

**DETERMINANTS OF PERFORMANCE FOR MICRO AND SMALL  
ENTERPRISES IN KENYA: A CASE OF WOMEN ENTERPRISES IN MERU  
COUNTY, KENYA**

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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 of the University of Nairobi**

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## **DECLARATION**

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

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## **DEDICATION**

First and foremost, I dedicate this research project to my children Sharon and Eric for their warmth and understanding with my perpetual absence.

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## **ABBREVIATIONS AND ACRONYMS**

<b>AMFI:</b>	Association of Microfinance Institution
<b>C-WES:</b>	Constituency – Women Enterprise Scheme
<b>ECLOF:</b>	Ecumenical Church Loan Fund
<b>EU:</b>	European Union
<b>GOK:</b>	Government of Kenya
<b>GTZ:</b>	Gesellschaft für Technische Zusammenarbeit (German Technical Cooperation Agency)
<b>JICA:</b>	Japan International Cooperation Agency
<b>JKUAT:</b>	Jomo Kenyatta University of Science and Technology
<b>KWFT:</b>	Kenya Women Finance Trust
<b>K-REP:</b>	A licensed Commercial Bank that deals in micro financing
<b>MSE:</b>	Medium and Small Enterprises
<b>NGO:</b>	Non-Governmental Organizations
<b>ROSCA:</b>	Rotating and Accumulating Savings and Credit Associations
<b>SACCO:</b>	Savings and Credit Cooperative Society
<b>SPSS:</b>	Statistical Program for Social Sciences
<b>UNDP:</b>	United Nations Development Programmes
<b>USAID:</b>	United States Agency for International Development
<b>WEF:</b>	Women Enterprise Fund

## ABSTRACT

Micro and Small Medium Enterprises are one of the drivers of social economic developments in developed and developing countries of the world. Despite the effort of governments formulating and implementing policies intended to enhance entrepreneurship, a number of challenges are still experienced by entrepreneurs ranging from; finance, production, marketing, and human resource management. Women entrepreneurs have been identified as a major force for innovation and job creation. This study therefore sought to investigate determinants of performance for micro and small enterprises in Kenya: a case of women enterprises in Meru County. The purpose of this study was to establish determinants of performance for micro and small enterprises in Kenya. The specific objectives were to determine the influence of financial accessibility, level of education and gender issues on performance of women enterprises in Meru County. In addition, the study sought to establish the challenges experienced by women entrepreneurs in Meru County. The findings of this study would benefit various stakeholders which would include; women entrepreneurs, Ministry of Devolution and Planning, Ministry of Industrializations and Enterprise Development, investors and scholars in formulating various policies. The study adopted descriptive research design to establish the problem under investigation. The target population was 220 women enterprises registered by Meru County Council. The representative sample was selected using purposive sampling technique. 110 women enterprise in Meru County was the sample size of this study. The Women enterprises included M-pesa shops. The study used questionnaires as the main data collection tool after a pilot study. Quantitative data was analyzed using multiple regression method while qualitative data was analyzed using content analysis method where key themes were selected from published content to make arguments concerning the problem under investigation. The analyzed data was presented using tables. The study established that there was a significant positive relationship between the financial accessibility, level of education and gender issues on performance of women enterprises in Meru County. The study concluded that unless the Government intervenes in the entrepreneurship sector, economic growth will be an uphill task. The Government should formulate policies to regulate interest rates, train and invest in infrastructure, technology and communication to boost the economy. The study recommended that the Government should be on the forefront to encourage entrepreneurship in Kenya by introducing entrepreneurship skills in the school curriculum thus social economic developments.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Entrepreneurship has become one of the economic drivers in both developed and developing countries of the world (Alemany, 2014). With increased poverty, countries of the world have come to realize the role of entrepreneurship in social economic developments. In developing countries, micro and small enterprises have been a source of employment for decades despite the challenges experienced by entrepreneurs ranging from; financing, production, and marketing and human resource development (Alemany, 2014). A number of governments in developing countries in the past decade have been emphasizing of boosting their economic growth through formulation of policies that support micro and small enterprises. Micro and small enterprise can be regarded as income generating activity that employs 1-5 workers (Daniel, 2010). It usually starts informally harnessing local resources from the family with the objective of adding more revenue to the family kit to meet its needs. Entrepreneurship is the ability of a person to conceptualize and formulate and implement business ideas with minimal resources. Kuratko and Hodgetts (2007) define it as an integrated concept that permeates an individual's business in an innovative manner. Micro and small enterprises are a key component of the economies throughout the world.

