

**FACTORS INFLUENCING PERFORMANCE OF MICRO, SMALL AND
MEDIUM ENTREPRISES (MSME) OWNED BY WOMEN IN MUTHURWA
MARKET IN NAIROBI COUNTY, KENYA.**

BY

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**A Research Project Report Submitted In Partial Fulfilment of the Requirements for the
Award of the Degree of Master of Arts in Project Planning and Management at the
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DECLARATION

This research project report is my original work and has not been presented for examination in any other institution of higher learning

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This research project report has been submitted with my approval as the university supervisor

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DEDICATION

This research project report is in memory of my late husband James Kiio, it has also been dedicated to my son Marcus Muuo, my mother Rita Kalewa and my Father Peter Kinyae for understanding and the support they have accorded me during and up to the completion of this research project report.

ACKNOWLEDGMENT

I wish to express my gratitude to my research supervisor Dr. John Mbugua who tirelessly provided me with invaluable, insightful opinions on the way to go about my study on this project research work. Further I would also wish to appreciate the tireless effort made by my lecturers during all the stages of this postgraduate degree programme. I wish to thank the University of Nairobi administration for granting me an opportunity to pursue my Masters programme in the world class institution. More thanks to my fellow classmates, I thank you all for the time we shared together not forgetting your cooperation in all areas during coursework and also to my colloquies and friends who have understood me and supported me up to the completion of this research project.

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LIST OF ABBREVIATION AND ACRONYMS

ASAL-Arid and Semi-arid Lands

BBL-Bias ara Boresha loan

CBD-Central business district

EAC-East Africa Community

GEM –Global Entrepreneurship monitor

KCB-Kenya Commercial Banks

MSME-Micro small and medium size Enterprises

SEDA-Small Enterprise and Development Agency

SME- Small and Medium Enterprise

ABSTRACT

Women owned enterprises are making a significant contribution to the Kenyan economy, accounting for 20% of Kenya's GDP. Of the 462,000 jobs created annually since 2000 in Kenya, 445,000 jobs have emanated from the informal sector, where 85% of women's businesses are found. (Voices of Women Entrepreneurs, Kenya). The purpose of this study was to find out the factors that influence the performance of micro, small and medium enterprises owned by women in Muthurwa Market in Nairobi county Kenya. The objectives of study was to establish how capital, level of education, domestic commitment and competition influenced the performance of MSME owned by women in Muthurwa market, Nairobi county Kenya

The study used descriptive survey to collect primary data. The main tool for data collection was the questionnaire which was administered to women owned MSME in Muthurwa market. Micro Small and Medium Enterprises (MSMEs) play an important economic role in almost every country. In Kenya, women owned businesses account for over 48% of all SMEs (ILO, 2008). Stevenson and St-Onge (2005) contends that there are three profiles of women entrepreneurs operating SMEs in Kenya namely; Jua Kali micro-enterprises, very small micro enterprises and small scale enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation. The bulk of women entrepreneurs in Kenya operate enterprises associated with traditional women's roles such as, hairstyling, restaurants, hotels, retail and wholesale outlets (ILO, 2008). This adds up to a significant contribution by women entrepreneurs to job creation, income generation, and economic growth. Many business women cannot access commercial credit, an essential driver of business success. As a result, women-owned businesses are disproportionately micro, small or medium enterprises that may not mature to their full potential. This represents a missed opportunity for financial institutions and has negative implications for the private sector as a whole. In Kenya. Institutional support for businesses owned by women is limited to non-profits that provide networking and funding opportunities However, these women face significant cultural barriers such as patriarchy and deficiencies in enterprise skills.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Women are the backbone of the economic development in many developing countries. The recent Global entrepreneurship monitor (GEM) for 2013 found that, around 224 million women were impacting the global economy by either starting or running businesses. This survey only counted 67 of the 188 countries recognized by the World Bank. This shows that women play a vital role in the world of business. In many of these countries the rate of growth of women creating new business is greater than the rate of growth for men entrepreneurs (Reynolds, et al 2002). Women are becoming increasingly important in the social economic development of both developed and developing economies as they account for significant percentage of contributors of the SME operators (Kjelden and Nielson ,2000). Women constitute around half of the total world population .The global buttress evidence that women have been performing exceedingly well in different spheres of activities like politics, academics, administration social work(Khanka199) and that they have started plunging into industry and also running enterprises successfully .

In India, MSMEs development are conducting various programs including entrepreneurship development programs (EDPs) to cater to the needs of the potential women entrepreneurs, who might not have adequate educational background and skills. There are also several schemes of the government at central and state level which provide assistance for setting up training cum income generating activities for needy women to make them economically independent .Small Industries Development Bank of India (SIDBI) has been implementing special schemes for women entrepreneurs.(Office of Development commissioner, ministry of MSME ,Government of India 2014).

In South Africa, MSME owned by women have better chances of being profitable than those manned by their male counterparts. The latest survey was sponsored by the Small Enterprise Development Agency (SEDA).The survey noted that companies owned by couples or a mix of

genders are substantially less likely to be profitable than those operated by either male or female-owners. While this result may seem like a big win for women, it comes with an immediate qualifier: the level of female ownership is exceptionally low. To provide perspective on profitability and gender differences, the overall picture of South African small business shows that they are doing reasonably well. Although only a small proportion, less than one in five is thriving: 17% of SMEs surveyed are 'strongly profitable' while 45% are 'just profitable'. However, this does leave a significant percentage under some distress, 38% are not making a profit. Against the overall result, it emerges that the male owned SMEs, 20% are strongly profitable, 49% are just profitable while of the jointly-owned SMEs, 16% are strongly profitable, and 37% are just profitable. Regarding the female-owned SMEs; the survey indicates that 15% are strongly profitable while 63% are just profitable. On a general note, the survey discloses that of overall business ownership, men dominate with 48% while the jointly owned businesses account dominates for about 44%. Just 8% of South African SMEs are female-owned businesses. Women entrepreneurs and company owners doing it on their own therefore it explains the small minority in the MSME environment. There is a massive gender imbalance in entrepreneurship. This tells us that women are not given enough encouragement or support to become entrepreneurs. We have seen in the past that best training for entrepreneurship and business ownership is on-the-job experience. There is a further implication that not many women get opportunities in the workplace to start with,” (Goldstuck 2013).

The South African government is the exception that proves Parliament is the one place where gender equality is implemented but the approach certainly hasn't been filtering through to the rest of the economy. SEDA maintains that while President Jacob Zuma's government has recognised and acted to correct gender imbalances inherited from patriarchal societal conventions, it is clear that more needs to be done in the private sector. According to SEDA chief strategy and information officer, Women continue to be marginalised as far as small business ownership is concerned. The problem appears systemic; it therefore has to be addressed at a systemic level, starting at school and extending through the workforce to give women not only the skills but the confidence to start their own businesses. (Lusapho Njenge 2013).

In Kenya, women entrepreneurs are creating jobs and contributing to the general economic growth of 48% of all MSME which contribute 20% of Kenya's GDP have created 46200 jobs

annually since 2000. The gender and economic assessment in Kenya demonstrates that addressing barriers in Kenya could generate significant gender based inequalities in education and access to agriculture inputs could result in a one off increase in as much as 4.3 % in GDP growth, if this gender barriers are tackled (Government of Kenya 1999). Women's contribution to the economic development has been greatly neglected both in society social sciences.

1.2 Statement of the Problem

The business environment in Kenya is always changing and hence firms have to adapt quickly to competition and new challenges. This might be an easy task for the small businesses due to their small size and inadequate resources. Apart from facing competition from their male counterparts, women running small business face stiff competition from large business in the market. They therefore need to put more effort in categorization, prioritization and coming up with solutions for the challenges so as to be more competitive and remain relevant in the market. The Kenyan government has continued to campaign for the development of SMEs as a platform of reducing unemployment by encouraging self-employment, poverty reduction and fostering economic growth. Despite the incentives put in place by the government, recent studies show that SMEs collapse within the first few months of operation.

