurship was emphasized by the Fourth World Conference on women, held in Beijing in September, 1995. The Platform for Action, Equality, Development and Peace, adopted at the conference call for specific actions to be taken by governments, Non- Governmental Organizations and international organizations among others to promote, support and strengthen female entrepreneurship (UNIDO, 2001).

Micro enterprises encourage productivity and economic independence. Women's entrepreneurial activities are not only a means for economic survival but also have positive social repercussions for the women themselves and their social environment. Their productive activities empower them economically and enable them to contribute more to overall development.

In recent years, the micro and small enterprise sector has played an increasingly important role in Kenya. According to Ikiara (2001), and a World Bank report (2001), the sector is regarded as offering an alternative route to economic growth, especially in the context of increased poverty and unemployment, as well as the advent of economic reforms that have led to the liberalization of the economy.

A survey conducted by Wolf (2001) in South Africa, Kenya and Tanzania revealed that micro and small enterprises provided employment to more than 50 per cent of the income-earning

population. The study estimated that in Kenya, small enterprises generated 12–14 per cent of the Gross Domestic Product.

One significant characteristic of the sector is that as it has grown, it has also become an important employer of the female labour force in the country. According to the Kenya Rural Enterprise Programme and Central Bureau of Statistics (CBS) Baseline Survey conducted in 1999, the number of men and women owning micro-enterprises in Kenya was almost equal, at 670,727 enterprises owned by men compared to 612,848 owned by women.

A great disparity is noted however, in the type of businesses men and women choose. Gakure (2004) found that women's productive activities were concentrated in micro-enterprises that conformed to their traditional gender roles, such as food processing and garment making. The Kenya Central Bureau of Statistics (Republic of Kenya 1999) Baseline Survey revealed that while the numbers of women- and men-owned enterprises were almost equal, women outnumbered men in services (56 per cent women) while men outnumbered women in manufacturing (66 per cent men) and construction (91 per cent men).

In general, women tended to operate smaller enterprises than men and faced particular challenges in their entrepreneurial activities. This study was to find out how women entrepreneurs have benefited from their businesses and the challenges they faced as they operated their enterprises.

The role of micro and small enterprises sector in the development process has been at the centre of the development debate for the last three decades in Kenya and elsewhere in the world. Increasingly, the sector is perceived as a critical component in the creation of much needed skills, employment, and generation of livelihoods for a growing number of people within the urban as well as the rural sector (UNESCO, 2006).

The importance of promoting women to engage in economic activities is now being increasingly realized by all developing countries as it is seen to empower women by bringing them into the main stream of development and by improving their economic status and providing new employment opportunities by self-employment and entrepreneurship development among them.

Entrepreneurship development among women is one activity that promises encouraging results. By motivating, training and assisting women towards independent business ventures, it may be possible to bring beneficial results in the development of a region. Women's entrepreneurial activities are not only a means for economic survival but also, to empower them economically and enable them to contribute more to overall development (Dejene, 2007).

Women's economic empowerment is recognized as one means for reducing poverty and increasing economic growth. Women play a significant role in African economies, and are highly represented in the micro and small enterprises sector, creating new jobs for themselves and others as well as contributing to the overall development of the region.

According to the 1999 National micro and small enterprises Baseline Survey, there were 612,848 women in micro and small enterprises in Kenya, accounting for 47% of all those in micro and small enterprises. Further, the National Employment Statistics of 2003 and 2005 indicated that 30% of the total workforce was made up of women. These shows that the micro and small enterprises sector therefore holds more promise for women in providing and accessing employment opportunities.

While women are active in micro and small enterprises, they are known to face particular problems and challenges in developing their businesses. It is commonly asserted that women frequently face gender bias in the socio-economic environment (in which they operate). They also, face additional or at least different social, cultural, educational and technological challenges than men when it comes to establishing and developing their own enterprises, and accessing economic resources. In many instances, women are unable to benefit from available services, and must struggle to overcome or circumvent discrimination in business circles (Sweetman, 2002).

Further, it is recognized that women in almost all societies carry the added burden of family and domestic responsibilities, and this has a detrimental or limiting impact upon their ability to generate income outside of the home.

It is at the backdrop of this that this study was undertaken to find out how women have benefited in engaging in small and micro enterprises and the challenges they faced as entrepreneurs.

## **1.2 Problem Statement**

Women entrepreneurs are key to economic growth as they contribute numerous ideas, generate jobs as well as create additional work for suppliers and other spin-off business linkages (Mwobobia, 2011).

Women owned micro and small enterprises are known for their low start up and working capital. A large number of women start their small scale enterprises with personal savings or traditional collective savings. It is noted that due to lack of property rights, many women lack the necessary asset for starting businesses (Downing & Daniels, 1992).

Women entrepreneurs face particular problems and challenges in developing their businesses. The ILO report of 1997 for example, found that women entrepreneurs, not only have to overcome the general unfavorable micro-economic environment, but also additional structural barriers that face them specifically. These included lower levels of education and training than men, and a much more limited access to capital goods and assets. Women also have to overcome cultural constraints, in societies that do not encourage them to behave like in an entrepreneurial manner (Sweetman, 2002).

The focus of this study was to find out if women have benefited from their entrepreneurial activities. The research problem was to establish the impact of women's entrepreneurial activities, thus if they had benefited from their entrepreneurial activities and the challenges they faced as entrepreneurs.

## **1.3 Research Questions**

The study endeavored to answer the following questions:

1. What are the benefits of women's entrepreneurial activities?
2. What are the challenges that women face as entrepreneurs?



## **1.4 Objectives of the Study**

### **1.4.1 General Objective**

The general objective of the study was to establish the impact of women's entrepreneurial activities in Muthurwa Market in Nairobi.

### **1.4.2 Specific Objectives of the Study**

The specific objectives of the study were:

1. To explore the benefits of women's entrepreneurial activities.
2. To determine the challenges that women face as entrepreneurs.

## **1.5 Justification of the Study**

The study findings can be of use to the government in identifying the challenges that women face as entrepreneurs and thus assist in policy making and planning, so as to put measures in place to address the challenges.

Academically, the study findings will yield additional literature for scholars interested in studying the role of micro enterprises on women empowerment and aspects of development and women empowerment.

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

### **1.6.1 Scope of the Study**

The analysis was confined to investigating the benefits and challenges that women face as entrepreneurs at Muthurwa Market in Nairobi.

### **1.6.2 Limitations of the Study**

Time factor was a limitation as the entrepreneurs were busy with customers and did not have adequate time to concentrate and answer the questions. This was overcome by ensuring that the questions were brief and precise.

The other limitation was the degree to which the respondents were willing to answer the questions and provide accurate and unbiased information. This limitation was overcome by assuring the respondents that the information was for academic purposes and was to be treated as confidential.

The financial limitation was overcome by dealing with a smaller population sample, but which was representative enough for this project.

## **CHAPTER TWO - LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews and focuses on literature relevant to the general and specific objectives of the study. These include review of regional, international, and local publications related to the research problem. The chapter also includes the theoretical framework.

### **2.2 Women Entrepreneurship**

#### **2.2.1 Regional Perspective**

Over the last three decades gender issues and women's empowerment have received greater visibility and attention on global, regional and country level development agendas resulting in modest and uneven attainments in most regions in general, and in Sub Sahara Africa in particular (Dejene, 2007).

The role of micro and small enterprises sector in the development process has been at the centre of the development debate for the last three decades in Kenya and elsewhere in the world. Increasingly, the sector is perceived as a critical component in the creation of much needed skills, employment, and generation of livelihoods for a growing number of people within the urban as well as the rural sector (UNESCO, 2006).

The need to develop women's entrepreneurship was emphasized by the Fourth World Conference on Women, held in Beijing in September, 1995. The Platform for Action, Equality, Development and Peace, adopted at the conference call for specific actions to be taken by governments, Non- Governmental Organizations and international organizations among others to promote, support and strengthen female entrepreneurship (UNIDO, 2001).

Women's entrepreneurship in particular is attracting the attention of policy makers and researchers because it has been recognized during the last decade as an important and untapped source of economic growth. However, we still lack a reliable and detailed picture of the economic impact on women's entrepreneurship.

Women's entrepreneurial activities are not only a means for economic survival but also have positive social repercussions for the women themselves and their social environment. Women's productive activities empower them economically and enable them to contribute more to overall development.

The increased participation of women in micro and small enterprise sector has not only altered women's access to independent cash income and their control over economic resources, but also poses a socio-cultural challenge (Mbughuni, 1994). Women are increasingly contributing to meeting household economic needs, a role that was traditionally left to men in many societies. However, women's involvement in business is also an additional responsibility to be added to the multiple roles that they have traditionally played in society.

Women's economic empowerment is recognized as one means for reducing poverty and increasing economic growth. Women play a significant role in African economies, and are highly represented in the micro and small enterprises sector (Dejene, 2007). In sub-Saharan Africa 84% of women are informally employed, as compared to 63% of men. Working provides women and their families with the much needed income to stay on the verge of poverty (Beneria, 2005).

Women entrepreneurs are treated as a homogenous group (Rutashobya and Nchimbi, 1999). In reality, women entrepreneurs differ in many ways in terms of: age, religion, ethnicity, wealth, education, literacy, marital status, social status, experiences and socio-economic positions. They also differ in terms of their motivation to start and develop businesses.

Regionally, Tripp & Kwesiga, (2002), state that in Uganda, women are gaining economic empowerment through agricultural activities and through income generating activities in the informal sector and small business enterprises, even in rural areas. They further assert that, access to income has given women greater leverage in household decisions and improved women's overall status within the household.

Several studies have shown that women's prominence in the small and micro entrepreneurship is due to various factors including easy entry. A study conducted in Ethiopia, Kenya and Tanzania by the African Development Bank and ILO (2004) indicated that micro enterprises with less than ten employees constituted 99% of their micro and small enterprises. The study further estimated

that the share of women is reported to be 65% in Ethiopia, 45% in Kenya and 43% in Tanzania. Similarly a survey carried out in Southern Africa in 1991 noted that women had a bigger share in small and micro enterprises in the region.

A number of common factors influence the growth of micro and small enterprises in Africa. But, specifically, several gender-based economic, social and cultural conditions affect differently the performances of female and male entrepreneurs. Both female headed and male headed enterprises suffer from lack of product market, managerial skills, financial resources, location, adequate technology, infrastructure and supportive policy environment. However, some of the gender-based constraints that hamper the growth of women owned and operated micro and small enterprises include labour burden, lack of adequate skills, lack of access to financial resources and limited access to markets.

Women entrepreneurs are often prevented from running competitive businesses by their relatively low education and skill levels, which generally limit their access to the various support services. The multiple roles of women in the family put a brake on their risk-taking. In many African countries, women spend most of their income on the household, particularly on food and education for their children. Therefore, many of them are afraid to invest their limited funds into a business for fear of failure. Initiative and creativity are as fundamental as risk-taking in enterprise creation. However, most women tend to copy each other rather than to produce something new for their market or to look for a new market for their products. In several African countries, economic decisions are normally taken by the male head of the household, hence a woman has little or no freedom in making her own decisions. In addition to the socio-cultural impediments discussed above, women face many other problems. The most outstanding ones are as follows:

- Limited access to necessary technologies due to lack of information and know-how, and high prices
- Difficulty in finding appropriate production sites at competitive prices
- Inadequate skills in the fields of production, business management and marketing
- Lack of skills for product diversification

- Inadequate infrastructure and utilities, of which inadequate transport facilities from rural areas and insufficient power supplies are the most serious
- Limited access to finance
- Limited access to information.
- A lack of organization and networking, both among women themselves, and between women and existing business associations and support institutions.