Self-employment has proved to be one of the strategies that will minimize the ever increasing problem of unemployment, low pay and job insecurity (Harold, 2009). The current enormous international interest in entrepreneurship as driver to end poverty reflects awareness of the success of large-scale initiatives in the developing countries.

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (GoK, 2005). Micro and small enterprises are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved. Furthermore small scale business has been recognized as a feeder service to large- scale industries (Ibrahim, 2008).

In developing countries, micro and small enterprises are largely run by women despite the challenges of survival (ILO, 2008). Nevertheless, they play significant role in local economies. Consequently, women are enthusiastic about their enterprises but social set up in which they operate present challenges which significantly impact on the growth of their businesses. The International Labor Organization, (ILO, 2007) mentions some of the challenges as social processes, institutional arrangements, credit systems, regulatory agencies and educational institutions. Specifically, the report observes growth of women enterprises as affected by cultural practices that deny women rights, financial constraints, lack of education and training, lack of social support, lack of managerial experience and absence of supportive policy.

In Kenya, Micro and small enterprises have the potential to contribute significantly to economic growth and poverty reduction through increased production and employment (Kapila, 2008). This role has long been recognized by the Government of Kenya. Vision 2030, Kenya's long-term development plan, places a strong emphasis on the sector. One of the pillars in vision 2030 that was defined to spur growth of micro and

small enterprises is financial pillar that led the government to set up a youth fund for youthful entrepreneurs. Micro and small enterprises (MSE's) in developed economics have been to using advanced technology to enhance competitiveness of MSE's. In Kenya, in many cases technological information remains a challenge to adopt (Kenya National Bureau of Statistics, 2010).

The situation in Kenya is not different from the rest of the world in as far as the recognition and support of the micro small business is concerned (Kibwana, 1995). However, the emphasis on the sector, which has been recognized as informal, did not take place until after 1972 following the International Labor Organization (ILO) report on the World Employment program. The report laid a lot of emphasis on the possibilities of the informal and small business sector creating employment and generating income for the majority of the Kenyan people. As a result of this recognition, the sector was given considerable attention in the subsequent Governments plans. The Session Paper No. 1 of 1986 and No. 2 of 1992, for instance, highlighted the importance of the sector to strengthen the Kenyan economy through its potential for employment creation and poverty reduction. Micro and Small Enterprises sector.

### **1.1.1 Enterprise Performance**

King and McGrath (2002), argues that, the concept of organizational performance is connected to the ideas of effectiveness and efficiency. A business organization must produce the right things and it must produce them using the fewest possible inputs if it is to have a strong organizational performance. Businesses typically try to perform well in a number of areas of organization. First, they try to perform well financially. That

is, they need to realize a good return on their investment. They need to add as much value as possible in their production process. Second, they try to perform well in terms of the market or non-financial performance. What this means is that they must gain as much market share as they can consistently with the goals of their firm. They must be producing a product that is in demand and they must be producing it at a price that allows them to compete on the market. Finally, they need to perform well in terms of creating value for their shareholders. Other non-financial measures of an enterprise ranges from employee motivation, customer satisfaction and quality of products and services produced (Maylor, 2010).