There are many factors that influence SMEs. Sauser (2005) argued that SMEs face strong competition from large well established firms but stated that the SMEs get the most out of their high level of innovation and ability to customize their products thus gain competitive advantage over their competitors. Zindiye (2008) empirically investigated the factors affecting the performance of small and medium enterprises in the manufacturing sector of Harare, Zimbabwe. The study found out that high rate of inflation and other economic factors such as foreign currency shortage, interest rate and exchange rate negatively affected the performance of SMEs. Kazemy et. al (2011) investigated the effective factors on survival of SMEs using a case of study of Iran. Their results showed that human, marketing and financial factors were effective on survival of SMEs in the area of study.

From the above discussion, it is quite evident that a good number of studies have investigated on the factors affecting the performance of MSMEs. However, the studies conducted do not focus

on the more vulnerable gender which is the women. From these literature evidences, this study will seek to investigate the factors affecting the performance of micro ,small and medium enterprises (MSMEs) owned by women at the Muthurwa market in Nairobi County, Kenya.

1.3 Purpose of the Study

The purpose of the study was to establish the factors influencing the performance of small, micro and medium enterprises (MSMEs) owned by women at Muthurwa market in Nairobi County.

1.4 Objectives of the study

The study aimed to achieve the following objectives:

1. To determine how availability of capital influences MSME performance owned by women in Muthurwa market in Nairobi County.
2. To assess how the level education influences performance MSME owned by women in Muthurwa market in Nairobi county
3. To establish how domestic commitments influence performance MSME owned by women in Muthurwa market in Nairobi county.
4. To assess how competition influence performances of MSME owned by women in Muthurwa market in Nairobi County.

1.5 Research Questions

The study aimed to answer the following research questions:

1. How does the availability of capital influence performance of MSME owned by women in Muthurwa market?
2. To what extend does the level of education influence the performance of MSME owned by women in Muthurwa market in Nairobi County?

3. How do domestic commitments influence performance of MSME owned by women in Muthurwa market in Nairobi County?

4. How does competition influence the performance of MSME owned by women in Muthurwa market in Nairobi County?

1.6 Significance of the study

Firstly, there is an increasing concern that the use of Westernized policies or solutions to solve local challenges might not be very effective since the challenges and proposed solutions are of different contexts. It is more beneficial if the problems facing small-business management is done in a non-Western context and then afterwards the developed countries can come in to solve the challenges. Secondly, trade in Kenya is growing rapidly and the country is getting into many trade agreements with other nations as well as trade regions.

It is therefore important for scholars and policy makers to understand the level of small-business development that contributes to provision of auxiliary services to multinational institutions. It is hoped that study will assist the Central Bank of Kenya in the formulation of policies that will bring about an appropriate environment for the growth and expansion of small and micro entrepreneur which will lead to better social standards

Thirdly, it is hoped the research will assist the county government of Nairobi in the formulation of policies that take into consideration all traders in the county including small and micro entrepreneurs owned by women.

Lastly, from an academic point of view, it is hoped that this study will contribute to the future development of this area of research particularly in African developing countries. Therefore, it is hoped this study will be of significant value to practitioners and also scholars, be of much significance to research institutions, students and other researchers who will get the findings useful in their investigation in the area of study.

Considering the crucial role played by small businesses to the economic growth of a developing country, and also the role played by small businesses in poverty and unemployment reduction,

this study hypothesizes that a proper understanding of the factors affecting small businesses performance in Kenya is a fundamental move in reducing failure cases of these small businesses.

1.7 Assumptions of the study

The study was delimited to women-owned MSMEs in Muthurwa market in Nairobi county. The sample was similar in nature to the population that is operates retail businesses parts of Kenya where the results were generalized. The study was also delimited to the factors influencing the performance of MSMEs in Muthurwa market in Nairobi.

1.8 Limitations of the study

This study was limited to self-reported data which was likely to result to selective memory or lack of interest in the subject by the respondents. This was lessened by administering the questionnaires and probing for clarifications from respondents to obtain valid responses. For respondents who do not understand English the questions were translated to Swahili language.

Since this was a population-based study, participants were unwilling to give information out of fear but this was overcome by obtaining a permit from National Council of Research and Technology to authenticate the study as well as inform the respondents that all information was treated with utmost confidentiality.

1.9 Delimitation of the Study

The scope of this study was at Muthurwa market in Nairobi County. This is because the population of this market is a representative sample of MSMEs in Nairobi. Only female respondents were targeted for this study and it was assumed that they were willing to participate in the study and would give sincere feedback. This study also assumed that there was at least one female-owned retail shop the sampled shops within the market. Another assumption of this study was that the women were available to answer the questions that guided this study. The last assumption was that the finances allocated for this study were enough to cover the scope and time allocated was enough to gather credible data.

1.10 Definition of significant terms

Access to capital: refers to the ability to access money to run a business, many micro small and medium enterprise do not have access to finance and credit especially from financial institutions such as commercial banks .This is because of the lending conditions given to them such as collateral for the loan. These enterprises may not be able to provide collateral such as immovable assets due to their small asset base.

Educational level: Skills which are acquired to be able to perform a particular task. The Juakali informal sector has proved that it can be a factor that can boost economic growth in Kenya. In this sector, practical skills are being developed at low cost and with financial support; various types of small scale technology could be developed for labor-intensive enterprises that could absorb hundreds of young job seekers. However, those who run the businesses in this sector lack adequate business skills mainly attributed to low levels of education. It is not sufficient to know how to produce a high quality product. The producer must also know how to sell it effectively and how to control the financial side of the business and in doing that the entrepreneur must be skilled in business

Domestic commitment: this refers to being held by household affairs .Mostly this affects women since they have dual role of looking after the children ,housewives and the same time running a business which most of the time affect their performance in business.

Competition : The process by which the activity or presence of one substance interferes with or suppresses the activity of another substance with similar affinities, this happens were we have business offering similar products in the market

1.11 Organization of the study

This study has been covered into five chapters. Chapter one covers the background of the study, the statement of the problem, purpose of the study, objectives and significance of the study. It also covers the research questions, assumptions made in the study, limitations and delimitations. The chapter further captures definitions of key terms used in the study. Chapter two covers the literature review literature and theories related to factors affecting the performance of SMEs. Chapter three covers the research methodology used to carry out the study. This chapter is structured into research design, target population, sample size and sampling procedure, pilot testing, data collection procedure, and data analysis techniques and methods. Chapter four covers research findings and discussion and it presents the analysis, presentation, discussion and interpretation of the data collected from the administered questionnaires. Chapter Five summarized the findings of the study and provided an in-depth discussion of the major findings. The chapter also provided recommendations based on the study which helped towards improvement of management of Micro, small and medium enterprises owned by women. Areas of study that required further study was also included in this chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews existing literature on the subject of this study. It outlines the literature review, the theoretical and conceptual frameworks, empirical review, research gap and summary.

2.2 Capital availability and performance of MSME

One of the universal problems that SMEs face is lack of access to capital (Wanjohi et. al 2008). In Kenya, undeveloped capital markets force young entrepreneurs to depend on self-financing or borrowing from friend and relatives which is not good enough for the success of entrepreneurship ventures. Even after surviving the first few years of start-up, most entrepreneurs face the challenge of getting finances to keep the business running. Some of the studies showing how entrepreneurship is affected by lack of finances; McCormick et al (1996), Eden (2004), Daniels et al (2003) and Kinyanjui (2006). The problem associate with capital includes lack of access to finance, lack of information on where and how to source for capital, unfriendly lending requirements set by commercial banks, limited access to collateral and lack of well laid out structures for financial institutions to deal with SMEs.

Women lack the title to property in their names, thus banks find it hard to offer them loans. This makes them go through lengthy procedure of securing loans and forces them to look for other risky sources of capital like the pyramid schemes. The smaller the size of the business, the less likely the management will be able to convince a third party to provide a loan or a grant to support business activities.