Micro and small enterprises provide employment to the poor who have no other means of income. Women are highly represented in self-employment and operating small income generating activities. Although women's micro and small enterprises are significant in terms of reducing the household vulnerability to poverty, many of them are not reaching their growth potential. Many of the constraints that women in micro and small enterprises face cannot be addressed with one single intervention or one single sector for that matter. Therefore, greater attention needs to be paid to the development of the sector in general to promoting women owned micro and small enterprises in the continent and ensure women's economic empowerment as a way to reducing poverty and promoting growth (Dejene, 2007).

### **2.2.2 International Perspective**

Women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and other spin-off linkages (Common Wealth Secretariat, 2002).

Siwadi and Mhangani (2011) add that it is undeniable that women entrepreneurs are the major actors and contributors to economic development and are becoming increasingly visible in the local economies of the developing countries. Women are found throughout the sector, but most often in work that is perceived as an extension of their domestic activity; as street vendors or market sellers in urban areas and processing food and dying clothes in rural areas (Tinker, 1990).

The social contexts in which women and men live influence their ability to become entrepreneurs (Sweetman, 2002). One characteristic of Micro Small Enterprises that contrasts to that of larger businesses is the relative larger presence of women as enterprise owners. A wide range of donors

and national government programmes have targeted such women and supported their entry into the sector (Kantor, 2001).

Women's enterprises tend to cluster at the micro end of the scale and use profits for improving family nutrition or paying school fees. These had caused some commentators to dismiss women entrepreneurs as un-business like because they do not re-invest in their enterprises in order to expand. Yet, it is these women micro-entrepreneurs who were borrowing and repaying loans from the Grameen Bank and similar institutions at rates far above male borrowers at any level of enterprise (Tinker, 1990).

Micro-enterprises are attractive to women because of low barriers to entry and the flexible nature of the work, which makes it easy to combine gainful employment with domestic responsibilities, these very factors however, also make it difficult for women to expand their enterprises and make a decent living from them (Baud & Bruijne, 1993).

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown since the 1990s and they have increasingly utilized modern technology, increased investments, found a niche in the export market, created a sizeable employment for others as well as setting a trend for other women entrepreneurs in the sector (Sathiabama, 2010).

Micro and small enterprises not only enhance national productivity, generate employment but also help develop economic independence, personal and social capabilities among women such as economic empowerment, improved standards of living, self confidence, sense of achievement, increased social interaction as well as improved decision making capacity in family and community (Sathiabama, 2010).

### **2.2.3 Kenyan Perspective**

According to the 1999 National Micro and Small Enterprises Baseline survey, there were 612,848 women in micro and small enterprises in Kenya, accounting for 47% of all those in micro and small enterprises. The results showed that women tended to operate enterprises associated with traditional women's roles, such as hairstyling, restaurants, hotels, retail shops and wholesale outlets. In general women tended to operate smaller enterprises than men, with the average number of employees in women-owner/managed small and micro enterprise being 1.54 versus 2.1 in men-owner/managed small and micro enterprise. The survey also indicated that women tended to operate smaller small and micro enterprises than men and made less income than men, with women making an average gross income of KShs. 4,344 per month compared to KShs. 7,627 for men.

Further, the National Employment Statistics of 2003 and 2005 indicated that only 30% of the total workforce was made up of women, this compared to the 1999 baseline survey, shows that the small and micro enterprise sector therefore holds more promise for women in providing and accessing employment opportunities.

The small and micro enterprise sector is growing rapidly and has the potential to provide employment opportunities for the majority of Kenyans including women entrepreneurs. There is therefore a need to identify the challenges that hinder the growth and empowerment of women in this sector and develop appropriate intervention programmes to reduce them.

Women entrepreneurs in Kenya are the key to economic growth because they generate employment. But women owned businesses could contribute more than they are doing today if gender barriers were addressed. The Kenyan government recognizes that women entrepreneurs have not been on an equal footing when it comes to their access to opportunities and assets, but it has yet to effectively address the barriers facing women in business.

Barriers and constraints to women entrepreneurs include financial aspects, gender roles, social inequity, entrenched cultural and traditional practices, technology, legal, institutional and policy levels among others (IFC/World Bank, 2006; Kibas, 2006).



### 2.3 Characteristics of Women Owned Micro and Small Enterprises

Many women enter into micro and small enterprises out of economic necessity and lack of other employment options. Because of their multiple responsibilities at home, women often choose the kind of income generating activity that would allow them to manage from home. A review of African micro and small enterprises indicated that 45% of the female headed ones were home based as compared to only 19% of the male headed micro and small enterprises (USAID, 1995)

The type of economic activity in which women entrepreneurs are engaged in is another characteristic. In Africa, many women are engaged in food processing, basket making, cloth drying, soap making etc while men are concentrated in woodwork, transport, metal processing and similar occupations. Some of the reasons why women are concentrated in certain occupations had to do with their lack of marketable skills other than what they have learned at home and the easy entry into these occupations (USAID, 2005).

Women owned micro and small enterprises are also known for their low start up and working capital. A large number of women start their small scale enterprises with personal savings or traditional collective savings. Because of lack of property rights, many women lack the necessary asset for starting businesses (Downing and Daniels, 1992). Women's lack of assets due to gender discriminatory property and inheritance practices in many of the African countries, limit women's access and control over resources specifically land (USAID, 2005) and this in turn, limits the size, type and location of their income generating activities.

The limited growth potential of the many women managed micro and small enterprises are another distinct characteristic. Women enterprises have low growth rates, partially due to the type of business activities they run. However, studies have shown that women's and men's enterprises have different growth rates even those which operate in the same sub-sector. A study conducted in four southern African countries revealed that in Swaziland women's businesses in retail, textiles and wood based production grew at annual rates of 7%, 3% and 4% respectively. In the same sub-sector men's enterprises grew at 11%, 4% and 26% annually. As the study noted, these gender differentiated growth trends could relate to gaps in profitability, potential for growth, or objectives related to growth (Downing and Daniels, 1992).

## 2.4 Challenges that Women Entrepreneurs Face

The greatest barrier facing women entrepreneurs in Kenya is access to finance because of the requirement for collateral. In Kenya less than 5% of women own property and this makes it very difficult for women to provide collateral. Women's lack of assets due to gender discriminatory property and inheritance practices, limit their access and control over resources specifically land.

Responsibility of women entrepreneurs to dependants has limited opportunities to make savings or undertake business expansion and diversification. According to Mincer (1978) and Polacheck (1981) women are generally at a disadvantage when competing with men for enterprises and job opportunities. Most societies expect women to leave the labour market for purposes of childbirth, childcare and accompanying domestic responsibilities, skills that are undervalued and perceived as incompatible with enterprise and labour market opportunities. While government statistics indicate that, in recent years, the number of women-owned enterprises with employees has increased, even with this growth women remain under-represented in terms of their proportion of the high growth enterprises.

Women entrepreneurs often lack information about how to get a loan, lack the necessary collateral to obtain one and/or face discriminatory laws or practices related to financial and credit (Common Wealth Secretariat, 2002). The lack of both start up and working capital limits the size, type and location of income generating activities. In the recent decade, micro-credit institutions have gained greater prominence in filling in the financial resource gaps. While some of the successes of micro-credit institutions has gained recognition over the years, the unmet credit needs in many parts of Africa remains big (Dejene, 2007).

Another challenge that women entrepreneurs face is discrimination. Even when women entrepreneurs do approach banks for financing, they tend to face discrimination. Women report that bank officials tend to ignore them in meetings and prefer speaking to their husbands or male business partners. The fact that banks engage in gender bias prevents many women from even approaching them. Some women get so discouraged that they do not bother to seek bank financing and turn instead to informal savings groups (Kinyanjui, 2006).

City Council has proved to be a very big challenge to women entrepreneurs in Kenya. The entrepreneurs are required to obtain licenses from the City Council, from the Medical Officer of Health, if handling foodstuff, from Public Health for maintenance of a clean working area, if offering mobile money transfer services, they need a license from the respective mobile service provider. These licenses are too many and the costs too much. Being a woman seems to exaggerate that fact since most women are harassed by the City Council officials when they come to inspect the business premises. Moreover, women may be less likely to meet and negotiate bribes with the predominantly male Council officials. Business licensing is an issue for many women entrepreneurs who perceive the process as lengthy and complex.

Bindra (2006) adds that many Kenyan micro and small enterprises are covered by some formal registration. The cost of such registration is nominal but entrepreneurs find the procedures to be followed and information about offices to be visited for requisite forms and registration to be confusing. There are no “one-stop shops” which can inform an aspiring entrepreneur what is required in terms of regulations to be followed for licensing.

The responsibility of providing for the family and relatives is another challenge that women entrepreneurs face. Most micro enterprise resources are not isolated from personal finances and hence family obligations are met from resources earned from the business. These demands tend to drain the savings and income made by the business leaving little or no money for expansion and growth. Women are overloaded with business and family responsibilities and may not have the time to join beneficial associations and this automatically limits their entrepreneurs' wings of exploration (Ahmad, 2011).

Lower education levels put women entrepreneurs in Kenya at a disadvantage compared to men. While the gender gap in primary education in Kenya has decreased in recent years, the gap remains high at secondary and tertiary education levels. Further, lower education does not emphasize entrepreneurship skills and this decreases the chances that women will have the knowledge needed to excel in business, and thereby contribute to the country's overall economic growth. As the education level of most women entrepreneurs is low, it creates a barrier to them in accessing other business development services (Women Entrepreneurs in Kenya, 2008). This also limits the types of vocational and skills training they can be offered.

Studies have shown that women have higher labour burden (time poor) as opposed to men. Family and community responsibilities take a lot of women's time that could be applied for improving their income generating efforts. Their responsibility for childcare limits their mobility and obliges them to generate income in less conducive environment for business (Dejene, 2007).

Other challenges include; weak infrastructure, weak business organizations, limited enabling environment, managing employees as well as competition from counterparts who introduce new products and services.

## **2.5 Efforts Being Made to Empower Women Entrepreneurs in Micro and Small**

### **Enterprises in Kenya**

Several interventions are being carried out by a number of stakeholders to ensure that the sector plays its role fully. Both the government and the private sector are engaged in various efforts to empower women entrepreneurs to grow their enterprises.

The establishment of the Women Enterprise Fund (WEF) is one such intervention which was conceived by the government of Kenya in 2006 and officially launched in 2007. Although women constitute 52% of the total Kenyan population, majority of them have been excluded from the formal financial services, thus few have bank accounts, can access loans, money transfer services, etc. The principal objective of the Fund is economic empowerment of women. The loans reach the target beneficiaries through the partner financial intermediaries and directly through the Constituency Women Enterprise Scheme.

The Fund aims to enable the government realize the third Millennium Development Goal (MDG) on “gender equality and empowerment of women”. It is expected that the Fund will play a catalytic role in mainstreaming women in the formal financial services sector and address the perennial challenges women face in their desire to venture in income generating activities such as cultural factors, high transaction costs as well as myths about banks.

The establishment of Keriri Women’s University of Science and Technology is one of the positive affirmative actions taken to empower women in micro and small enterprises. This gives young women a chance to study Science and Technology, the foundations for creativity and innovations, elements essential for growth of micro and small enterprises. This gives women more access to technical education hence empowers them to enter the micro and small enterprises sector. There is an assumption that with the knowledge and skills acquired in life, women graduates will have a better chance of being entrepreneurial (Women Entrepreneurs in Kenya, 2008).