### **1.1.2 Micro and Small Enterprises in Kenya**

Paliwoda (1993) offers the definition for Micro and a small enterprises based on essential characteristics; Has only a small share of its market; Is managed in a personalized way by its owners or part owners and does not have an elaborate management structure; and Is not sufficiently large to have access to the capital market for the public issue or placing of securities. Defining a small business in Kenya, according to Micro and Small Enterprises Baseline Survey of (1999), small enterprises are those that employ 11 to 50 workers. Practically in every country, Small Enterprises constitute almost 90% of all commercial business activity. Due to their importance to the economy, governments and international agencies are constantly working to promote and sustain them in today's highly competitive environment (GoK, 2008). An international non-governmental organization established in 1980 identified that, Kenya faces constraints with inadequate access to capital, technology and information improper marketing procedures plus hostile regulatory laws. Another problem is that

more Small Enterprises in Kenya are involved in trade rather than manufacturing (Kenya Bureau of Statistics, 2010).

The population of women in Kenya comprises of slightly over 50 per cent of the country's estimated population (KBS, 2010). These women play a major role in the growth of economy and development providing over 80 per cent of the labour in the informal sector. The primary means of attaining economic growth in Kenya and improvement of living standard to many Kenyans is by promoting women entrepreneurs even though a small percentage of these enterprises are able to grow (GOK, 2005) due to many challenges. This demonstrates that Kenya could generate significant growth in its economy if gender barriers was addressed appropriately (Athanne, 2011). Women businesses account for only 25-33 per cent of global businesses (Kiraka, Kobia & Katwalo 2013). Many factors have been blamed for this under representation of women in the economy among them being lack of motivation when choosing the type of entrepreneur to engage in (Mueller & Dato-on, 2013).

The contribution of small enterprises to economic development, income generation and poverty alleviation is widely recognized (ILO, 2007, Wasihun & Paul, 2010). Small enterprises are particularly important to women because it provides opportunity for self-employment which represents a chance to exploit their potentials, at the same time give a flexible, less restrictive and requires less capital and skills. According to the Organization for Economic Cooperation and Development (OECD, 2004), micro and small enterprises increase the abilities of women to participate in the labor market thus economic stability.



### **1.1.3 Women Enterprises**

Women enterprises have been contributing to economic developments in both developed and developing countries in the past decade. Women enterprises in developing countries have been contributing to generation of employment opportunities (Common Wealth Secretariat, 2012). Micro and small enterprise has increasingly been recognized as an important avenue for women entrepreneurs. They are initiated with very little capital and mostly majority of those involved are women. According to 1999 National MSEs baseline survey, women tended to operate businesses associated with their traditional women roles like hotels, restaurants, hairstyling, retail shops and wholesale outlets. In addition to women role in economic growth, innovations, and provision of employment in the country, small scale business enterprise provides women with an avenue to earn income to support their families.

Women constitute more than half of the total world population. While in the traditional societies, they were confined to performing household activities in modern societies, they have come out to participate in all sorts of activities. Women have ventured in different spheres of activities such as academics, politics, social work and they have started running their own enterprises. Therefore, it is appropriate to study the causes of poor performance among women entrepreneurs. Generally, women entrepreneurial ventures are smaller compared to that of their male counterparts in terms of sales, revenue and assets. A recent survey in the United States indicated that on average men entrepreneurial ventures are twice as large as women entrepreneurial ventures in terms of both sales and assets. It has also been noted that on average employer-firms owned

by women generate only 78 percent of the profits generated by comparable male owned businesses.

According to GOK (2005), women entrepreneurs in Kenya choose various businesses that are available in the economy and they are differentiated by the extent of experiences, access to finances and the level of their education. Most of the rural women provide for their families through subsistence farming and other agricultural activities supplemented by the little income they get from the small scale business enterprise they choose to engage in. Despite all these, women entrepreneurs face major challenges that drive them to choose the type of business that would suit them. Some of these challenges relate to operating and expanding their enterprises and culture and traditions that favour their men counter parts over women (Common Wealth Secretariat, 2012).