2.3 Level of education and performance of MSME

Most women are force to join the small enterprise world due to lack of education or due to low levels of education acquired. This brings about the lack of entrepreneurial skills and poor managerial know-how. These class of female entrepreneurs end up coming up with a management approach based on trial and error (Mbugua 2014). As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations

than long-term issues, and more opportunistic than strategic in its concept (Hill, 1987). This leads to the collapse of many small businesses when complex situations arise, since the owners do not have proper knowledge and education on the best strategies to adopt. Without proper education, entrepreneurs will not be in a position to plan for changes in the business environment and adapt to the changing field of technology. Thapa (2007) found a positive association between education and the success of small businesses.

The likelihood of failure was also found to be related to the owner's work experience prior to business launch and education. This is the reason why most employees will tend to recruit the highly educated people for white-collar jobs because they are assumed to be in a better position to make effective business decisions. Education and skills are thus needed to run micro and small enterprises successfully. Research shows that majority of the women involved in micro and small enterprises in Kenya are not quite well equipped in terms of education and skills. Studies suggest that those who are more educated and who have undergone through proper training are more likely to be successful in the SME sector (King et. al., 2002). This shows that, for small businesses to perform well in Kenya, people need to be well informed in terms of skills and management.

2.4 Domestic Commitments and performance of MSME

In the normal African set up, a woman is expected to play the dual role of a housewife as well as an income earner irrespective of her career as a working woman or as an entrepreneur. The lack of balance between their dual roles prevents them from making effective entrepreneurial decisions (Anshuja, 2007). This is evident in Kenya by the number of female hawkers that are seen in the streets of Nairobi with babies strapped on their backs. They have to balance between taking care of their babies and handling their hawking business. This shows that the presence of children in the household (mostly pre-school children) affects the participation levels of women in the business world. Blau et. al. (1988) argue that the presence of pre-school children is most likely to lower the levels of female labour force participation. For a case where a woman is equally or more educated than the husband, then the husband's income may not be enough to meet the family's needs. In this scenario, the wife will be expected to look for alternative ways of getting income (Standing 1978). Some researchers disagree with this argument in that if a woman is highly educated, she will most probably get married to a highly educated man who is

wealthy. The high incomes of their husbands tend to reduce the financial incentive for them to venture into the labour market (Boserup, 1970). Psacharopoulos et al. (1989) investigate the relationship between female fertility and work. They found that if a woman has a high number of children the woman will have more work to do, either directly (more farm work to feed the family) or indirectly (more paid work to cater for them). The pressure associated with running a business and performing domestic duties may thus hinder the success and growth of business owned by women (Wendy, 2007). In some cases, some men are usually against their women venturing into business activities and end up forcing their wives to stay at home. This shows that the approval and support of the husbands is in some situations is thus a necessary condition for women to enter into business. The cultural environment that a woman is subjected to can determine how well she will perform on the entrepreneurial world. In the context of this study, cultural environment such as husband's support, education and training, norms, taboos, beliefs and values have an impact on the performance of SMEs run by women.

According to Hayton (2002), researchers have come to a general hypothesis that entrepreneurship is enhanced by cultures that have high levels of individualism, low levels of uncertainty avoidance high levels of masculinity and those with low distance in power distance. Solomon et.al (2012) carried out a research on how cultural values and practices of the Ashanti group of people in Ghana affect the development of small and medium scale enterprises. The results from the study showed that societal values such as respect, love and togetherness, positively impact the growth and development of small businesses; whereas practices such as traditional systems of inheritance, taboos and marriage negatively impact small businesses. According to Roger (1990), business decisions are influenced by the cultural background of entrepreneurs. The success of business strategies highly depends on the nature of ties among co-ethnics and the structure of social networks.

2.5 Competition and performance of MSME

It is generally considered that Kenya still has a significant potential in increasing the competitiveness of its business sector and that it can exploit the new opportunities arising from the formation of the new East African Community (EAC) and the large regional market it creates, especially if the costs of doing business could be significantly reduced. Among the major factors negatively affecting competitiveness are high cost of finance (or non-availability in case of micro,

small and medium enterprises³ (MSMEs), an inappropriate tax system, substantial costs related to transport and logistics, costs and reliability of energy supply as well as costs related to crime, security and corruption. Specifically for female-owned enterprises, access to investment and working capital is still considered a key constraint.

The government is acknowledging the importance of further strengthening the MSME sector in its development framework. Kenya's Vision 2030 issued in 2007, which aims at an average annual growth rate of 10% to elevate Kenya into middle-income country status, has identified tourism, agriculture, manufacturing, wholesale and retail trade, business process off shoring and financial services as priority sub-sectors with a particular potential to generate growth. The Vision 2030 also highlights the need to support the large informal sector in the country and competitiveness increase at firm level in order to effectively address productivity, employment, income and public revenue. Strengthening micro and small enterprises, specifically targeting gender issues and addressing regional disparities, is supposed to foster inclusive growth and address the striking socio-economic imbalances. Particular attention should be given to investments in the arid and semi-arid lands (ASAL) districts, to communities with a high poverty incidence, to unemployed youth, women and vulnerable groups.

2.6 Theoretical Framework

According to balanced score card, managers should view an organization's performance in four ways; customer perspective, internal perspective, innovation & learning perspective, financial perspective (Kaplan and Norton 1996). BSC integrates financial and non-financial measures into one measurement system. According to (Kaplan and Norton 1996) the balance scorecard allows the business owners to be able to monitor the current performance of the organization and also helps them on strategizing for future plans. The BSC approach is used by most companies to achieve four important management processes, simplify and translate vision and strategy, communicate and link strategic objectives with the set targets and, enhance strategic feedback and learning.

The sociological theory of entrepreneurship postulates that the catalyst of entrepreneurship in a society is social culture. The entrepreneur performs his duties in accordance to what the society expects from an entrepreneur. These duties are usually based on customs, traditional and

religious beliefs. According to Weber (1920), entrepreneurship is driven majorly by religion. He emphasized on the spirit of capitalism, which contributes to economic freedom and private enterprise. A successful entrepreneur is defined by his discipline and adventurous free-spirit.

A study by Mbugua (2014) on factors affecting the performance of small and micro enterprises in Limuru town market of Kiambu County employed a descriptive research design to study the target population, which were 965 licensed SMEs by Limuru sub-county operating in Limuru Market in 2014. The study used a questionnaire to collect the required data from a sample of 274 SMEs. The results showed that access to finance and availability of management experience are the key socio-economic factors affecting the performance of businesses in Limuru Town Market. The other key factors that were found to affect businesses in Limuru Town Market positively are: access to infrastructure, access to business information, and government policy and regulations. The study recommended that the government should offer basic business and financial management skills so as to enable entrepreneurs to make informed investment decisions as well as improve on their entrepreneurial skills.

According to Mugo (2012), the factors affecting women entrepreneurs' performance in Central Business District (CBD) of the city of Nairobi and finds out that some of the factors affecting performance of women entrepreneurs are; lack of entrepreneurial training and education, outdated technology on women, poor access to markets, mismanagement of resources by women, lack of management skills and fraud. The study identifies finance as the major barrier affecting performance of women entrepreneurs. The recommendations from the study were that, banks should come up with a special product for women entrepreneurs to allow them access loans easily. It further recommends that women should be offered business training by the government and that there should be well laid out policies to support women entrepreneurs. The study further proposes that women education should be done through seminars to help improve record-keeping skills which will lead to proper business management, and help them assess the business margins and mark-up to weigh the rate of business returns on their own. Another study by Mwanja, (2011) on the effect of Biashara Boresha Loan (BBL) on Performance of Micro and Small enterprises owned by Kenya Commercial Bank (KCB) Ruiru branch customers found out that besides BBL, there are other factors believed to have an effect on business performance. The results showed no conclusive results on the relationship between entrepreneurs' level of education and business

performance. Of the 51% respondents who received training in their areas of business, 49.5% reported that their businesses were performing well, showing that the appropriate training can produce positive results in the performance of businesses. The author concluded that infant businesses need support in their initial years when their motivation is high. Mwanja also suggested that collateral requirements at KCB Ruiru should be made a bit flexible and repayment period should be increased to at least a year because SMEs only manage to access a small amount of loan due to short repayment periods. The study also found a positive correlation between BBL and entrepreneurs business performance and concluded that young businesses require more support financially to supplement their working capital.