Other interventions include: formal financial support for micro and small enterprises provided by commercial banks, Non-Governmental Organizations, Microfinance Institutions and Savings and Credit Co-operative Societies, informal financial support provided by several variations on

Merry-Go-Rounds and Rotating and Services Credit Associations, business development services aimed at capacity building and donor initiatives.

## **2.6 Theoretical Framework**

### **2.6.1 Introduction**

The study used the Women Empowerment framework, which was developed by Sarah Hlupekile Longwe, a gender expert from Lusaka, Zambia. The framework was published in 1990 and aims to achieve women's empowerment by enabling women to achieve equal control over the factors of production and participate fully in the development process.

### **2.6.2 The Women Empowerment Framework**

The framework was developed as a way to conceptualize the process of empowerment through a sequence of measurable actions. It highlights the ascending levels of gender equality, although the levels are not linear in nature. The path can be used as a frame for reference for progressive steps towards increasing equality, starting from meeting basic needs to equality in the control over means of production.

The Women Empowerment Framework helps planners to understand the practical meaning of women's empowerment and equality, and then evaluate whether a development initiative supports this empowerment. This approach came about after women gathered together in various conferences to evaluate the progress they had achieved through the Welfare Approach. It was after the Nairobi Forward Looking Strategies in 1985 and the Beijing Platform for Action in 1995 that governments were urged to empower women through education and training. This approach emphasizes on the role of the states in improving the welfare of women thereby narrowing the inequities that exist between the sexes.

### 2.6.2.1 Features of the Women Empowerment Framework

Longwe argues that poverty arises not from lack of productivity but from oppression and exploitation. She conceptualizes five levels of equality, which form the basis of assessing the extent of women's empowerment in any area of social or economic life.

The five levels of equality are:

- 1. Welfare:** This means improvement in the socio-economic status, such as income, shelter, better nutrition or medical care. An intervention confined to welfare level, means that women are given the benefits rather than producing or acquiring these benefits for themselves. This is therefore a zero level of empowerment, where women are passive recipients of benefits that are "given" from on high.
- 2. Access:** This pertains to women's access to factors of production, land, labour, credit, training, marketing facilities and all publicly available services and benefits on an equal basis with men. Equality of access is obtained by securing equality of opportunity through legal reform to remove discriminatory provisions. This is the first step in empowerment as women increase their access relative to men. At this level, women improve their own status relative to men through their own work and organization arising from increased access to resources. For instance, women may improve production through increased access to water, to land, to market, to information, to skills and training.
- 3. Conscientisation:** This is the process by which women realize that their lack of status and welfare, relative to men, is not due to their own lack of ability, organization or effort. It involves the realization that their relative lack of access to resources actually arises from the discriminatory practices and rules that give priority access and control to men. Conscientisation is therefore concerned with a collective urge to action, to remove one or more of the discriminatory practices that impede women's access to resources. This involves the recognition of structural forces that disadvantage and discriminate against women coupled with the collective aim to address these discriminations.



**4. Mobilization:** This is the action level which compliments conscientisation. First, it involves women coming together, recognizing and analyzing their problems. They then begin to identify strategies to overcome discriminatory practices, and plan to take collective action to remove these practices. Communication here entails joining the global sisterhood in the struggle for equal rights for women.

**5. Control:** This involves the level of access reached and control of resources that have shifted as a result of collective claim making and action. This is the level reached when women have taken action achieving gender equality in decision making on access to resources. Here the role of information and communication is to spread the word on the development of successful strategies.

The basic premise is that women's development can be viewed in terms of these five levels of equality and that empowerment is essential at each of these levels. It is important to note that these five levels do not happen in a linear progression. In some instances, the achievements of women's increased control leads to better access to resources, which improves their socioeconomic status (March, Smyth & Mukhopadhyay, 1999).

The strengths of the Women Empowerment Framework are that it may assist organizations in developing more explicit programmatic strategies that aim to fundamentally shift the bases of gender inequality. Further, the framework makes the gendered assumptions of equality explicit and this provides an excellent opportunity for a feminist context analysis, highlighting the political dimensions of gender inequality. The framework shows that empowerment is an essential element of development and enables assessment of interventions along this criterion. The framework has a strong political perspective, and aims to change attitudes to give way to equal participation of both genders in decision making process, policy making, planning and administration.

The limitations of the Women Empowerment Framework are that the assumption of levels of equality as strictly hierarchical is questionable as these five levels of equality do not happen in a

linear progression. In some instances, the achievements of women's increased control leads to better access to resources, which improves their socioeconomic status. The framework is also static and does not take into account how situations change over time and it examines gender relations from the point of view of equality alone, excluding inter relationship between rights and responsibilities as well as ignoring other forms of inequalities.

This approach is quite relevant in evaluating the participation of women and men in various political and socio-economic activities. Through it, the society can make various transformational or structural changes in the relationship between women and men thereby reducing inequalities between the sexes.

### **2.6.2.2 Relevance of the Framework to the Study**

The Women Empowerment Framework focuses on the analytical aspect of using gender disaggregated data to analyze the existing gender inequalities and aims at designing policies that would enable women to be agents of their own development. Over the years, it has been increasingly recognized that there is need for advancement and empowerment of women in all spheres of public and private life. The framework aims at uplifting women, mainstreaming women's issues in the development process as well as enabling women to overcome their underprivileged status by recognizing areas of deprivation and taking practical measures to tackle them.

The framework examines the elements of a projects design to see if it affects the five levels of equality positively, neutrally or negatively. This helps to clarify areas of project strength and weakness, and thus is unique in explicitly allowing negative impacts to be located and analyzed.

The approach looks at gender relations between men and women and has been relevant in identifying the causes of subordination of women in society and in trying to design strategies for uplifting women from the underprivileged position. The approach is quite relevant in that through it, the society can make certain transformations or structural changes in the relationships between men and women.

This approach undertakes to develop a new framework for development thinking, one which puts gender at the core of the analysis. The approach emphasizes gender relations and recognizes the different needs and interests of women and men.

This approach focuses more on development of practical policies that can address women's needs to enable them overcome existing subordination. The approach also focuses on the analytical aspect using gender disaggregated data. This information is then used in policy making and planning by the state parties. Most of the data obtained reveals issues such as who owns what, who controls what and who decides what.

The theoretical approach is relevant since it will help identify the constraints that women entrepreneurs in micro and small enterprises face, as well as calling policies that are gender sensitive and gender redistributive.

### **2.6.2.3 Operationalization of Variables**

For this study, the key variable of interest was the impact of women's entrepreneurial activities, thus how they had benefited from their entrepreneurial activities, leading to their empowerment. This was measured through enquiring on the benefits of their entrepreneurial activities, how they spent the proceeds from their businesses, if they had expanded or intended to expand their businesses in the next three years, if they had borrowed loans to expand their businesses and the value of their current stock as compared to the start up capital.

Other variables measured included their education and training levels, access to credit facilities, and land; factors that are important in managing businesses. Further, the study also examined if the women entrepreneurs had control of their businesses and if they made the major decisions affecting their enterprises such as expansion of business, borrowing credit and how they spend proceeds from the businesses.

The study further analyzed the type of businesses the women entrepreneurs operated, the amount of start up capital, the sources of start up capital, the challenges they faced as entrepreneurs and the interventions they considered necessary to enable the benefit more from their entrepreneurial activities.

## **2.7 Study Assumptions**

The study attempted to test the following assumptions:

1. That women benefit dismally from their entrepreneurial activities.
2. That the challenges Women face as entrepreneurs can be addressed.

## **2.8 Definition of Key Terms - These are:**

**2.8.1 Gender** - refers to the socially given attributes, roles, activities, responsibilities and needs connected to being men (masculine) and women (feminine) in a given society at a given time, and as a member of a specific community within that society. Women and men's gender identity determines how they are perceived and how they are expected to think and act as men and women. Furthermore, gender is also one of the principal intersecting variables (along with race and caste or class) deployed in the distribution of privilege, prestige, power and a range of social and economic resources (March, Smyth & Mukhopadhyay, 1999).

**2.8.2 Empowerment** - empowerment is about people, both men and women. It is a collective undertaking, involving both individual change and collective action. This can be seen as the process and end result of improvement in autonomy through various means such as access to knowledge, skills and training. The acquired improvement is then applied. The process and result of empowerment is a critical issue in development (March, Smyth & Mukhopadhyay, 1999). World Bank defines empowerment as the expansion of freedom of choice and actions and increasing one's authority and control over the resources and decisions that affects one's life (World Bank, 2001).

**2.8.3 Women's Empowerment** - means developing their ability to collectively and individually take control over their own lives, identify their needs, set their own agenda and demand support from their communities and the state to see that their interests are responded to. In most cases, the empowerment of women requires transformation of the division of labour and of society as well as changes in prevalent ideologies about the roles and responsibilities of men and women. Kabeer sees women's empowerment as a process through which women gain the ability to take ownership and control of their lives. Key elements here are the expansion of choices and the ability to make strategic life choices (Kabeer, 2001).

**2.8.4 Micro and Small Enterprises** - include those with between 5-25 employees (which are small enterprises according to UNIDO's definition) as well as micro enterprises (up to 4 employees) and enterprises which are so small that some prefer to call them income-generating activities. Small enterprises form the overwhelming majority and women's enterprises are over-represented in that category (Saskia, 1998).

## **CHAPTER THREE - METHODOLOGY**

### **3.1 Introduction**

This chapter details the research design used to achieve the objectives of the study which were, to establish the impact of women's entrepreneurial activities; to explore the benefits of women's entrepreneurial activities and to determine the challenges that women faced as entrepreneurs. It is divided into six sections namely; site description, research design, study population, sample selection, methods of data collection and methods of data analysis.