With the new constitution of Kenya, Meru County is one of the 47 Counties that contribute to social economic development in Kenya through micro and small enterprises. Women enterprises in the County have been experiencing challenges of survival despite the policies and effort of the National Government to promote entrepreneurs. Majority (72%) of the business enterprises in Meru County are owned and operated by women. However, a number of the women enterprises established have been hampered by a number of challenges that range from skills, finance, production, marketing and human resources (Economic Survey, 2015).

## **1.2 Statement of the Problem**

A survey conducted by World Bank (2015) on the role of women in economic developments in developing countries revealed that 71% of micro and small women enterprises are likely to collapse compared to male enterprises despite the role of the SME sector in economic developments. According to the Economic Survey of Kenya of 2005 Micro and Small Enterprises (MSE's) offered employment to 50-70% of the employable population. Kenyan women entrepreneurs are recently generating employment and giving input to economic development in Micro and medium enterprises which contribute a high percentage of Kenya's GDP. In spite of their input to the economic improvement, their freedom to manage and make strategic business decisions is greatly hampered by among other things culture, domestic commitment, financial status and lack of entrepreneurial training.

Despite various government policies that have been put in place to improve women businesses, micro and small women enterprises in Kenya, especially in Meru County tend to achieve low growth rate. According to 1999 National MSE baseline survey, the female owned businesses account to 47.7 per cent of businesses in the economy. There are a large number of women in Meru County who cannot afford to start and sustain their small scale businesses despite numerous opportunities by County Council of Meru to support them. Women in Meru County could easily take the numerous opportunities offered by the county government but few women are bold enough to do so. This is attributed to various challenges they encounter that lead to closure of their business enterprises (Kabeer, 2008) when they are very young.

A survey by World Bank (2014) on the importance of Micro and Small Enterprises and the role of public support in promoting MSE's development revealed that micro and small enterprises established by women in developing countries including Kenya, were vulnerable to internal and external challenges including; finance, management, competition, technology and gender discrimination. A study by Siwadi and Mhangami (2011) on an analysis of the performance of women entrepreneurs in Zimbabwe established that lack of formal education, limited access to finance; domestic work load and cultural practices influenced performance of women enterprises. Women owned small business enterprises are known for their low working capital. The businesses have low growth rate and a short life span therefore difficult to retain customers.

However, from the findings of the empirical studies, it was evident that little was done with regard to determinants of performance for micro and small enterprises in Kenya. Studies carried out focused on different variables, sectors and countries. Therefore, it is for this reason this study sought to investigate determinants of performance for micro and small enterprises in Kenya: a case of women enterprises in Meru County.

### **1.3 Purpose of the Study**

The purpose of this study was to establish determinants of performance for micro and small enterprises in Kenya.

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

The study was based on the following specific objectives:

- i. To establish how financial accessibility influence performance of women enterprises in Meru County.

- ii. To find out how the level of education influence on performance of women enterprises in Meru County.
- iii. To determine the influence of gender issues on performance of women enterprises in Meru County.

### **1.5 Research Questions**

The research questions of the study were:

- i. How does financial accessibility influence performance of women enterprises in Meru County?
- ii. How does the level of education influence performance of women enterprises in Meru County?
- iii. To what extent gender issues influence performance of women enterprises in Meru County?

### **1.6 Significance of the Study**

The study would facilitate the availability of information for women entrepreneurs on the choice of business enterprise and what they can do to overcome the challenges they face to protect their businesses from failing. The findings from this research would assist Ministry of Devolution and Planning and Ministry of Industrializations and Enterprise Development in the County in policy formulation that would enhance the choice and survival of businesses among women entrepreneurs. The study would also be useful to potential investors who may wish to invest in Meru County as they would be equipped with the knowledge of various areas of investment, risk management practices in the area and the type of business to choose from the industry. The

knowledge gained from this research would benefit the young scholars as a source of knowledge for further research on the choice of business enterprise by women entrepreneur in the County. The scholars would also use the findings of this study as a source of literature review when carrying out a related research on women entrepreneurs.