The study according to Kinyua (2014) investigated the factors affecting the performance of small and medium enterprises in the Jua Kali Sector in Nakuru town, Kenya found that; the performance of SMEs was positively affected by management skills; that access to finance had the potential to positively affect performance of SMEs; macro environment factors were found to significantly affect performance while Infrastructure did not significantly affect performance of SMEs in the study area. The study results further indicated that the performance of an SME was bound to improve with the increase of number of years in the market. The study recommended that banks should improve access to finance through offering better lending terms and conditions and collateral requirements; focus on proper channels to pass knowledge on management skills such as financial, marketing and entrepreneurial skills in order to increase SMEs performance.

2.7 Conceptual Framework

Conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation, Reichel and Ramey, (1987).

Performance of traders in Muthurwa market depends on certain factors that are divided into two categories; dependent and independent variables. Independent variables include: cultural practices and beliefs, availability of capital, level of education and level of domestic commitments. Government regulations are included as a moderating variable. The relationship of the variables is displayed in the figure 2.1

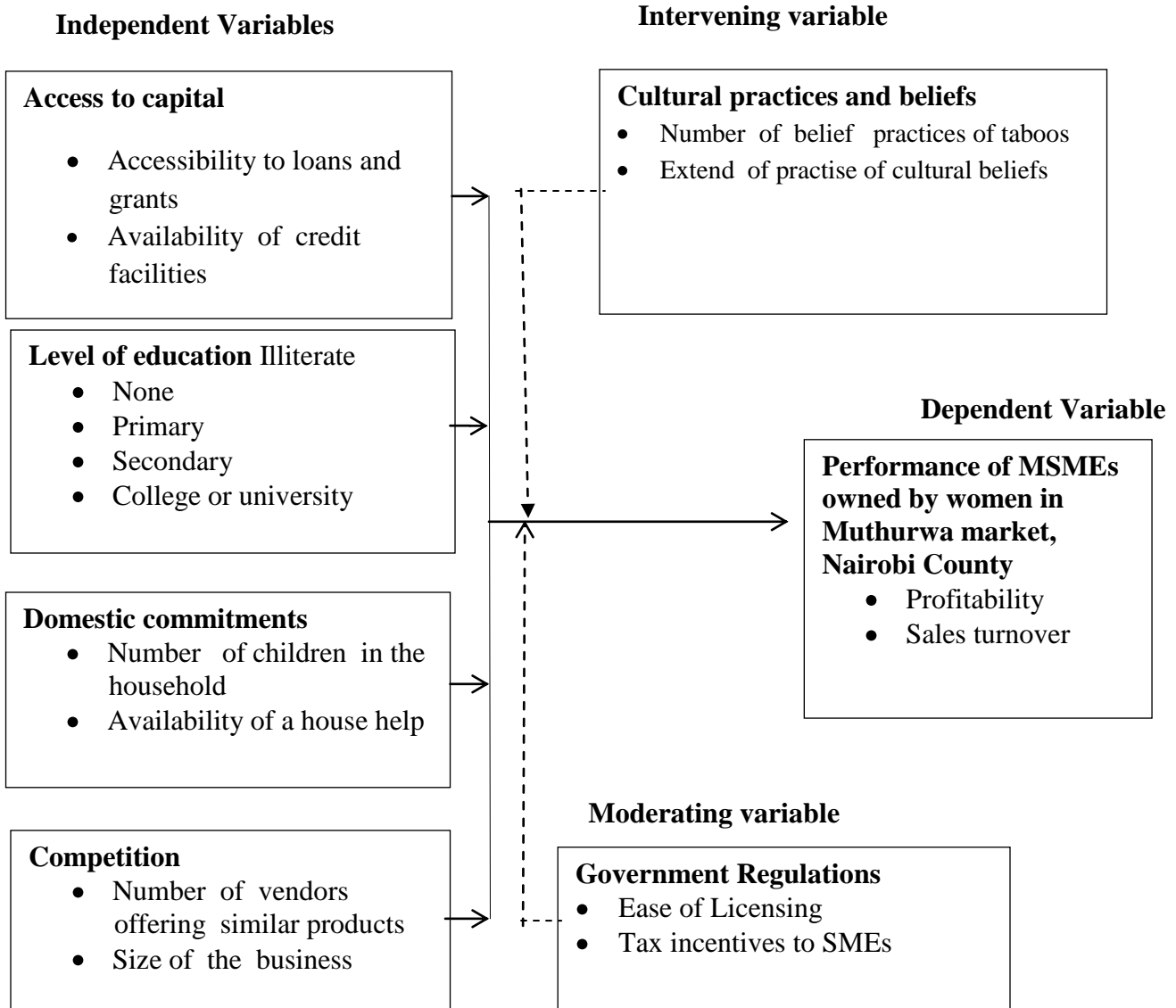


Figure 1: Conceptual Framework

Cultural practise and beliefs ,access to capital which includes availability of loans and grants, level of education , and commitment have a direct influence on the performance of MSME owned by women in terms of profitability ,availability of stocks, additional employees and sales.

2.8 Knowledge gaps

Many researchers have investigated different aspects of micro, small and medium enterprises. Most of these studies view entrepreneurs as a whole hence bringing about the scarcity of studies that focus on a specific gender. Therefore, the proposed study will contribute to local literature on factors that affect performance of rural market female traders. Similar studies have focused on the challenges faced by SME traders but this study will concentrate on female traders only. The impact of cultural practices and degree of domestic commitment are yet to be researched as a single intervention in an entrepreneurial setting. This study will concentrate mainly on the factors that affect performance of female traders in Muthurwa market of Nairobi County, Kenya. One of vital obstacles in understanding small and micro entrepreneurs in Kenya continues to be the scarce availability of reliable and valid data. This study will help to build on the locally scarce available data.

2.9 Summary of the reviewed literature

The study is on the factors affecting performance of small and micro enterprises owned by women in Muthurwa market of Nairobi County. The theories used to explain the study are the balanced score card theory and the sociological theory. The studies quoted are Mugo (2012), to investigate factors affecting women entrepreneurs' performance in Central Business District (CBD) of the city of Nairobi; Mwanja, (2011) on the effect of Biashara Boresha Loan (BBL) on Performance of Micro and Small enterprises owned by Kenya Commercial Bank (KCB) Ruiru branch customers; Mbugua (2014) on factors affecting the performance of small and micro enterprises in Limuru town market of Kiambu County and a study by Kinyua, (2014) on factors affecting the performance of small and medium enterprises in the Jua Kali Sector in Nakuru town, Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was adopted in conducting the study in order to achieve the study's objective which was to find out the factors that influence the performance of female MSMEs traders at Muthurwa market in Nairobi County, Kenya. The elements of focus were research design, target population, sample and sampling technique, research instruments, validity, reliability and data collections procedures.

3.2 Research Design

The study applied descriptive survey study design because it sought to answer the why, how and when of the problem under study. Descriptive research entails field survey where the researcher goes to the population of interest to find out issues related to the problem being studied. According to Mugenda and Mugenda (2003) descriptive survey design is a systematic, empirical inquiring whereby the researcher has no direct control of independent variable because their manifestation has already occurred or because they inherently cannot be manipulated.

The research design was a survey conducted on a sample of small and medium sized enterprises (SMEs) owned by women, within Muthurwa market in Nairobi County. One advantage of survey research designs was the uniqueness of the study. This is because the information collected was not available from other sources, same information was collected from every respondent hence standardization of measurement and there is unbiased representation of the population under study (Owens 2002).

3.3 Target Population

The target population consisted of all the MSMEs owned by women operating within the Muthurwa Market in Nairobi County. From the records of City Council of Nairobi, there are 313 registered female business operators in Muthurwa Market. The businesses in operation are mainly in Food (82), clothing (121), beverages (48), services (27) and curio vendors (35), city council of Nairobi.