### **3.2 Site Description**

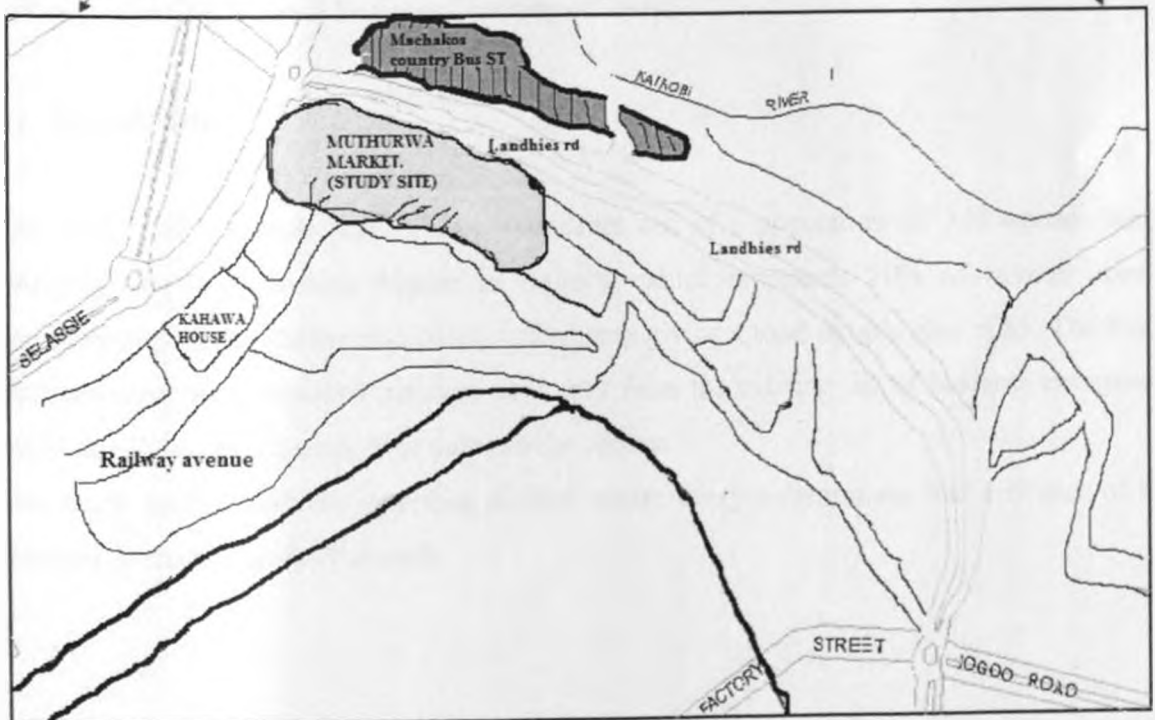
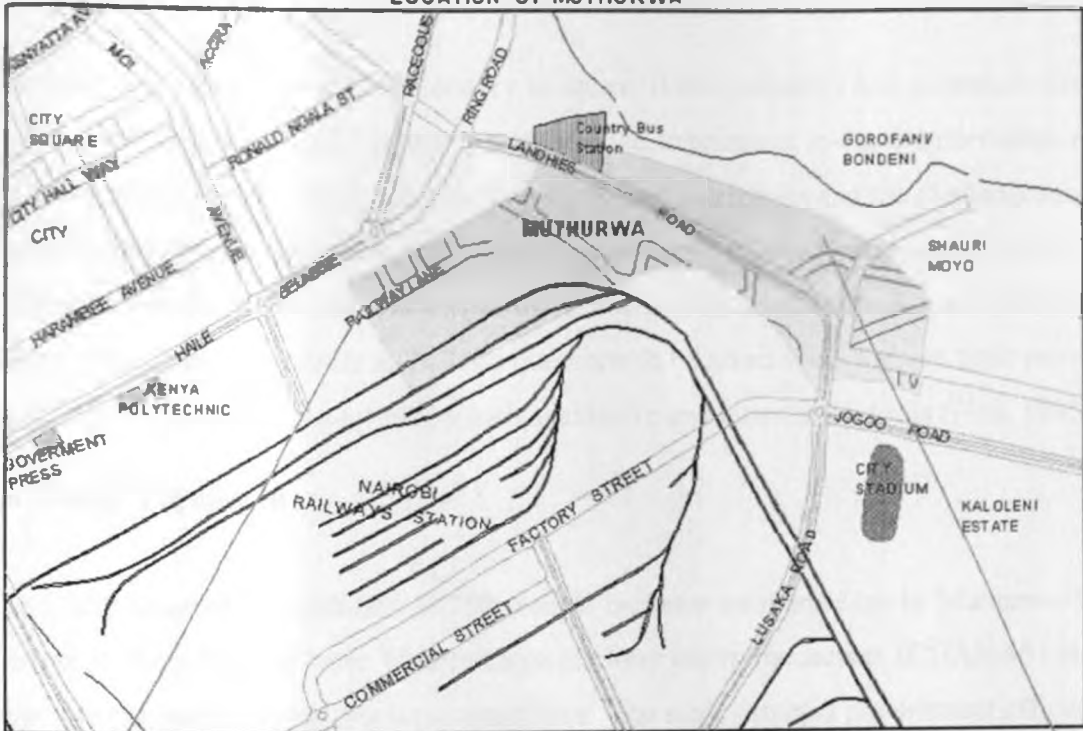
The research was undertaken in Muthurwa Market in Nairobi. The city of Nairobi owes its development and growth to the Kenya Uganda Railway. The rail head reached Nairobi in June, 1899 and by July, it had become the headquarters of the Kenya Uganda Railway (Rakodi, 1997). This led to Nairobi's growth as a commercial and business hub of the British East African Protectorate ( Mitullah, 2003). Nairobi as an urban centre was officially defined in 1900 under the Nairobi Municipal Community regulations and it became the capital of Kenya in 1907 (Mitullah, 2003; Rakodi, 1997).

In less than 100 years, Nairobi has burgeoned from an uninhabited plain to a metropolis with over 3.1 million inhabitants. As the city grew, traders of all kinds also came up including hawkers who sold their wares on the streets. This led to the government to put up a market for the hawkers hence Muthurwa market was constructed in 2006 on a 14 acre piece of land bought by the City Council of Nairobi from the Kenya Railways Corporation.

The market was opened in 2008 and has 1,980 registered entrepreneurs out of which 750 are women. The market was chosen due to its varied and busy activities in micro and small scale enterprises. The activities undertaken include sale of new and second hand clothes, shoes, handbags, sale of electronic goods, groceries, operation of small food kiosks and provision of services such as sale of air-time, mobile money transfer service provision as well as telephone service provision.

### **3.3 Map of the study area- Source Google Maps\_files**

### LOCATION OF MUTHURWA



⚡ Road  
— Street

⚡ Railway line  
~ River

■ Study site  
□ Boundary of the study area

### **3.4 Research Design**

The study was descriptive and exploratory in nature. Both qualitative and quantitative methods of data collection were used. The study was intended to bring out in-depth information regarding the benefits that women attain from their entrepreneurial activities and the challenges that they face as entrepreneurs. The study was confined to women's entrepreneurial activities in Muthurwa Market in Nairobi. The choice of the design was an efficient way of collecting information from respondents and allows questions to be asked about a given topic providing considerable flexibility to analysis by both qualitative and quantitative tools (Fink, 1995).

### **3.5 Study Population**

The study targeted a population of 750 women business entrepreneurs in Muthurwa Market in Nairobi. Others targeted were Women Organizations within the market (CHAMAS) involved in empowering women to run business enterprises. The study targeted government officers in local authority i.e. (City Council), financial institutions that women traders turn to for financing their business and City Council business licensing officers.

### **3.6 Sample Size**

The study had a sample size of 75 respondents out of a population of 750 women business entrepreneurs in Muthurwa Market in Nairobi, which represents 10% of women business entrepreneurs in the Market and 10 key informants giving a total sample size of 85. The business entrepreneurs were allocated numbers randomly from the existing list of business entrepreneurs while the 10 key informants were purposively chosen.

The study used probability sampling method where every entrepreneur had a chance of being selected in the sample for the study.



### **3.7 Sampling Procedures**

The study used simple random sampling whereby 75 respondents were randomly sampled from the population size of 750 women entrepreneurs in Muthurwa Market. This represents 10% of the women entrepreneurs in the market.

This study sample size was considered adequate based on the available resources for the study and the time frame within which this study was undertaken. Also, this sample size was considered adequate to cater for non-respondents. The sample was generated from the existing list of women business entrepreneurs who were assigned numerical numbers and randomized before being sampled out randomly from the sampling box. Randomization was done to minimize sampling errors and increase the representativeness of the sample to the population, thereby increasing the accuracy of inferences in the findings.

### **3.8 Data Sources**

#### **3.8.1 Primary Data Sources**

Primary data sources included entrepreneurs' information on key research questions. Data on the type of business enterprises, the amount of initial capital used by the entrepreneur, the level of education, was collected by administering a structured questionnaire. The study also acquired data on the challenges constraining business enterprises growth in the study area, by asking the respondents to rank the different factors constraining their business enterprises growth.

Further, Key Informant Interviews were held with 10 key informants who were purposively chosen. The study used the information from key informants to collaborate what was collected from the business entrepreneurs.

#### **3.8.2 Secondary Data Sources**

Secondary data included information obtained from studies conducted earlier on business financing and factors constraining the participation of women in undertaking business enterprises in developing countries. The study reviewed existing literature from the Ministry of state on Gender and Youth affairs on women and their participation in business enterprises in the world

through literature search from the University of Nairobi's Jomo Kenyatta main library. This documentary literature was used to supplement primary data.

### **3.9 Data Collection Methods**

The study used survey methods to collect primary data. These were self administered questionnaires and personal interviews.

**3.9.1 Self Administered Questionnaires-** data was collected using a questionnaire that was dropped off to the respondents and picked later. This was because the respondents were busy with their customers and did not have adequate time to spend with the research Assistant answering, hence they needed time to do so at their own free time. The questionnaire contained both closed ended and open ended questions. (Appendix 1)

**3.9.2 Personal Face to Face Interviews-** this were conducted with the 10 key informants purposively chosen using a structured questionnaire that contained closed ended and open ended questions to obtain factual information as well as opinions and explanations. During the interview sessions clarifications were done on unfamiliar issues as well as probing for more complete data. (Appendix 2)

**3.9.3 Secondary Data-** Other documentary sources were used to supplement primary data. These included data collected from existing literature on women and entrepreneurship, previous research studies on micro and small enterprises and women participation as well as reports and journals from the government.

### **3.10 Methods of Data Analysis**

In analysing the Qualitative data, the purpose of the evaluation and what the study wanted to achieve were reviewed. Identification of questions that the researcher wanted the analysis to answer were written down. These questions helped the researcher to decide how to begin data analysis. Data collected from the field was analysed and categorised for identification of themes or patterns. Data that had common characteristics was placed in one category and coded using words. These were then placed into themes. The categorization of data continued until all relevant themes were identified, coded, tabulated and put into frequencies and percentages using the Statistical Package of Social Sciences (SPSS).

Data collected from the structured questionnaires was coded, tabulated, put into frequencies and percentages by use of the Statistical Package of Social Sciences (SPSS). The frequency tables emanating from the analysis were used to describe patterns and general tendency in the data.

### **3.11 Ethical Considerations**

Ethical considerations are the moral principles guiding research and as such, ethical issues were observed throughout the study. As an ethical consideration in the research, the researcher asked for the consent of the respondents. The researcher also informed them of the importance of carrying out the research and gave them all the information about the study.

The respondents were assured that the study was an academic exercise and information received in confidence was not be diverged and would be kept confidential and that the results of the study would be available at the University of Nairobi, Institute of Anthropology, Gender and African Studies Library.

Permission to carry out the research study was given by the University of Nairobi and the Ministry of Higher Education, Science and Technology.

## **CHAPTER FOUR – THE ROLE OF MICRO AND SMALL ENTERPRISES ON WOMEN EMPOWERMENT**

### **4.1 Introduction**

This chapter discusses the findings of the study based on the analysis and interpretation of both qualitative and quantitative data. The findings of the study are presented on themes based on research objectives which were to explore the benefits of women's entrepreneurial activities and to determine the challenges that women face as entrepreneurs.

### **4.2 Background Information of the Respondents/Informants.**

The respondents were women business entrepreneurs in Muthurwa Market operating various businesses. The informants were people who interact with the women entrepreneurs. These included Nairobi City Council Workers, representatives from financial institutions that offer loans to the women entrepreneurs, representatives from the women groups and a leader of a Self Help Group.

#### **4.2.1 Family Life of the Respondents**

Most respondents thus 73% were aged between 25 years and 44 years of age. Further, 80% of the respondents were married. On the question about the number of children that they had, 30% had two (2) children, 22% had three (3) children while 16% had only one (1) child. Thus, majority of the respondents had two children. However, 58% of the respondents had no children below the age of six (6) years hence majority had children who were already in school. The relationship between the level of education among women entrepreneurs and the family size was determined. Women with no level of formal education had an average of 4 children. At least 33% of the respondents with four children had a primary level education; however, over half of the respondents with post secondary level education had 3 children constituting 30% being the highest in the category. Only 10% of the respondents with post secondary education had 4 children, this was the highest in the category. The trait among the women having children presents a challenge to them as women entrepreneurs.