### **1.7 Limitations of the Study**

Finding adequate and current literature on small women enterprises in Kenya was quite challenging. However, this challenge was overcome by reviewing published and non-published articles in the library. Meru County has a large population of women who engaged in small scale entrepreneurship and their businesses were conducted in either open air market or the sheltered market stalls or shops. Businesses in the area are open daily but the official days for the open air market are three days per week i.e. Tuesday, Thursday and Saturday.

Women entrepreneurs were reluctant to allow the researcher to conduct research in their organization. This challenge was mitigated by using the research authorization permit from the National Commission for Science, Technology and Innovation (NACOSTI) and the introduction letter which was given by University of Nairobi and to confirm that the study was for academic purposes. This challenge was minimized by the researcher explaining the objective of the study to respondents. The study also required more time to collect information from the target population. This challenge was minimized by the use of representative sample rather than the entire population that was time consuming and tedious.

## **1.8 Delimitation of the Study**

The study was confined to women entrepreneurs in Meru County who were sole owners of their businesses or in partnership but owns over 50 percent of the shares in the businesses. A target population of 220 women entrepreneurs operating registered enterprises were sufficient for the purpose of this study. Furthermore, a sample size of 110 women entrepreneurs who were owners and operators of M-pesa shops were justifiable in this study.

## **1.9 Assumptions of the Study**

The researcher assumed that the information given was true and accurate. It was also assumed that women in Meru County were cooperative to give the intended information objectively.

## **1.10 Definition of Significant Terms**

**Access to finance:** This is the ability of individuals or enterprises to obtain financial services, including credit, deposit, payment, insurance, and other risk management services.

**Capital:** refers to wealth in the form of money or other assets owned by a person or organization available for a particular purpose such as starting a business.

**Enterprise:** refers to a project or undertaking initiated to achieve specific goals.

**Entrepreneur:** This is a person who innovates and implements changes in the market by carrying out new combinations.

**Entrepreneurship:** This is the process of coming up with a new venture by devoting much of your effort and time and in return receiving rewards in terms of money and personal satisfaction.

**Financial Accessibility:** Refers the extent to which entrepreneurs find it easier or difficulty to access funds from financial institutions, well-wishers and donors.

**Gender Issues:** It entails norms, beliefs, moral values, traditions that define how the society regards male and female enterprises.

**Level of Education:** This focuses on development of knowledge and skills to realize the opportunity. It focuses on the best way to improve the existing businesses to achieve profit and retain customers.

**Small Scale Enterprises:** These are businesses with between one to 50 employees with capital outlay less than kshs.500,000. They may have none or few branches examples include single shops, hair dressing saloons, restaurants and cyber cafes.

**Women Entrepreneurship:** refers to women owned businesses or women who are proprietors of their businesses and have both control and take risks.

### **1.11 Organization of the Study**

Chapter one outlines the background of the study, micro and small enterprises in Kenya, women enterprises, statement of the problem, purpose of the study, research objectives and research questions. It also includes the significance of the study, limitation and delimitation of the study and the assumption of the study. Further is outlines definition of terms that are used in the study.

Chapter two outline the introduction, theoretical foundation of the study, determinants of performance for micro and small enterprises, empirical review, conceptual framework and summary of knowledge gaps. Chapter three covers the research design, target population, sample size and sampling techniques, data collection procedures,



validity and reliability of the instrument, data analysis and presentation and ethical consideration.

Chapter four discusses the findings the study based on the study objectives. Data was analyzed using descriptive and inferential statistics. The findings were endorsed by findings of empirical studies conducted locally and internationally. Chapter five also discusses the summary of the findings as per the study objectives, conclusion and recommendations are discussed based on the findings and finally the limitations and suggestion for further research are discussed.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Chapter two describes the introduction, theoretical foundation of the study, determinants of performance for micro and small enterprises, empirical review, conceptual framework and summary of knowledge gaps.