Table 3.1 Target population

Category	Frequency
Food vendors	82
Clothing Vendors	121
Beverages Vendors	48
Services Vendors	27
Curio Vendors	35
Total	313

3.4 Sample size and sampling procedure

The section also discusses the sampling procedure and how the sample size is arrived at. The sampling design refers to the sampling method used to arrive at the sample size.

3.4.1 Sample size

According to Mugenda and Mugenda (2003), a sample of 10-30% is good enough if well-chosen and the elements in the sample are more than 20. This study will use proportionate sampling technique to select a sample of 20% of the population. This gives a sample size of 62 respondents as shown in the table 3.4. The sampling frame will include: food vending, clothing, beverages, curio and services vendors. The sample will be as follows:-

Table 3.2 Sample size

Category	Frequency	Sample Proportion	Sample Size
Food vendors	82	20%	16
Clothing Vendors	121	20%	24
Beverages Vendors	48	20%	10
Services Vendors	27	20%	5
Curio Vendors	35	20%	7
Total	313		62

3.4.2 Sampling procedure

The study applied proportionate sampling technique where 20% of the population in each sampling frame was selected to participate in the study. To ensure that exact individuals participate in the study, simple random sampling technique was used since it offers every member of the population an equal chance of being included in the sample.

3.5 Research instrument

Questionnaires were used as a research tool to collect primary data through interviews. A semi-structured questionnaire was administered through the drop and pick-later method for the female business operators in the Muthurwa market, Nairobi County. The questionnaire was self-administered for the respondents so as to make it easy for them to ask the interviewer to clarify a question that they find hard to understand. The self-administered questionnaires allowed the participants to respond to the questions by themselves and at their own pace.

3.6 Validity of the Instruments

Content validity of the instruments was used to measure the degree to which the items represented specific areas covered by the study.

A pilot study was carried out to pre-test the validity and reliability of data collected using the questionnaire. This study employed the content validity which is a measure of the degree to

which data collected using a particular instrument represents a specific domain of a particular concept. To enhance the questionnaire validity, the research instruments was appraised by the supervisor to evaluate the applicability and appropriateness of the content and adequacy of the instruments from a research perspective. The corrections on the identified questions was incorporated in the instrument and a field test was conducted with a pilot randomly selected women who are not part of study to ensure validity of the research instrument. The questionnaires were then be dispatched to the field and administered by experienced research assistants. The study used both face and content validity to determine the validity of the questionnaires.

3.7 Reliability of the Instruments

Reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method (Mugenda 2008) by use of questionnaire as an instrument for collecting data. To test the reliability of the research instrument, a pilot group of 10 % of the sample size was selected from the target population. This gave a total of 6 women. This was to ensure that inconsistencies arising from the instruments are corrected and to guarantee correct measurement of what is intended to be studied.

3.8 Data collection procedure

The researcher presented the questionnaires to the relevant respondents so as to attain the required information. Research assistants were used to assist the researcher in gathering the information. The assistants were trained to ensure they understand the research study and the tasks they are supposed to accomplish. The research assistants were trained and the permit was obtained by the researcher on the aspects of the questionnaire and how to handle the respondents to ensure that they observe ethical considerations throughout the whole exercise.

3.9 Data Analysis Techniques and Methods

At the end of the interview process, the questionnaire was checked for completion and reliability of the data. The quantitative data was then be coded and analysed using descriptive statistics such as percentages and mean and standard deviation. To summarize the data, descriptive statistics was used. This included percentages and frequencies. The use of Statistical Package for

Social Sciences (SPSS version 22.0) was employed to assist in the coding, entry and analysis of the data obtained through the questionnaires. Frequency tables, were used properly to present the data collected for ease of understanding and analysis. Measures of central tendency were applied (mean, median, mode and percentages) for quantitative variables. Regression analysis was conducted at 95% confidence interval and 5% confidence level 2-tailed to determine the relationship between the variables affecting the performance of MSMEs owned by women.

3.10 Ethical issues in Research

Mugenda (2008) emphasizes that participation in research is voluntary and subjects are at liberty to withdraw from the study at any time without any consequences. The researcher communicated this to the respondents before the start of the study. The researcher through the trained assistants ensured that all respondents fully understand all the details concerning the study. No respondent was forced to take part in the study so the principle of voluntarism was practiced all through.

According to Bryman and Bell (2007) plagiarism refers to taking and using another person's thoughts and work as if they were your own and, claiming credit for the same. Maximum care was taken to ensure that all work borrowed from other scholars is acknowledged and cited accordingly.

3.11 Operational definition of Variables

This is a table which shows the variables and their operational indicators. Operationalization of the study variables will be according to the objectives of the study: To explain how culture influence the performance of MSME owned by women in Muthurwa market in Nairobi county, to establish how availability of capital influence MSME owned by women in women in Muthurwa market; to assess how competition influence performance of MSME owned by women in Muthurwa, to assess how level of education influence MSME owned by women and to establish how domestic commitments influence performance of MSME owned by women in Muthurwa market in Nairobi county. These study variables are as shown in table 3.11

Table 3.3 Operationalization of variables

Objective	Independent variable	Measure	Indicators	Scale of measurement	Data collection Method	Tools of Analysis
1. To establish how availability of capital influence MSME owned by women in Muthurwa market.	Access to capital	Access to loans and other credit facilities	availability of capita	Ordinal	Questionnaire	Mean, standard deviation, frequencies , Regression analysis
2.To assess how level of education influence MSME owned by women in Muthurwa market	Level of education	Primary Secondary College University Other	Level of education	Ratio	Questionnaire	Mean, standard deviation, frequencies , Regression analysis
3.To establish how domestic commitments influence performance of MSME owned by women in Muthurwa market	Domestic commitment	Number of children, Availability of house helps and their marital status	How much commitment do they have	Nominal	Questionnaire	Mean, standard deviation, frequencies , Regression analysis
4.To assess how competition influence performance of MSME owned by women	Competition	Number of vendors offering similar products/services	Availability of competition	Nominal	questionnaire	Mean, standard deviation, frequencies, Regression analysis

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents the findings and results of the study in the order of the research objectives. It begins by analysing the demographic characteristics of the sample and then investigates how the sample understands the factors that influence the performance of MSMEs in Muthurwa market in Nairobi. The results are based on a response rate of 81% (n=50).

4.2 Questionnaire Response Rate

The questionnaire response rate for this study was 81% as shown on table 4.1

Table 4.1 Questionnaire Response Rate

Category	Frequency	Percentage
Returned	50	81
Not returned	12	19
Total	62	100

Table 4.1 shows a total of 50 (81%) of the respondents responded to the questionnaires while only 12 (19%) did not respond. According to Mugenda and Mugenda (1999), a response rate of 70% is scientifically acceptable. The 12 questionnaires not returned were those from respondents who opted to not to participate in the study.

4.3 Demographic characteristics of the respondents

The study on the factors influencing the performance of small, micro and medium enterprises (MSMEs) owned by women at Muthurwa market in Nairobi County looked at the respondent's characteristics of age, sex, marital status, availability of capital, level of education, domestic commitment and competition to assess whether these are determinants of their performance. These themes were discussed in the following sections.

4.3.1 Distribution of women by Age

The questionnaire response sought to investigate age group of the women who were involved in MSME businesses in Muthurwa market as shown in table 4.2

Table 4.2 Distribution of women by age

Category	Frequency	Percent
18-24 years	12	24
25-35 years	16	32
36-45 years	16	32
46-55 years	6	12
Total	50	100

These results show that 16 (32%) of the respondents belonged to the 25-35 and the 36-45 years category, followed 12(24%) by those from 18-24 years, then lastly 6(12%) from the 46-55 years category. The high response rate by 32 (64%) respondents represented by 25-35 age-group shows that majority of the traders in small and micro enterprises (MSME) owned by women in Muthurwa market in Nairobi county belong to this age category.