The results show that women entrepreneurs had substantial responsibilities, combining business activity with childcare. As indicated, most entrepreneurs have children to look after. While

having young children to look after implies an additional burden to women entrepreneurs, it could also be a source of labour (paid or unpaid) both at home and in the business. However, the extra cost incurred in paying a childcare giver impacts negatively on business profitability.

Women entrepreneurs had adopted varied coping mechanisms when it came to the issue of child care. 67% of the women entrepreneurs selling food and soft drinks had employed house helps to look after their children, while 17% opted to take their children to baby day care centre. Women entrepreneurs trading in electronics had 55% of them opting to take their children to the day care centre. Respondents whose businesses entailed hairdressing, preferred to take their children to the day care centre. Of importance to this study is that all these choices have got cost implications to business entrepreneurs and therefore business growth. Table 4.1 compares the type of business and option adopted by women entrepreneurs for childcare.

**Table 4.1 compares the type of business and childcare option adopted.**

Caregiver of the children	Main business you engage in					
	Groceries	Second hand clothes	New clothes	Electronics	Sell food and soft drinks	Hairdressing
House help	64%	25%	42%	35%	67%	0%
Family member/relative	0%	0%	5%	10%	0%	0%
Spouse	27%	37%	21%	0%	16%	0%
Baby Day care centre	9%	38%	32%	55%	17%	100%
Total	100%	100%	100%	100%	100%	100%

#### 4.2.2 Level of Education

Majority of the respondents 44% had secondary education level while 40% had post secondary education level. Those with primary level education were 15% while only 1% had no education at all. Table 4.1 shows the level of education of the respondents.

**Table 4.2 Level of education of the respondents**

Level of Education	Number	%
None	1	1
Primary	12	14
Secondary	36	42
Post Secondary	33	39
Total	82	96

**NB. Three respondents did not respond to this question.**

The respondents who had undergone some form of training outside school were 54% out of which 15% had trained on hair dressing and beauty, 13% had trained in computer studies and 8% in tailoring. Only 5% and 2% had trained in electrical and mechanical engineering respectively. This shows majority of the respondents had trained in areas associated with the traditional female gender roles.

Training outside formal school would be expected to impact to the businesses women engage in. Training includes both the private and government based training. The benefits of training are to improve business skills, knowledge and communication of women entrepreneurs. The study established that 64% of women selling groceries had no formal training outside school. This is contrary to a modern business entrepreneur who would integrate business management skills with acquired skills through training. For, instance, women entrepreneurs in electronics that is

characterized with high capital value would be required to fill tax returns and with training in computer studies this can be easily done. However, as indicated in table 4.3 only 32% of the women entrepreneurs in the study area had computer studies training after their completion of formal education. Training given to entrepreneurs on the usage of computer and some information technology technique are the key area for improving the quality and business profitability. However, the women entrepreneurs are concerned and busy with their everyday business operations and have taken no action to improve or train themselves.

**Table 4.3 compares training outside of school and type of business**

Training outside formal school	Main business you engage in					
	Groceries	Second hand clothes	New clothes	Electronics	Sell food and soft drinks	Hairdressing
None	64%	53%	49%	27%	54%	0%
Tailoring	0%	0%	14%	13%	0%	100%
Electrician	0%	12%	6%	5%	0%	0%
Hair dressing and beauty	9%	12%	14%	23%	15%	0%
Mechanical engineering	0%	7%	0%	0%	8%	0%
Driving and computers	27%	8%	10%	0%	0%	0%
Computer Studies	0%	8%	0%	32%	23%	0%
Catering	0%	0%	7%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

### 4.3 Women Entrepreneurial Activities in Muthurwa Market

#### 4.3.1 Type of Business

The study established that majority of the women entrepreneurs 26% traded in electronics and new clothes 25%. Those who traded in second hand clothes were 20%. This is indicated in Table 4.4.

A study by USAID (2005) found out that the type of business, size and location are determined by the limited start up capital and working capital.

**Table 4.4 Women's entrepreneurial activities in Muthurwa Market.**

Type of Business	%
Electronics	26
New clothes	25
Second Hand Clothes	20
Sale of food and soft drinks	15
Groceries	13
Hairdressing	1
Total	100

The study further found that majority of the married women 82% and 81% engaged in electronics and sale of new clothes respectively as opposed to 18% and 19% respectively for the single ladies. To women entrepreneurs, marital status plays a big role in the kind of business one engages in. Thus single women would mainly engage in sale of food and soft drinks that constitute 15%. This demonstrates that the married women engaged in the kind of business activities that required more start up capital than the single women.



### 4.3.2 Start Up Capital

The study established that women entrepreneurs start up their businesses with minimal capital. Table 4.5 shows the amount of start up capital for women entrepreneurs in Muthurwa Market. 53% had started their businesses with less than Kshs.10,000 while only 8% had a starting capital of between Kshs.21,000 to kshs.30,000. A study by Downing and Daniel's (1992) had similar findings that women owned micro and small enterprises are known for their low start up and working capital, that a large number of women start their small scale enterprises with personal savings or traditional collective savings. Because of lack of property rights, many women lack the necessary asset for starting businesses.

**Table 4.5 shows the startup capital of women entrepreneurs.**

Start up capital (kshs)	No	%
Less than 10,000	45	53
10,000-20,000	22	26
21,000- 30,000	7	8
31,000 and above	11	13
<b>Total</b>	<b>85</b>	<b>100</b>

The study further established that 57% of women with secondary education level had a start up capital of between Kshs 20,000 and Kshs 30,000. Further 40% of women with post secondary training had a startup capital of Kshs 30,000 and above. 2% of women with no education at all had a startup capital of less than Kshs 10,000 while none had a startup capital of Kshs 10,000 and above. This demonstrates that there is a relation between level of education and the amount used as start up capital. Thus, those with high education levels had high start up capital as compared to those with low education levels.

The study however, established that there was a variation in the start up capital for the different businesses the women entrepreneurs engaged in. Women entrepreneurs engaged in electronic business required a start up capital of Kshs. 30,000 and above. Although hair dressing was the least popular business it required over Kshs. 30,000 for one to start. See table 4.6

**Table 4.6 compares the type of business and start up capital**

Main business you engage in	Start-up capital value			
	less than kshs. 10,000	Kshs. 10,000- 20,000	Kshs. 20,000- 30,000	ksh 30,000 and above
Groceries	7%	23%	29%	9%
Second hand clothes	16%	27%	29%	18%
New clothes	31%	14%	14%	27%
Electronics	31%	13%	14%	36%
Sell food and soft drinks	15%	23%	14%	0%
Hairdressing	0%	0%	0%	10%
<b>Total</b>	100%	100%	100%	100%

The study further established that married women had a higher start up capital than single women. This shows that married women were able to make some savings which they used as start up capital for their businesses. Table 4.7 compares the start up capital of married women and single women.

**Table 4.7 – Compares the start up capital of married women and single women.**

Start up capital (kshs)	Married (%)	Single (%)	Total (%)
Less than 10,000	82	18	100
10,000 - 20,000	82	18	100
21,000 - 30,000	86	14	100
31,000 and above	82	18	100

**4.3.3 - Source of Start Up Capital**

The study found that majority of the women entrepreneurs that is 45% start up businesses with capital from loans from Merry Go-Round Groups and 23% from family savings. The study established that only 1% of women entrepreneurs in Muthuruwa Market start up their business with a loan from a financial institution. This they explained was because they lack the collateral which they are required to have to access loans from financial institutions. Further, they explained that they were not sure of the success of the business and hence could not apply for a loan at the inception of their business ideas.

The study also found that 75% of the respondents with post secondary education level had personal savings as start up capital compared to 49% who got the start up capital as loan from merry-go-round group. Respondents with primary level education did not have personal savings as their start up capital, rather, they got their start up capital as loan from a family member or a relative. Those with post secondary education level explained that they had managed to make some savings from former employment, with a purpose of setting up a business unlike those with no education at all who had no previous employment hence relied on family and relatives for start up capital.

Further 75% of the married women had a startup capital from personal savings as compared to only 25% of the single women respondents. Also 84% of the married women had a start up capital as loan from merry-go-round group compared to 16% of the single women. This demonstrates that married women make personal savings and are able to be members and contribute to the merry-go-round groups than the single women.

#### **4.4 Benefits of Women's Entrepreneurial Activities.**

The study established that women have benefited in various ways from their entrepreneurial activities.

##### **4.4.1 Family Food Expenditure**

Majority of the respondents 45% said they were able to comfortably meet the family food expenditure hence their business activities had enabled them achieve this. This shows that women were increasingly contributing to meeting household economic needs, a role that was traditionally left to men in many societies.

The study further found that 83% of the married women were able to feed their family compared to 17% of the single women. This shows that single women engaged in entrepreneurial activities still had a challenge meeting basic family needs for they have to balance between feeding the family and sustaining their businesses.

The respondents with no education used 6% of their income to feed the family, while those with primary level education used 29%, secondary education 23% and those with post secondary education used 41% of their income to feed the family. This shows that respondents with higher levels of education spent more to feed their families as compared to those with no education.

This also demonstrates that higher levels of education translate to a better business, high income and hence one is able to spend more to feed the family.

##### **4.4.2 School Fees**

The other benefit was that the respondents were able to pay the school fees for their children. 32% of the respondents said they can afford to pay school fees, as the business was able to cater for their children school fees.

Further, the study found that those with post secondary level education spent 50% of their income to pay school fees for their children, while those with secondary education spent 45% of their income to pay school fees and those with primary level education spent 4% of their income. This shows that those with secondary and post secondary education valued the education of their

children and were able to spend more of their income to pay school fees as compared to those with primary education level or no education at all, who could only use the minimal as school fees for their children as they still had to balance between feeding the family, paying school fees and sustaining the business venture.

Further, the study found that the married women spent 87% of their income to pay school fees while the single women spent 4% of their income to pay school fees for their children. Since the married women were able to get some support from their spouses, they were able to spend more of their income to pay school fees as opposed to the single women who had to do with the income from their business only and balance between food, school fees and business needs.

#### **4.4.3 House Rent**

Another benefit was that 23% of the respondents said they were able to pay their house rent from the proceeds of their businesses.

The study also found that majority of the respondents who were single women spent 60% of their income to pay rent as compared to the married women, who used 40% of their income to pay rent. This shows that the married women spent less on rent as majority said their spouses paid for the rent and thus they were able to pay school fees for their children.

#### **4.4.4 Business Growth**

The other benefit was that the businesses had grown. 72% of the respondents said that their businesses had grown, while 45% of the respondents said they had increased their stock, 38% said that their client base had increased and 18% said they had a high stock turnover. This shows that the women entrepreneurs felt that their business ventures were bearing fruit and were thus successful.

When asked about the value of their current stock, 40% said that their current stock was worth between kshs.50,000 to kshs.100,000. It is evident that the businesses had grown and all the entrepreneurs had recovered their start up capital. Table 4.8 shows the value of current stock.

**Table 4.8 shows the value of current stock**

<b>Value of Current Stock (Kshs.)</b>	<b>No</b>	<b>(%)</b>
<b>Less than 20,000</b>	2	2
<b>20,000 - 50,000</b>	27	32
<b>50,000 - 100,000</b>	34	40
<b>Over 100,000</b>	22	26
<b>Total</b>	85	100

The other aspect of business growth was that the respondents were able to employ people to assist them in their businesses. 43% of the respondents had more than three employees while 28% had at least three (3) employees. Thus the women entrepreneurs were able to create employment opportunities for other Kenyans.