#### **2.2 Theoretical Foundation of the Study**

This study was anchored on Financial Literacy Theory, Human Capital Theory, Theory of Constraints and Program Theory as discussed.

##### **2.2.1 Financial Literacy Theory**

Financial literacy theory argues that the behavior of people with a high level of financial literacy might depend on the prevalence of two thinking styles according to dual-process theories: intuition and cognition. Dual-process theories embrace the idea that decisions can be driven by both intuitive and cognitive process. Dual process theories have been applied to several fields, including reasoning and social cognition. Financial literacy covers the combination of entrepreneurs understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (Chikati, 2009).

Harold (2009) argues that financial literacy empowers entrepreneurs by educating them to acquire relevant knowledge and skills in financial management on projects. Financial knowledge helps to overcome most difficulties in advanced projects. Financial literacy

allows the entrepreneurs to encounter difficult financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance for the projects. More importantly, financial literacy enhances decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction thus effective use of finances.

This theory underpins this study based on the notion that micro and small entrepreneurs are likely to access funds from financial institutions more easily if they have adequate information on loans, ability to develop budget and allocate funds to activities that will maximize profits within a given period of time to repay the loans. Therefore, lack of clear financial plans among entrepreneurs is one of the challenges that can contribute to poor performance of their enterprises in the changing business environment.

### **2.2.2 Human Capital Theory**

The theory was founded by Becker's (1993). He noted that the most valuable of all capital is that of investment in human being. He distinguishes firm-specific human capitals from general-purpose human capital. Examples of firm-specific human capital include expertise obtained through education and training in management information systems, accounting procedures, or other expertise specific to a particular firm. General-purpose human capital is knowledge gained through education and training in areas of value to a variety of firms such as generic skills in human resource development (Herman, John & Nicholas, 2011).

Baron and Armstrong (2007) posit that human capital arises out of any activity able to raise individual worker productivity. In practice full-time education is, too readily, taken as the principal example. For workers, investment in human capital involves both direct costs, and costs in foregone earnings. Workers making the investment decisions compare the attractiveness of alternative future income and consumption streams, some of which offer enhanced future income, in exchange for higher present training costs and deferred consumption. Returns on societal investment in human capital may in principle be calculated in an analogous way.

Heldman (2011) assert that a proper investment in training and development by an organization on its employees increases their understanding of their duties, tasks and obligations. Training also creates a conducive environment for cooperation and collaboration within employees in performing their work. This based on the human capital theory, results in both individual and firm-wide productivity. The relationship of this theory to this study is based on the concept that entrepreneurs should invest in training to increase productivity of their businesses. The ability of the organization to develop employees, motivate them by using financial and non-financial resources is one of the drivers of organizational performance. The ability of entrepreneurs to create a conducive working environment will enhance employee motivation to perform effectively towards organizational goals (Harold, 2009).

This theory is applicable in this study based on the assumption that women entrepreneurs are more likely to succeed if operators have managerial skills that will enable them to plan, organize, provide leadership, develop staff and control activities to

achieve short term and long term goals using the scarce resources available. Employee development, motivation and involvement is decision making are some of the aspects that contribute to performance of MSE's in Kenya.

### **2.2.3 Theory of Constraints**

The theory was established by Goldratt (1984). The theory argues that organizational performance is dictated by constraints. These are restrictions that prevent an organization from maximizing its performance and reaching its goals. Constraints can involve people, supplies, information, equipment, or even policies, and can be internal or external to an organization. Types of (internal) constraints include equipment; the way equipment is currently used limits the ability of the system to produce more salable goods/services, people: lack of skilled people limits the system. Mental models held by people can cause behaviour that becomes a constraint, policy: a written or unwritten policy prevents the system from making more (Wysocki, 2007).