4.3.2 Distribution of women by marital status

Distribution of women by marital sought to find out the status of women owned MSME in Muthurwa market, and the results were tabulated in table 4.3

Table 4.3 Distribution of women by marital status

Category	Frequency	Percent
Married	14	28
Divorced	9	18
Widowed	22	44
Single	5	10
Total	50	100

The majority of respondents were widowed 22 (44%), followed by the married 14(28%), divorced 9(18%), and lastly the single 5 (10%). This can be interpreted to mean that majority of the widowed respondents opted to venture in SMEs to provide for their families.

4.4 Capital availability and performance of MSME

One of the universal problems that SMEs face is lack of access to capital especially in the undeveloped capital markets where young entrepreneurs do depend on self-financing or

borrowing from friends and relatives which is not good enough for the success of entrepreneurship ventures. Table 4.4 shows the distribution of women by sources of capital.

Table 4.4 Distribution of women by source of capital

Category	Frequency	Percent
Bank loan	7	14
Family	8	16
Personal savings	6	12
Friends	29	58
Total	50	100

Table 4.4 shows that majority of the women 29(58%) access capital from friends, 8(16%) from family, 7(14%) from bank loans and lastly 6(12%) from personal savings. This means that majority of these entrepreneurs borrow from amongst themselves; only a few 14% who borrow banks meaning that collateral and other documentation required from these institutions is a hindrance to their access to credit.

4.5 Level of education and performance of MSME

Most women are forced to join the small enterprise world due to lack of education or due to low levels of education acquired, which brings about the lack of entrepreneurial skills and poor managerial know-how and end up coming up with a management approach based on trial and error style likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. Table 4.5 shows the distribution of women by their level of education.

Table 4.5 Distribution of women by level of education

Category	Frequency	Percent
None	16	32
Primary	13	26
Secondary	17	34
College or University	4	8
Total	50	100

Table 4.5 shows that majority of the women 17(34%) have completed secondary school, 16(32%) without basic education, 13(26%) have completed primary school education, while only 4(8%) have attained college or university level of education. This means that 31 (60%) of the respondents have acquired basic education which is key to business management and performance, hence imparting skills in entrepreneurship to this group of respondents can be highly successful.

4.6 Domestic commitment and performance of MSME

In the normal African set up, a woman is expected to play the dual role of a housewife as well as an income earner irrespective of her career as a working woman or as an entrepreneur. This indicates that the presence of children in the household (mostly pre-school children) affects the participation levels of women in the business world. Table 4.6 shows the distribution of women and the number of children.

Table 4.6 Distribution of women by the number of children.

Children age bracket

Number of children	0-1 year	1-2 years	3-5 years	Over 5 years	Total
None	4	1	1	2	8
1-2	9	5	12	0	26
3-4	0	0	0	9	9
More than 4	0	2	3	2	7
Total	13	8	16	13	50

Table 4.6 shows that majority of the women 26(52%) have 3-5 year olds, followed by 9(18%) with children over 5 years, followed by those with none 8(16%) and lastly 7(14%) with 3-5 year olds. This indicates that majority of these women are from households with pre-school children who limit their participation in business activities.

4.7 Competition and performance of MSME

Kenya is still considered that it has a significant potential in increasing the competitiveness of its business sector and that it can exploit the new opportunities arising from the formation of the new East African Community (EAC), especially if the costs of doing business could be significantly reduced specifically for female-owned enterprises to facilitate access to investment and working capital a key constraint. Table 4.7 shows the distribution of the key factors to competition.

Table 4.7 Distribution of responses of the key factors to competition.

Category	Frequency	Percent
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Number of vendors	5	10
High cost of finance	19	38
Level of income	9	18
Security and corruption	10	20
Distribution channels such as logistics	7	14
Total	50	100

Table 4.7 shows that majority of the respondents 19(38%) think that the high cost of finance is the most significant key to competition. 10(20%) of the respondents think that security and corruption are key, followed by the level of income 9(18%), distribution channels at 7(14%), while the number of vendors 5(10%) was the least important factor to completion. As a result, if the high cost of finance is dealt with, then this can bring about healthy completion through access to credit facilities for women MSMEs.

Respondents were asked on the source of information for their businesses and the responses are as shown in table 4.8.

Table 4.8 distribution of responses by source of information for their businesses.

Category	Frequency	Percent
Friends	14	28
Media (Radio and Newspapers)	12	24
Self-help and women groups	24	48
Total	50	100

These responses show that self-help and women groups 24(48%) are the most popular sources of information for women entrepreneurs, followed by friends 14(28%) and lastly by the media 12(24%).

Table 4.9 Logistic Regression Analysis

Variable	Category	Frequency (Percentage)	Unadjusted odds ratio (95% confidence interval)	p_value
Capital availability	Bank loan	7(14)		
	Family	8(16)		

	Personal Friends	6(12) 29(58)	2.52(1.21 - 5.11)	0.0305
Level of education	None Primary Secondary College or University	16(32) 13(26) 17(34) 4(8)	0.18 (0.17 - 1.22) 1.47 (0.19 - 11.59)	0.0301
Domestic commitments	None 1-2 3-4 More than 4	8(16) 26(52) 9(18) 7(14)	1.002 (0.55 - 2.69) 2.01(1.05 - 3.05)	0.0512
Competition	Number of vendors High cost of finance Level of income Security and corruption Distribution channels	5(10) 19(38) 9(18) 10(20) 7(14)	3.00(1.23 - 3.50)	0.01

Table 4.9 –Logistic analysis of factors associated with performance of SMEs

Table 4.9 indicates that there was a high significant relationship ($p \text{ value} = 0.0305 < 0.05$) between capital availability and the performance of MSMEs owned by women in Muthurwa market. Further, women getting support from friends were 3 times more likely to access capital to start businesses in Muthurwa market compared to those looking for funds from banks. This means that friends as a source of capital is more prevalent among women MSMEs. On the relationship between the level of education and performance of MSMEs owned by women in Muthurwa market, there was a significant relationship ($p \text{ value} = 0.0301 < 0.05$), and women with college/university education were more likely to perform better in business management compared to those basic education. There was no relationship ($p \text{ value} = 0.0512 < 0.05$) between domestic commitments and the performance of MSME owned by women in Muthurwa market. Lastly, there was a high significant relationship ($p \text{ value} = 0.01 < 0.05$) between competition and performance of MSMEs owned by women in Muthurwa market, and the high cost of finance was 3 times more likely to affect their performance compared to the number of vendors, the level of income, security and corruption and distribution channels. This means we accept the 1st 2nd, and 4th research questions, reject the 3rd research question as it was partially supported. This, however, does not mean that domestic commitments is not important in the performance of MSMEs owned by women as other compounding factors and previous studies support this factor.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings of the research, discusses the results, draws conclusions and makes recommendations for the performance of MSMEs owned by women.

5.2 Summary of Findings

Significant findings that arose from the study on the factors influencing the performance of MSMEs owned by women; were on the respondents' demographic factors, where 32 (64%) respondents represented by 25-45 age-group shows that majority of the traders belong to this age group, majority of respondents were widowed 22 (44%), 17(34%) have completed secondary school, and 26(52%) of the women traders have 3-5 year old children.

On the availability of capital, the shows that majority of the women 29(58%) access capital from friends, 8(16%) from family, 7(14%) from bank loans and lastly 6(12%) from personal savings. This means that majority of these entrepreneurs borrow from amongst themselves; only a few 14% who borrow banks meaning that collateral and other documentation required from these institutions is a hindrance to their access to credit.

Lack of education or due to low levels of education acquired brings about the lack of entrepreneurial skills and poor managerial know-how and end up coming up with a management approach based on trial and error style likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. The study shows that majority of the women 17(34%) have completed secondary school, 16(32%) without basic education, 13(26%) have completed primary school education, while only 4(8%) have attained college or university level of education. This means that 31 (60%) of the respondents have acquired basic education which is key to business management and performance, hence imparting skills in entrepreneurship to this group of respondents can be highly successful.