Another aspect of business growth was that the women entrepreneurs were able to take loans from financial institutions to expand their businesses. 67% of the respondents said that they had taken a loan from a financial institution, with 55% of them saying that they had used their spouse's title deeds as collateral. It is interesting here to see that once the businesses had grown the entrepreneurs were willing to get loans to expand their businesses but they could not take loans at the initial stage to start up the businesses.

The study further found that even those with no education and had a start up capital of less than Kshs 10,000 had managed to grow their businesses and 3% of them had a current stock of between Kshs 50,000 to Kshs 100,000.

Those with primary education level and had a start up capital of Kshs 30,000, had 24% of them having managed to grow their stock to over Kshs 100,000. Those respondents with post secondary education, and had a start up capital of Kshs 30,000 and above, 38% of them had managed to grow their stock to over Kshs 100,000. This demonstrates that the level of education is key to one being successful in business, as education gives one the confidence they need to network as well as make use of the support services available.



## **4.5 The Challenges Faced by Women Entrepreneurs.**

The study established that women entrepreneurs faced a number of challenges.

### **4.5.1 The Process of Acquiring a License to start Operating a Business.**

The respondents described the process of acquiring a license to start operating a business as time consuming 36%, complicated 21%, expensive 19% and confusing 18%, while 6% of the respondents described the process as time consuming, complicated, expensive and confusing. The entrepreneurs stated that they were required to obtain licenses from the City Council, from the Public Health Officer, from a Medical Health Officer, if handling foodstuff and another from a mobile service provider if offering mobile money transfer services. This, they said was time consuming, expensive and complicated as there were no guidelines to guide them and prepare them for what to expect. This was a major challenge for the women entrepreneurs as one cannot start operating a business without a license unless one is ready to face the council police on a daily basis.

The study further found that those with no education did not find it necessary to have the process of getting a business license defined as compared to 67% of those with secondary education and 22% of those with post secondary education saying that there was need to define the process of getting a business license so as to save on time and resources.

### **4.5.2 Access to Financial Credit**

Majority of the business entrepreneurs opted to borrow money from the Merry-Go-Round Groups 45% as opposed to 1% who borrowed money from a financial institution to start up a business. Many of the respondents had no collateral to offer to the financial institutions and also the fact that many financial institutions place restrictions on women borrowing finances and require them to have guarantors and approval from spouses so that in case of default the spouse would take up the loan. This discouraged many women entrepreneurs from borrowing start up capital from financial institutions.

Further, the study found that 84% of the married women relied more on family savings as sources of start up capital as well as loans from merry-go-round groups, whereby 84% of them

preferred this option. The single women relied more on loans from friends, thus 40% while 25% used personal savings for start up capital.

The study also found that those with no education had only one source for start up capital and that is family savings. Those with primary level education had start up capital from various sources thus 50% had loans from family members, 16% loans from family savings and 11% had a loan from a friend. Table 4.9 compares education levels and sources of start up capital.

The table demonstrates that those with post secondary education, majority thus 75% used personal savings to start up businesses as compared to those with no education or primary education that had no personal savings to start up a business and had to rely on family savings or loans from a family member. This demonstrates that higher education levels create wider networks, employment and personal savings from which one can get resources to start up a business.

**Table 4.9 Education level and sources of start up capital**

Education Level	Sources of startup capital					
	Personal savings	Family savings	Loan from Merry-Go Round Group	Loan from a friend	Loan from A family Member/ relative	Loan From a Self Help Group
None	0%	5%	0%	0%	0%	0%
Primary	0%	16%	11%	11%	50%	17%
Secondary	25%	47%	40%	56%	50%	50%
Post Secondary	75%	32%	49%	33%	0%	33%

### **4.5.3 Women's Double roles**

When asked, if they thought that their double roles made them less productive in their business entrepreneurship, 77% said yes while 23% said no. For those who said yes, 42% said that they spent business time on family chores and that this affected their businesses negatively as they had to open the businesses mid morning and close early so as to attend to family chores.

The study also found that 52% of those with post secondary education level spent more hours in their business that is five (5) hours as compared to those with primary level education whereby 25% of them spent only three (3) hours in their businesses. Those with post secondary education had 38% of them increase their stock value to over Ksh.100.000. This demonstrates that they were able to employ house helps to take care of the family chores hence they were able to spend more time in their businesses and this had led to an increase in their stock.

The study also found that 79% of the married women spent five (5) hours in their businesses as compared to 21% of the single women. Further, 82% of the married women managed to increase their stock to over Kshs.100,000 as compared to only 18% of the single women. This shows that the more hours one spent in the businesses, the more the business grew. This they explained was due to the fact that their businesses mainly involved face to face interactions with their customers and hence when the business owner was not available most of the time, the clients would not feel comfortable to make any purchases and would most likely just walk away. 79% of the married women said that they had employed a house help to help with house chores so as to spend more time in their businesses.

### **4.5.4 Balancing Family Expenditure and Business Growth**

Another challenge was that 58% of the respondents stated that they spent business proceeds on family needs and this had affected the growth of their businesses as money meant to expand their businesses ended up being used for family needs such as school fees, food and house rent.

The study further found that 60% of those with secondary education level found it a challenge to balance between family expenses and business growth as compared to 40% of those with post secondary education. The same group of respondents, thus those with secondary education level,

spent 46% of their income to pay school fees for their children, feed the family as well as improve the business as compared to those with post secondary education who spent only 31% of their income on these aspects and thus were able to balance between family expenditure and business growth.

Further, the study found that 66% of the single women found it a challenge to balance family expenditure and business growth as compared to 34% of the married women. This translated to only 14% of the single women intending to expand their business in the next three years as compared to 86% of the married women. This demonstrates that the challenge of balancing between family expenditure and business growth interferes with the businesses and expanding the same may take a longer time.

#### **4.5.5 Education Level**

Majority of the respondents 60% did not have post secondary education and this had a direct implication on the kind of businesses they operated. Due to the low levels of education, 45% of the respondents had businesses related to sale of clothes as compared to 26% whose businesses had to do with sale of electronics while 13% operated groceries and 15% sold food and soft drinks.

The study further found that 48% of the respondents with secondary level education operated businesses dealing with electronics as compared to only 5% of those with no education at all. Further, 56% of those with secondary level education had a current stock of between Kshs.50,000-10,000 as compared with only 3% of those with no education at all. This shows that the level of education had a direct implication on the kind of businesses to operate and growth of businesses.

Further, the study found that 52% of those with secondary level education had taken loans to finance their businesses as compared to only 2% of those with no education who had taken loans. This demonstrates that those with education had confidence to approach financial institutions for loans while those with no education had no information about how to get a loan.

#### 4.6 Interventions to Address the Challenges Facing Women Entrepreneurs.

The respondents were asked the best way they could overcome these challenges and table 4.10 provides a summary of the interventions the respondents proposed.

**Table 4.10 Interventions to challenges facing women entrepreneurs**

<b>Proposed intervention</b>	<b>No</b>	<b>%</b>
<b>Access loan from women microfinance</b>	42	49
<b>Join women groups offering loans</b>	25	29
<b>Apply for loans from Government Women Enterprise Fund</b>	9	11
<b>Define the process of acquiring a business license</b>	9	11
<b>Total</b>	85	100

89% of the respondents thought that availability of credit facility would reduce the challenges facing women entrepreneurs. However, 4% of those with no education at all preferred getting credit from women groups, while those with primary level education 21% of them preferred getting credit from women groups and 15% preferred getting credit from women micro finance institutions. Majority of those with secondary level education thus 67% preferred getting credit from the Women Enterprise Fund. When asked what they had used as collateral, 63% said they used self title deeds while 52% said they used title deeds of their spouses. Table 4.11 compares education level and intervention measure preferred by the respondents.

**Table 4.11 Education level and intervention proposed**

Education Level	Proposed Intervention to Overcome the Challenges			
	Join Women Groups for Loans	Access Loans from Women Micro- Finance	Apply for a Loan from The Women Enterprise Fund	Define Process of Getting Business License
None	4%	0%	0%	0%
Primary	21%	15%	0%	11%
Secondary	21%	47%	67%	67%
Post Secondary	54%	38%	33%	22%
Total	100%	100%	100%	100%

Further, 83% of the married women preferred getting credit from women micro finance institutions while 20% of the single women preferred getting credit from women groups. For the married women, 81% said that they used self title deeds as collateral while 75% said they used the title deeds of their spouses as collateral.

#### **4.6.1. Access Loan from Women Microfinance**

Majority of the respondents, thus 49% felt that accessing loans from women micro finance institutions would greatly reduce the challenges they faced as entrepreneurs. Most entrepreneurs felt comfortable borrowing from women micro finance institutions as there were no requirements for collateral. The only collateral required was a guarantee from fellow women in the women group one belonged to.

The study found that 47% of those with secondary level education and 38% of those with post secondary level education felt that accessing loans from women micro finance institutions would help overcome the challenges they faced as entrepreneurs. However, only 15% of those with primary level education felt this would reduce the challenges they faced. This is indicated in Table 4.11. This demonstrates that those with secondary and post secondary education felt that the use of loans from women micro financial institutions would reduce the challenges they faced as entrepreneurs.

Further, 83% of the married women compared to 17% of the single women, felt that accessing loans from women micro finance institutions would reduce the challenges they faced. This demonstrates that married women were confident of accessing loans from micro finance institutions than single women.

#### **4.6.2 Join Women Groups Offering Loans**

Another intervention proposed by the respondents was joining women groups that offered loans to entrepreneurs. 29% felt comfortable joining such women groups as one would get a loan based on the savings they had with the group and no collateral was required.

The study also found that 54% of the respondents with post secondary education felt joining women groups so as to be advanced a loan was another way that would enable them to overcome their challenges. On the other hand, as indicated in Table 4.11, 4% of the respondents with no education felt that this was the only way to help them overcome their challenges. This shows that women entrepreneurs with no education felt comfortable getting loans from women groups and not from financial institutions and that they had limited choices of getting help. This demonstrates that low levels of education limits one's choices of getting assistance to overcome their challenges.

#### **4.6.3 Apply for Loan from the Women Enterprise Fund.**

The other proposed intervention by the respondents was applying for a loan from the Women Enterprise Fund. 11% of the respondents proposed applying for a loan from the Women Enterprise Fund. The respondents however, felt that the process of applying and getting a loan from the Women Enterprise Fund was lengthy and time consuming and that there was need to redefine the process and make it shorter.

The study also found that 67% of those with secondary level education and 33% of those with post secondary education felt that applying for a loan from the Women Enterprise Fund would help reduce the challenges they faced as entrepreneurs, while those with no education and those with primary level education felt that a loan from the Women Enterprise Fund would not reduce the challenges they faced as entrepreneurs. This shows that those with low levels of education did not think that getting a loan from the Women Enterprise Fund would help reduce their challenges as they preferred getting loans from women groups where no collateral was required.

#### **4.6.4 Defining the Process of Acquiring a Business License.**

This was another intervention proposed by 11% of the respondents. Since the process of acquiring a license is time consuming, complicated, expensive and confusing, the respondents felt that there was need to define the process so that one can be aware of what to expect and how much it would cost.

The study found that 67% of those with secondary level education and 22% of those with post secondary education found it necessary to have the process of getting a business license defined, so as to make it less time consuming, less complicated, affordable and friendly to help reduce the challenge they faced while acquiring a license. Only 11% of those with primary level education felt that the process needed to be defined while those with no education at all did not see it as one of the ways that they would overcome their challenges. This demonstrates that those with higher levels of education were conscious of the time and resources they spent while acquiring a business license and they saw the need to have the process defined unlike those with low levels of education who were comfortable with the situation as it were.