Maylor (2010) suggests that every system, no matter how well it performs, has at least one constraint that limits its performance this is the system's weakest link. Maximizing throughput rate would in turn maximize profit, cash flow and return on investment. In the multi-project environment, theory of constraints is applied as critical chain methodology using the same principle of a capacity constrained resource. A system can have only one constraint at a time, and that other areas of weakness are non-constraints until they become the weakest link. This theory underpins this study by explaining on how MSE's face internal and external challenges when trying to compete in the changing business environment. It is argued that unless MSE's analyze the political,

economic, social, technological, ecological and legal policies from one country to another, competitiveness will be an uphill task.

#### **2.2.4 Program Theory**

The theory was established by Lipseyin (1990). Program theory is a plausible and sensible model on how a program is supposed to work. It is a proposition with regard to the transformation on input into output and how to transform a bad situation into a better one through inputs (Herman, John & Nicholas, 2011). It is also illustrated as the process through which program components are presumed to affect outcomes. On the other hand it contributes to evaluation practice through the identification of key program elements as well as providing information on how these elements relate to each other. Data collection plans are then involved in the framework to ensure information to measure the extent and nature of each aspects and their occurrence. Once the data on the elements is collected, it is analyzed within the framework.

The theory further suggests that with the service utilizations plan which analyses how the intended target population receives the intended amount of intervention. This is through the interaction of the service delivery systems (Maylor, 2010). It looks at how the intended intervention for the specified target population represents the desired social benefits. The advantages of using a theory based on M&E framework include the ability to attribute project outcomes of specific projects or activities as well as identification of anticipated and undesired program consequences. It enables the evaluators to understand why and how the program is working (Harold, 2009). This theory underpins the study by describing how MSE's should analyze the situation,

formulate strategies and implement them using the limited resources. Evaluation of the formulated strategies is based on the goals of the enterprise within a given period of time.

## **2.2 Determinants of Performance for Micro and Small Enterprises**

### **2.2.1 Finance Accessibility and Performance for Micro and Small Enterprises**

Ibrahim (2008) revealed that financial accessibility is the key factor in the running of any business since it helps in business growth, sustainability and expansion. Small scale business enterprise needs funds for working capital and expansion. To obtain the needed funds for the above purpose, women entrepreneurs have to compete with men counter parts to obtain funds from financial institutions. Unfortunately most women entrepreneurs are denied the required funds since they lack collateral to secure the loans.

Kapila (2008) also indicated that the problem that is faced by small entrepreneurs across the board is the limited access to funds. Large numbers of women entrepreneurs who live in rural areas have little or no access to formal financial services and only an estimate of 10 per cent of the population have access to banking services. Consequently, small scale women entrepreneurs start their businesses from their own investments or using funds obtained from friends or relatives and supplement this by obtaining credit facility from informal lenders or credit from their suppliers. The available commercial banks usually are reluctant to lend these small scale enterprises loans because of their poor credit history and lack of collateral.

According to Onugu (2009) on small and medium, it was revealed that despite small scale enterprises experiencing hindrances to growth and expansion, some women entrepreneurs start up and sustain their businesses. Traditionally, banks and financial institutions have negatively assumed that women are supposed to be supported by their husbands to obtain funds from them. This prevents women from accessing credit facilities from banks and financial institutions to start or expand their already existing businesses since financial institutions and banks do not consider women as credit worth (Onugu, 2009).

Businesses that start with higher amount of capital have high level of assets, revenues and can offer employment. Women owned businesses have lower levels of working capital at start-up and that is the reason why their businesses are lower than men owned businesses (Fairlie and Robb, 2008). The lower levels of capital that women utilizes to start their businesses are related to their different sources of financing their businesses. They are likely to launch their businesses with their own-provided finances rather than borrowed capital. Women are unlikely to seek financing for their working capital from banks or any other mode of financing for fear of being turned down. They are more likely to indicate that they do not need start-up capital compared to their men counterparts. This leads to women coming up with small scale business enterprises that are difficult to grow and earn profits since there is no capital improvement (Robb and Coleman, 2009).