In the African society, a woman is expected to play the dual role of a housewife as well as an income earner irrespective of her career as a working woman or as an entrepreneur. This indicates that the presence of children in the household which affects the participation levels of

women in the business world. This study's findings show that majority of the women 26(52%) have 3-5 year olds, followed by 9(18%) with children over 5 years, followed by those with none 8(16%) and lastly 7(14%) with 3-5 year olds. This indicates that majority of these women are from households with pre-school children who limit their participation in business activities.

Kenya is still considered that it has a significant potential in increasing the competitiveness of its business sector and that it can exploit the new opportunities arising from the formation of the new East African Community (EAC), especially if the costs of doing business could be significantly reduced specifically for female-owned enterprises to facilitate access to investment and working capital a key constraint. The study responses show that majority of the respondents 19(38%) think that the high cost of finance is the most significant key to competition. 10(20%) of the respondents think that security and corruption are key, followed by the level of income 9(18%), distribution channels at 7(14%), while the number of vendors 5(10%) was the least important factor to completion. As a result, if the high cost of finance is dealt with, then this can bring about healthy completion through access to credit facilities for women MSMEs. When asked about their source of information, the responses show that self-help and women groups 24(48%) are the most popular sources of information for women entrepreneurs, followed by friends 14(28%) and lastly by the media 12(24%).

5.3 Discussions

Studies show that women play a vital role in the world of business. In many of these countries the rate of growth of women creating new business is greater than the rate of growth for men entrepreneurs. Women are becoming increasingly important in the social economic development of both developed and developing economies as they account for significant percentage of contributors of the SME operators. They constitute around half of the total world population .The global buttress evidence that women have been performing exceedingly well in different spheres of activities like politics, academics, administration social work and that they have started plunging into industry and also running enterprises successfully .

From the bivariate analysis of factors associated with performance of MSMEs owned by women, the availability of capital influences the performance of these MSMEs; hence we accept this first research question. Investigation on the whether women's' level of education determines the performance of MSMEs, there was a significant influence, hence the observation that was a significant determinant. On evaluating the influence of domestic commitments in the performance of MSMEs, there was no significant influence, hence we

reject the influence of this factor, but this can be concluded that it was partially supported. Lastly, on the influence of competition on the performance of MSMEs, this was significant; hence we accept the fourth research question.

5.3.1 Capital availability and performance of MSMEs

The study sought to investigate whether the availability of capital influences the performance of MSMEs owned by women, the results show that majority of the women 29(58%) access capital from friends, 8(16%) from family, 7(14%) from bank loans and lastly 6(12%) from personal savings. This means that majority of these entrepreneurs borrow from amongst themselves; only a few 14% who borrow banks meaning that collateral and other documentation required from these institutions is a hindrance to their access to credit.

These findings are in line with those by Wanjohi et. al (2008) which states that one of the universal problems that SMEs face is lack of access to capital. In Kenya, undeveloped capital markets force young entrepreneurs to depend on self-financing or borrowing from friend and relatives which is not good enough for the success of entrepreneurship ventures. Even after surviving the first few years of start-up, most entrepreneurs face the challenge of getting finances to keep the business running. Some of the studies showing how entrepreneurship is affected by lack of finances; are by McCormick et al (1996), Eden (2004), Daniels et al (2003) and Kinyanjui (2006). The problem associated with capital includes lack of access to finance, lack of information on where and how to source for capital, unfriendly lending requirements set by commercial banks, limited access to collateral and lack of well laid out structures for financial institutions to deal with SMEs.

Women lack the title to property in their names, thus banks find it hard to offer them loans. This makes them go through lengthy procedure of securing loans and forces them to look for other risky sources of capital like the pyramid schemes. The smaller the size of the business, the less likely the management will be able to convince a third party to provide a loan or a grant to support business activities.

5.3.2 Women's level of education and performance of MSMEs

The study sought to investigate whether women's level of education influences the performance of their MSMEs. The results shows that majority of the women 17(34%) have completed secondary school, 16(32%) without basic education, 13(26%) have completed primary school education, while only 4(8%) have attained college or university level of education. This means that 31 (60%) of the respondents have acquired basic education which is

key to business management and performance, hence imparting skills in entrepreneurship to this group of respondents can be highly successful.

A study by Thapa (2007) found a positive association between education and the success of small businesses. The likelihood of failure was also found to be related to the owner's work experience prior to business launch and education. This is the reason why most employees will tend to recruit the highly educated people for white-collar jobs because they are assumed to be in a better position to make effective business decisions. Education and skills are thus needed to run micro and small enterprises successfully. Research shows that majority of the women involved in micro and small enterprises in Kenya are not quite well equipped in terms of education and skills. Studies suggest that those who are more educated and who have undergone through proper training are more likely to be successful in the SME sector (King et. al., 2002). This shows that, for small businesses to perform well in Kenya, people need to be well informed in terms of skills and management.

5.3.3 Domestic Commitments and performance of MSME

Further, the study sought to investigate whether domestic commitments influence the performance of MSMEs owned by women as the presence of children in the household is said to affect the participation levels of women in the business world. This study's findings show that majority of the women 26(52%) have 3-5 year olds, followed by 9(18%) with children over 5 years, followed by those with none 8(16%) and lastly 7(14%) with 3-5 year olds. This indicates that majority of these women are from households with pre-school children who limit their participation in business activities.

The lack of balance between women's dual roles prevents them from making effective entrepreneurial decisions (Anshuja, 2007). This is evident in Kenya by the number of female hawkers that are seen in the streets of Nairobi with babies strapped on their backs. They have to balance between taking care of their babies and handling their hawking business. This shows that the presence of children in the household (mostly pre-school children) affects the participation levels of women in the business world. Blau et. al. (1988) argue that the presence of pre-school children is most likely to lower the levels of female labour force participation. For a case where a woman is equally or more educated than the husband, then the husband's income may not be enough to meet the family's needs. In this scenario, the wife will be expected to look for alternative ways of getting income (Standing 1978).

Some researchers disagree with this argument in that if a woman is highly educated, she will most probably get married to a highly educated man who is wealthy. The high incomes of their husbands tend to reduce the financial incentive for them to venture into the labour market (Boserup, 1970). Psacharopoulos et al. (1989) investigate the relationship between female fertility and work. They found that if a woman has a high number of children the woman will have more work to do, either directly (more farm work to feed the family) or indirectly (more paid work to cater for them). The pressure associated with running a business and performing domestic duties may thus hinder the success and growth of business owned by women (Wendy, 2007). In some cases, some men are usually against their women venturing into business activities and end up forcing their wives to stay at home. This shows that the approval and support of the husbands is in some situations is thus a necessary condition for women to enter into business. The cultural environment that a woman is subjected to can determine how well she will perform on the entrepreneurial world. In the context of this study, cultural environment such as husband's support, education and training, norms, taboos, beliefs and values have an impact on the performance of SMEs run by women. According to Hayton (2002), researchers have come to a general hypothesis that entrepreneurship is enhanced by cultures that have high levels of individualism, low levels of uncertainty avoidance high levels of masculinity and those with low distance in power distance. Solomon et.al (2012) carried out a research on how cultural values and practices of the Ashanti group of people in Ghana affect the development of small and medium scale enterprises. The results from the study showed that societal values such as respect, love and togetherness, positively impact the growth and development of small businesses; whereas practices such as traditional systems of inheritance, taboos and marriage negatively impact small businesses. According to Roger (1990), business decisions are influenced by the cultural background of entrepreneurs. The success of business strategies highly depends on the nature of ties among co-ethnics and the structure of social networks.

5.3.4 Competition and performance of MSME

The high costs of doing business is among the major factors negatively affecting competitiveness are high cost of finance specifically for female-owned enterprises, access to investment and working capital is still considered a key constraint. This study found that that majority of the respondents 19(38%) think that the high cost of finance is the most significant key to competition. 10(20%) of the respondents think that security and corruption are key, followed by the level of income 9(18%), distribution channels at 7(14%), while the number of

vendors 5(10%) was the least important factor to completion. As a result, if the high cost of finance is dealt with, then this can bring about healthy completion through access to credit facilities for women MSMEs. When asked about their source of information, the responses show that self-help and women groups 24(48%) are the most popular sources of information for women entrepreneurs, followed by friends 14(28%) and lastly by the media 12(24%).