#### **4.7 Interventions Proposed for the Government.**

Respondents were asked if they thought the government was doing enough to enable them conduct their business and 67% felt that the government was not doing enough, while 27% felt that the government was doing enough. However, 16% were not sure whether the government was doing enough or was not doing enough.

When asked what they thought the government should do to enable them improve their business, 49% of the respondents said that the government should simplify the process of acquiring a loan from the Women Enterprise Fund, 39% proposed for a reduction for the number of licenses applied for business operation, while 12% felt that the government should waive for women the start up license fees.

##### **4.7.1 Simplify the Process of Acquiring a Loan from the Women Enterprise Fund.**

Nearly half of the respondents, 49% felt that the process should be simplified. The respondents stated that the process involved making a proposal to the government and due to their low levels of education, they were forced to pay someone to prepare the proposal for them. Some of the respondents said that they were at times forced to have the proposal rewritten up to three times before it was approved. This they said was costly, time consuming and created anxiety among the women entrepreneurs hence there was need to simplify the process.

##### **4.7.2 Reduction of the Number of Business Operating Licenses.**

The respondents, thus 39% of them felt that there was need to have the number of business operating licenses reduced. The women entrepreneurs said that depending on the kind of business one operated, an entrepreneur could have more than three licenses including a license from the City Council of Nairobi, from the Medical Officer of Health, from the Public Health Officer, if handling foodstuff, or from a mobile phone service provider, if one was in the service business providing mobile money transfer services. Others required licenses from the distributors of the products that they dealt with. This therefore meant that an entrepreneur spent much time

and resources acquiring these licenses hence there was need to reduce them and possibly introduce a-one-stop-shop for business operating licenses.

#### **4.7.3 Waive Women Start Up License Fees.**

On the other hand, 12% of the respondents felt that the government should waive for the women entrepreneurs the start up license fees. This demonstrates that the license fees impacts negatively on women entrepreneurs and perhaps the City Council of Nairobi could come up with incentives to offer to the women entrepreneurs, so as to encourage them acquire the licenses.

## CHAPTER FIVE: DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

This chapter includes discussions, conclusion and recommendations of the study. The main objective of the study was to establish the impact of women's entrepreneurial activities in Muthurwa Market. The specific objectives of the study were to explore the benefits of women's entrepreneurial activities and to determine the challenges that women entrepreneurs faced.

### 5.2 Discussions

#### 5.2.1 The Impact of Women's Entrepreneurial Activities

In recent years, the micro and small enterprises sector has played an increasingly important role in Kenya. According to Ikiara (2001), and a World Bank report (2001), the sector is regarded as offering an alternative route to economic growth, especially in the context of increased poverty and unemployment, as well as the advent of economic reforms that have led to the liberalization of the economy.

A study by Mwobobia (2011) on the *Challenges Facing Small Scale Women Entrepreneurs in Kenya*, agreed that women entrepreneurs around the world were making a difference as they contributed ideas and a great deal of energy and capital resources to their communities, and generated jobs.

Further, Siwadi and Mhangami (2011) added that it is undeniable that women entrepreneurs were the major actors in the micro and small enterprises and were contributors to economic development. A study by Sen (2000) observed that women's entrepreneurial activities were not only a means for economic survival but also, empowered them economically and enabled them to contribute more to overall development.

Sathiabama (2010) stated that women entrepreneurs created new jobs for themselves and others and that they also provided the society with different solutions to management, organization and business problems, as well as exploitation of opportunities.

## **5.2.2 The Benefits of Women's Entrepreneurial Activities.**

### **5.2.2.1 Meet Family Food Expenditure**

The study found that women had benefited from their entrepreneurial activities and that they were able to meet the family food expenditure. Similar findings were reported by Zororo (2011) that women entrepreneurs spent their money to feed the family and that this had freed them from begging for money from spouses to meet the family basic needs. Thus, women's earnings were used to benefit the entire family. This further shows that women entrepreneurial activities help to share the burden of bringing up a family.

### **5.2.2.2 Payment of School Fees**

The study further found that women entrepreneurs were able to meet the school fees for their children as well as pay rent. This demonstrates that their entrepreneurial activities were assisting families in improving their livelihoods.

A study by Munyua and Mureithi (2008) found that most women entrepreneurs got into business ventures for achievement, autonomy, flexibility and to provide for and educate their children.

The fact that the study found that 32% of the respondents said that they were able to pay school fees for their children and that 23% said that they were able to pay house rent, shows that women entrepreneurs were slowly achieving their goals of getting into entrepreneurship.

### **5.2.2.3 Creation of Employment Opportunities**

The study further found that women entrepreneurs had grown their businesses and had created employment. Majority of the respondents, thus 44% said that they had employed more than three employees. This had provided employment to many and had saved them from poverty. Similar findings were reported by Mwobobia (2011) that small and micro enterprises played an important role in the Kenyan economy such as creating job opportunities and were therefore key to economic growth.

A study also by the Common Wealth Secretariat (2002) had similar findings that women entrepreneurs around the world were making a difference. That they generated jobs as well as creating additional work for suppliers and other spin-off business linkages. This demonstrates that despite creating jobs for individuals, women entrepreneurs were also promoting other businesses especially for suppliers of goods and services.

#### **5.2.2.4 Expansion of Business**

The study also, found that women entrepreneurs had grown their business and expanded since inception with 45% of the respondents stating that they had increased their stock, while 18% stated that they had increased their client base. This demonstrates that their businesses were growing. A study by Downing and Daniels (1992) observed that enterprises operated by women grew although at a lower rate than those operated by men. For instance in Zimbabwe, women businesses in retail grew at 11% while those operated by men grew at 15%. However, despite the challenges that women entrepreneurs in Kenya faced, they had managed to grow their businesses though at a slow pace.

#### **5.2.2.5 Loan Facility**

The study found that as the businesses grew the women entrepreneurs were able to seek for loans from financial institutions to further expand their businesses. Due to the cautionary nature of the female gender, the women entrepreneurs were keen to grow their businesses to some level before approaching financial institutions for loans. The respondents said that they went for loans once the businesses had stabilized. From the study 61% of the respondents had taken loans to expand their businesses and only a small percentage thus 8% had not taken loans. This demonstrates that as the businesses grew, the women entrepreneurs became confident to approach financial institutions for loans.

## **5.2.3 Challenges Facing Women Entrepreneurs.**

### **5.2.3.1 Start Up Capital**

The study found that getting start up capital was a major challenge for women entrepreneurs as 79% of the respondents started with minimal capital, thus between Kshs. 10,000 and Kshs. 20,000. This start up capital was mainly from individual savings or loans from the women groups. Similar findings were reported by Yeshiareg (2007) that women-owned micro and small enterprises were known for their low start up and working capital. The study further went on to state that a large number of women started their small scale enterprises with personal savings or traditional collective savings.

Further, a study by Dolan (2002) observed that the lack of both start up and working capital for women entrepreneurs limited the size, type and location of their income generating activities.

### **5.2.3.2 Access to Credit**

Another challenge facing women entrepreneurs that the study found was access to credit. Women entrepreneurs had no collateral to offer to the banks so as to access credit and as such many preferred to borrow money from women groups or self help groups where no collateral was required.

A study done by International Finance Corporation (2010) agreed with these findings that one of the most important barriers was women's unequal access to property and land. The study pointed out that in Kenya, only 1% of land title deeds were held by women with 5-6 percent held in joint names. Thus, unequal access to land and property means that women were unable to secure loans for their businesses. Not surprisingly therefore, women rate access to finance as their key constraint. Without financing, women are unable to grow their businesses and they remain stuck at the micro-enterprise level.

Another study by McCormick (2001) observed that Kenyan women entrepreneurs had difficulties obtaining financing due to collateral constraints. The study further observed that most women were forced to cooperate with other women with small groups to mobilize savings and pool these resources for lending to individual group members. Alternatively, they formed small groups to access micro-credit through a mutual guarantee system from a micro finance institution.

### **5.2.3.3 Women's Double Roles**

Another challenge that the study found women entrepreneurs faced was the effect of the double roles of women. These women entrepreneurs had families that they needed to take care of and as such they had to balance between spending time with family, doing family chores and attending to their businesses. Most respondents stated that family chores ate up time that could be spent working in their businesses. Thus, they spent less time in their businesses because they were expected to carry out their domestic responsibilities, including house work, food preparation and childcare.

This was in agreement with the study done by International Finance Corporation (2010) that found that as in many other countries, women entrepreneurs in Kenya faced the challenge of managing their work with family and household affairs. The study observed that women entrepreneurs were both mothers and business women. That time spent on family duties left women with less time to run their businesses, take advantage of training opportunities or network. The implications were that time spent on family duties left women with less time to run their businesses, take advantage of training opportunities, or network. Many women entrepreneurs therefore have no time to join beneficial associations and this automatically limits their entrepreneurial wings of exploration.

#### **5.2.3.4 Balancing Family and Business Expenditure**

The study found that balancing family expenditure and business expenditure was another challenge that faced women business entrepreneurs. The respondents said that family needs took up resources that were meant to expand their businesses hence their businesses took time to expand. Similar findings were reported in a study done by Mwobobia (2011) that women entrepreneurs had financial social demands that compete with business capital, which led to a diversion of capital away from business needs.

Further, the same study by Mwobobia (2011) found that the responsibility of providing for the family and relatives was a challenge as most micro enterprises resources were not usually isolated from personal finances and that family obligations were met from the same resources earned in the business. The study noted that these expenses normally drained the savings and income made by the businesses and in turn affected expansion and growth of the businesses.

#### **5.2.3.5 Multiple Licenses**

The study further found that the many licenses that one was required to have such as from the City Council, from the Medical Health Officer, from the Public Health Officer and also from a mobile service provider or a distributor of goods, were a challenge. The respondents said that they were required to obtain about four licenses, each undergoing a process before being issued and after making some requisite payment. These they said took a lot of time, resources and were a challenge. The study by Mwobobia (2011) agreed with these findings that the City Council had proved to be a big challenge to women entrepreneurs in Kenya and that the licenses were too many and the cost too much. The study further added to say that the women entrepreneurs were harassed by the City Council officials when they came to inspect the business premises prior to the issuance of the license.



A study by Athane (2011) also observed that business licensing was an issue for many women entrepreneurs who perceived the process as lengthy and complex. Bindra (2006) further adds that the procedures to be followed in the registration process and the information about the offices to be visited for requisite forms and registration were confusing. That there were no "one-stop-shops" which could inform aspiring entrepreneurs of what is required of them in terms of regulations to be followed for licensing.

#### **5.2.3.6 Business Registration Process**

Further to the many licenses an entrepreneur is required to have, is the registration process which also poses a challenge to the women entrepreneurs as there are no guidelines of what one was expected to do. The process of registration was described by the respondents as time consuming, complicated, expensive and confusing. Similar findings were reported by Bindra (2006) that the procedures to be followed in the registration process and the information about the offices to be visited for requisite forms and registration were confusing. That there were no "one-stop-shops" which could inform aspiring entrepreneurs of what is required of them in terms of the regulations to be followed for licensing.