The Kenyan government is acknowledging the importance of further strengthening the MSME sector in its development framework. Kenya's Vision 2030 issued in 2007, which aims at an average annual growth rate of 10% to elevate Kenya into middle-income country status, has identified tourism, agriculture, manufacturing, wholesale and retail trade, business process off shoring and financial services as priority sub-sectors with a particular potential to generate growth. The Vision 2030 also highlights the need to support the large informal sector in the country and competitiveness increase at firm level in order to effectively address productivity, employment, income and public revenue. Strengthening micro and small enterprises, specifically targeting gender issues and addressing regional disparities, is supposed to foster inclusive growth and address the striking socio-economic imbalances. Particular attention should be given to investments in the arid and semi-arid lands (ASAL) districts, to communities with a high poverty incidence, to unemployed youth, women and vulnerable groups.

5.4 Conclusions

In conclusion, it should be recognized that market dynamics in the participation of women and the performance of MSMEs owned by them is complex and influenced by various social, economic and cultural realities. The success and performance largely depends on how women are able to cope with these realities and how policy makers and implementing organs understand these realities. Otherwise, women will continue to open up businesses without proper knowledge and entrepreneurial skills will continue to offer little success in the running and management of their businesses.

5.5 Recommendations

The research reported that studies have demonstrated the feasibility of participation of women in economic activities and the performance of MSMEs owned by them. The study therefore recommends the following:

1. The government of Kenya should reduce the costs of doing business to create more opportunities for women by creating favourable environment to enable them borrow from banks and other financial institutions instead of the current case of borrowing amongst themselves to make it more sustainable this will significantly reduce cost of capital specifically for women owned MSME enterprises to facilitate access to investment and working capital.
2. The government of Kenya should set up training centres to impart entrepreneurial skills and knowledge in business management to increase high success and improve women's performance on level of education
3. Women should be supported socially by spouses, family and friends in order to take advantage of the available resources to promote economic empowerment
4. The Central bank of Kenya should set up favourable borrowing regulation which will enable women MSME to access credit facilities ,cheap loans and information linkages to improve on competitiveness

5.6 Suggestions for Further Research

There are other factors that influence the performance of MSMEs owned by women that need further investigations. This study suggests the following research priorities:

1. Understanding individual and region-level barriers to participation in MSMEs,
2. Improving access to credit by identifying effective methods for training, supporting and supervising women entrepreneurs,
3. Identifying and evaluating strategies to strengthen the links between domestic commitment and MSME ownership; given the number of competing economic priorities facing women in Kenya.

5.1 Contribution to the body of knowledge

No.	Objective	Contribution
1	To determine how availability of capital influences MSME performance owned by women in Muthurwa Market	Availability and or access to credit alone are not helpful unless women as individuals and as a community understand the need and will to take up MSME as a challenge. The presence of many financial institutions which offer loans without educating the masses on their usefulness is not

productive.

2 To assess how the level of education influences performance of MSME owned by women in Muthurwa market.	Education can enhance the demand for entrepreneurship by raising awareness of the importance of undertaking training and professional advice may also improve the ways in which individuals understand information regarding business management. It also enhances the inclusion of individuals in society, improving self-efficacy and confidence. All these factors may increase the chances of performance women are targeted in development programs.
3 To establish how domestic commitments influence performance of MSME owned by women in Muthurwa Market in Nairobi county.	The pressure associated with running a business and performing domestic duties may thus hinder the success and growth of business owned by women. This alone does not necessarily influence women to participate in business; unless they have social support and literacy to take advantage of the available resources to promote economic empowerment. Social support from spouses, family and friends is crucial to women-owned businesses. More effort is required to strengthen social networks as they play a major role in providing a trusted source of information and encouragement in business management.
4 To assess how competition influence performances of MSME owned by women in Muthurwa market in Nairobi county	Women are still considered a significant section of the population and have potential in increasing the competitiveness in business especially in MSMEs. If the costs of doing business could be significantly reduced specifically for female-owned enterprises to facilitate access to investment and working capital a key constraint.

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APPENDIX I

LETTER OF TRANSMITTAL OF DATA COLLECTION INSTRUMENTS

ROSELINE MUTHINI PETER

P O BOX 53746 00200

NAIROBI

Telephone: 0724173565

September 30, 2015

Dear Respondent,

RE: FACTORS INFLUENCING THE PERFORMANCE OF MICRO SMALL AND MEDIUM ENTREPRISES OWNED BY WOMEN IN MUTHURWA MARKET

I am a post graduate student at the University of Nairobi carrying out a research project on the factors influencing the performance of micro, small and medium enterprises owned by women in Muthurwa market in Nairobi County. As part of my course, I am required to carry out a research on the above topic.

I will be grateful if you could spare sometime from your busy schedule and fill in the questionnaire. All the information provided will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Thank you for your cooperation.

Kindly do not write your name anywhere on the questionnaire.

Yours faithfully,

L50/61887/2013

Roseline Muthini Peter

APPENDIX II

QUESTIONNAIRE

FACTORS INFLUENCING THE PERFORMANCE OF SMALL AND MICROENTREPRISES OWNED BY WOMEN QUESTIONNAIRE

Read to respondent: "I would like to ask you some questions about yourself" Do not read out answers unless stated. Allow for unprompted responses and circle the corresponding the answer.

SECTION 1: DEMOGRAPHIC CHARACTERISTICS

1. Please state your age

- a) 18 – 24 years b) 25-35 years c) 36- 45 years d) 46- 55 years

2. What is your marital status?

- a) Married b) Divorced c) Widowed d) Single

SECTION 2: CAPITAL AVAILABILITY

3. What are your sources of capital?

- a) Bank Loans b) Family saving c) personal savings d) friends

4. What are the interest rates charged from the bank loans?

- a) Uncertain b) High d) Very high e) Low

5. Do you access credit facilities?

- a) Yes b) No

6. Does access to credit facilities improve your performance?

- a) Agree b) disagree c) neutral d) strongly agree e) strongly disagree

SECTION 3: LEVEL OF EDUCATION

7. What is the highest level of education you have completed?

- a) None b) Primary c) Secondary d) College/University e) Post graduate

8. Does your level of education affect your business performance?

a) Yes b) No

9. Have you undergone any training or refresher course on entrepreneurship?

a) Yes b) No

10. If yes what was the duration of the training

a) Less than 1 year b) 1-2 years c) More than 3 years

SECTION 4: DOMESTIC COMMITMENT

11. How many children do you have?

a) None b) 1-2 c) 3-4 d) More than 4

12. Do you have a house help

a) Yes b) No

13. Does the availability of house help affect your business?

a) Strongly agree b) Agree c) Uncertain d) Disagree e) Strongly disagree

14. State the age bracket of your children

a) 0-1 year b) 1-2 years c) 3-5 years d) Above 5 years

SECTION 5: LEVEL OF COMPETITION

15 To what extent do you think the following are key factors to competition? Please rank between 1-5 (5 being the highest priority)

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Number of vendors					
High cost of finance					
Level of income					
Security and corruption					
Distribution channels such as logistics					

1. What are your sources of information about businesses?

2. What are government policies and regulations that support your business in terms of subsidies?

Thank you for participating in this study.

APENDIX III

KREJCIE AND MORGAN TABLE

Table for Determining Sample Size for a Given Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: "N" is population size
 "S" is sample size.

Source: Krejcie & Morgan, 1970

APPENDIX IV

Sampling Frame – Probability Sampling Proportionate to Size

Category	Frequency	Sample Proportion	Sample Size
Food vendors	82	20%	23
Clothing Vendors	121	20%	34
Beverages Vendors	48	20%	13
Services Vendors	27	20%	8
Curio Vendors	35	20%	10
Total	313		62