#### **5.2.3.7 Low Education Levels**

Another challenge that the study found women entrepreneurs faced was their low levels of education. This made them lack the confidence they needed to approach financial institutions for credit as well as making them less equipped to run a business. Lack of education decreases the chances that women entrepreneurs would have the knowledge needed to excel in business, and thereby contribute to the country's overall economic growth. This was also demonstrated by the study done by International Finance Corporation together with the World Bank (2010) that found that education equipped women with the knowledge and skills they needed to more effectively manage and succeed in their businesses. The study further observed that lower education levels put Kenyan women entrepreneurs at a disadvantage compared to the men and that while the gender gap in primary education in Kenya had decreased in the recent years, the gap remained high at secondary and tertiary education levels. Lower education and a curriculum that did not

emphasize entrepreneurship skills, decreased the chances that women would have the knowledge needed to excel in business. The implication of this is that it translated to poor decision making in the business, limited room for business growth or expansion, or diversification, limited use and adaptation of ICT and limited knowledge of financial management including the option of credit opportunities.

## **5.2.4 Interventions to Address the Challenges Faced by Women Entrepreneurs.**

Some of the interventions recommended by the study to address the challenges faced by women entrepreneurs included simplifying the process of getting a loan from the Women Enterprise Fund, reducing the number of licenses applied for business operation as well as waiving start up license fees for women entrepreneurs.

### **5.2.4.1 Simplifying the Process of Getting a Loan from the Women Enterprise Fund**

Majority of the respondents, thus 49% felt that simplifying the process of getting a loan from the Women Enterprise Fund, would greatly reduce the challenges faced by women entrepreneurs as many women would be able to access the much needed capital to start up their businesses and or expand existing businesses. The respondents stated that the process entailed preparing a proposal for the project to be funded, and that this was a challenge to them due to their limited education levels. This forced them to look for someone to write the proposal for them at a fee and with the limited resources they opted not to apply for the loan.

A study done by Mwobobia (2011) found that women entrepreneurs lacked the information on how to get a loan and that the processes were lengthy hence there was need to simplify the processes and sensitize women entrepreneurs as well as offer them incentives so that they could feel that the process was friendly.

### **5.2.4.2 Reducing the Number of Licenses**

The study also found that reducing the number of licenses that one needed to apply for before operating a business would reduce the challenges faced by women entrepreneurs. 39% of the respondents were of the opinion that the licenses they were required to acquire were time consuming and costly. A similar intervention was given by Yeshiareg (2007) in a report on *Promoting Women's Economic Empowerment in Africa*, that reported that South Africa had done a research on women entrepreneurs and developed a policy and implementation strategy that among other things simplified the registration cost for entrepreneurs, with incentives for

registration. Such an idea in Kenya would go a long way in assisting women entrepreneurs to register their businesses at a lower cost.

### 5.2.4.3 Waiving the Start Up License Fee

The study also found that waiving the start up license fees would reduce the challenges faced by women entrepreneurs as they would use the money to buy start up stock. This could however be contentious as well as denying the City Council the much needed revenue they required to maintain the infrastructure in the entrepreneurial premises. The South African report by Yeshiareg (2007) found that giving incentives to women entrepreneurs helped them to register their businesses. The City Council of Nairobi could therefore consider simplifying the registration process, reducing the cost as well as offering incentives to women entrepreneurs as they register their enterprises.

### 5.3 CONCLUSION

The study shows that small and micro enterprises had a positive impact on women entrepreneurs in Muthurwa Market. The women entrepreneurs had successfully engaged in various businesses such as sale of electronics, new clothes, second hand used clothes, food and soft drinks as well as groceries. Further, the study established that the women entrepreneurs had managed to expand their businesses through increase in stock and client base necessitating them to employ more personnel thus creating employment opportunities for other Kenyans.

The women entrepreneurs were able to meet their family food needs, school fees for their children as well as pay house rent for themselves. Some of the women entrepreneurs have been successful and were now confident to approach financial institutions for loans to expand their businesses.

Although the women entrepreneurs have been successful in their entrepreneurial activities, they have faced challenges such as having to balance between business time and family work, family expenditure and business growth, access to financial credit, the process of acquiring a license, their double roles as well as their low education levels. The women entrepreneurs strongly felt that these challenges needed to be addressed to enable them to fully benefit from their entrepreneurial activities.

From the study, it can be concluded that the government has made an effort to assist the women entrepreneurs through setting up of the Women Enterprise Fund and licensing the operations of various micro finance institutions, to advance loans to the women entrepreneurs, but that there is need to simplify the processes of acquiring loans from the Women Enterprise Fund and the micro finance institutions.

Further, greater attention should be given to the needs of women entrepreneurs with a view of developing policies and plans as well as putting in place strategies that seek to address the challenges that they face as entrepreneurs. These would enable them achieve individual empowerment as well as economic empowerment which is a way of reducing poverty and promoting growth.

## 5.4 RECOMMENDATIONS

In view of the above findings, it is apparent that women entrepreneurs play a very significant role in improving the economy of the country and as such they need to be supported by the government and all stakeholders. Women entrepreneurs contribute to the growth of the economy as well as assisting in the family front. Men are no longer seen to be the main breadwinners but work in partnership with their spouses to meet the family needs. To improve women entrepreneurship and their empowerment, it is recommended that the government of Kenya takes all the necessary steps to address the main challenges faced by women entrepreneurs. This can be done by:

1. Redefining and shortening the process of getting a loan from the Women Enterprise Fund. This process has demands that women entrepreneurs with minimal education levels are unable to meet. It is therefore recommended that the process be redefined and simplified so that it can be accessible and friendly to the women entrepreneurs with low education levels.
2. The study found that 46% of the women entrepreneurs had not undergone any form of training outside of school. There is need therefore, to train women entrepreneurs on aspects of sound business management, customer care, ICT and also value addition and product diversification. These would help them manage their businesses more effectively, balancing between business and family as well as improving the quality of their products, leading to expansion of business and more income. It is therefore recommended that women entrepreneurs be trained so that they can improve on their business management skills.
3. Another recommendation is defining and simplifying the process of registering a business and getting a business license to make it affordable and friendly to the women entrepreneurs. It is recommended that "one-stop-shops" be established to offer clear guidelines and advisory services to would be entrepreneurs. Incentives could also be offered to the women entrepreneurs as they registered their businesses. These would assist many entrepreneurs to come up and register their businesses.

4. For the challenges faced by women entrepreneurs to be addressed effectively by the government through planning and policy formulation, it is recommended that up to date data on women entrepreneurship be collected, analyzed and used to inform decision-making. This would ensure that the government developed appropriate programs with strategies aimed at addressing the challenges faced by women entrepreneurs, thus creating a conducive environment for entrepreneurship.

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## APPENDICES

### RESEARCH INSTRUMENTS

#### QUESTIONNAIRE 1. QUESTIONNAIRE FOR ENTREPRENEURS.

My name is Nancy Wachira. I am the researcher undertaking this study. The study is an academic research for the award of a Masters degree in Gender and Development Studies at the University of Nairobi. All your answers including your personal identity will be treated with total confidentiality, will only be for academic purposes and will not be diverged to unauthorized parties. Your participation will be of great use. The interview will last about half an hour.

#### A. PERSONAL INFORMATION

**Please tick and fill where applicable.**

1. Name (optional).....

2. How old are you? 1) Less than 25 years

2) 25- 34 years

3) 35- 44 years

4) 45years and above

3. What is your marital status? 1) Married

2) Single

3) Others (Please specify)

4. What is the highest level of education / training attained? 1) None

2) Primary

3) Secondary

4) Post Secondary

5. Have you had any other form of training outside school? Yes.....No.....If yes, which training.....

**B.FAMILY LIFE**

6. How many children do you have?.....Please specify how many are below six years of age.....

7. Who takes care of your children as you work? 1) House help

2) Family member/relative

3) Spouse

4) Others (specify)

8. Do you think that women's double roles make them less productive? Yes.....No.....If yes, how.....

9. What is your monthly income? 1) Less than KShs. 10,000

2) KShs. 10,000- 25,000

3) KShs. 26,000- 50,000

4) KShs. 51,000 and above

10. How do you spend the income? 1) Improve business

2) Pay school fees

3) Feed the family

4) All of the above

### C. ENTREPRENEURSHIP

11. How would you describe the process of acquiring a license to start operating a business?

- 1) Confusing
- 2) Complicated
- 3) Time consuming
- 4) Expensive
- 5) All the above
- 6) Others (Please specify)

12. What do you mainly trade in? 1) Groceries

- 2) Second Hand Clothes
- 3) New Clothes
- 4) Electronics
- 5) Sell food and soft drinks
- 6) Others (Specify)

13. What made you choose this kind of business.....

.....

14. How much was your startup capital? 1) Less than KShs. 10,000

- 2) KShs. 10,000- 20,000
- 3) KShs. 21,000- 30,000
- 4) KShs. 31,000 and above

15. What was the source of your startup capital? 1) Personal savings

- 2) Family savings

- 3) Loan from a financial institution
- 4) Loan from a friend
- 5) Loan from a family member/relative
- 6) Loan from a Self Help Group
- 7) Loan from a Merry-Go-Round Group
- 8) Others (specify)

16. How old is your business? 1) Less than 5 years

- 2) 6- 10 years
- 3) 11- 15 years
- 4) 16 years and above

17. How many employees do you have? 1) None

- 2) One
- 3) Two
- 4) Three
- 5) More than three
- 6) Less than ten

18. Do you intend to expand your business in the next three years? 1) Yes

- 2) No
- 3) Do not know

19. What is the value of your current stock in KShs.? 1) Less than KShs. 20,000

- 2) KShs. 20,000- 50,000
- 3) KShs. 50,000- 100,000
- 4) Over KShs. 100,000



20. How many hours do you dedicate to your business in a day? .....

21. How have you benefitted from your business.....

.....

22. Have you taken any loan to finance your business? 1) Yes

2) No

3) Do not know

23. Which financial institution advanced you the loan? .....

.....

24. What did you use as collateral? 1) Self Title Deed

2) Spouses Title Deed

3) Self Log Book

4) Spouses Log Book

5) Family member/relatives Title Deed

6) Do not know

25. Has your business grown since you started? If yes, how.....

.....

If no, why.....

.....

26. In your opinion, which are the major challenges that you face in your business? .....

.....

.....

.....

27. How best can you overcome these challenges.....

.....

.....  
.....

28. In your opinion, is the government doing enough to enable you conduct your business?

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

29. What do you think the government should do to enable you improve your business.....

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

THANK YOU FOR YOUR INFORMATION.

**RESEARCH INSTRUMENTS**

**QUESTIONNAIRE 1. QUESTIONNAIRE FOR KEY INFORMANTS**

My name is Nancy Wachira. I am the researcher undertaking this study. The study is an academic research for the award of a Masters degree in Gender and Development Studies at the University of Nairobi. All your answers including your personal identity will be treated with total confidentiality, will only be for academic purposes and will not be diverged to unauthorized parties. Your participation will be of great use. The interview will last about half an hour.

**A. PERSONAL INFORMATION**

**Please tick and fill where applicable.**

- 1. Name (optional).....
- 2. Age.....
- 3. Gender.....
- 4. Organization.....
- 5. Number of years in the organization.....

**B. ENTREPRENEURSHIP**

6. How would you describe the process of acquiring a license to start operating a business.....  
 .....

7. In your opinion, do you think women are benefiting from their entrepreneurial activities?  
 Yes/ No. If yes how.....  
 .....

If No, why do you think so.....

8. What are some of the challenges that women face as entrepreneurs?.....

9. In your opinion, do you think the government is doing enough to enable women participate fully in entrepreneurial activities? Yes/ No. Explain your answer.....

10. In your opinion, what do you think the government needs to do to enable women participate fully in entrepreneurial activities.....

THANK YOU FOR YOUR INFORMATION