Women choose to engage in businesses that are cheap and easy to run and do not require high capital or skills and experience. Women contribution to economy has



recently started receiving wide acknowledgement but their productivity skills remain constrained due to lack of credit facilities to expand and sustain their businesses (ILO, 2008). Women are termed as better borrowers than their men counterparts and their pay back is higher. They have organized themselves into self-help groups that have structure to support them financially (GOK, 2005).

### **2.2.2 Level of Education and Performance for Micro and Small Enterprises**

Education is essential for the success of any business. The level of literacy for both men and women differ widely. Seventy percent of illiterate persons in Kenya are women (Daniel, 2010) and this pushes them to engage in unskilled or semi-skilled businesses which have low value addition (MSE Baseline Survey, 1999). Women face discriminations that limit them to have economic rights and this relegates them to become second class citizens (Chiuri, 2010). This also leads them to concentrate on small scale enterprises as their men counterparts pursue high education and look for high profile jobs that are perceived to be more dignified compared to small businesses (Daniel, 2010). The Session Paper of 2005 depicts that lack of basic skills in business management is the major shortcoming for women when it comes to participation in small scale business enterprises. Vocational and technical training has greatly addressed the problems of women entrepreneurs in terms of business start-up, its survival and growth and therefore has contributed greatly to sustainability of women-owned businesses in the economy.

Human capital is the key determinant of every business performance. According to Kepler and Shane (2007), attainment of education is similar for both male and female

business owners. Past experiences and family history of business ownership is important as it contribute to business growth and sustainability. Access to information about opportunities in business also differs between men and women. Women do very little research; they do not participate in business networks/forums, and do not attend business workshops to broaden their business opportunities, investment knowledge and mentorship.

Heilbrunn, (2004) adds that most women owned enterprises show slow or no growth due to lack of business managerial skills. Acquisition of business managerial skills is very essential to the success of any business enterprises. It is considered as a building block for successful entrepreneurial venture (Brush et al, 2009). Training and capacity development in the management of business helps individual women entrepreneur to develop key competencies essential for the growth of the enterprises. Bridge et al (1998) describe the importance of technical and management skills in adapting to and coping with the changing environment, and identifying such learned skills as key determining factor for growth.

McCormick (1992), in her study on participation of gender and performance in small scale enterprises found out that approximately 80 per cent of women in business engage in saloons, hotels and restaurants and clothes businesses. She pointed out this to contradictory educational opportunities for both men and women in a society. This diversity of choice of business enterprises is based on poor education and good opportunities for women in acquiring skills on the job as compared to their men counter parts. Women struggle to raise capital and learn on their own how to operate and

manage their businesses with little or no skill especially in rural areas. Without skills, education alone does not guarantee women to be successful entrepreneurs. In view of this, women entrepreneurs need both education and training to gain knowledge and skills to succeed in their choice of businesses.

### **2.2.3 Gender Issues and Performance for Micro and Small Enterprises**

The trend of low levels of women in business has been persistent for many years. According to Salami & Samuel (2007), women or girls are systematically taught to subordinate all others considerations and concentrate on making good families and raising children. This process instills behavioral patterns, values and norms of girls which later inhibit them from advancing in education. Culture context therefore influences the women entrepreneur choice of business activities and dictates the way they live. McCormick (1996) in her study on the level of women involvement in small scale business enterprises, she found out that women are limited in their choice of small business or informal sector compared to their male counterparts. Men tend to have variety of activities like carpentry, mechanics, loaders, welding and metal work than women counterparts who have limited businesses and this scenario is greatly associated with culture practices towards women.

Economic options for women are shaped by social and religious practices that dictate that women participate in activities that can be done at home, with low capital requirements and where no special skill is needed. In Kenya, some ethnic group there is a belief that when a woman engages in a certain business she automatically becomes a prostitute. These ethnic groups also believe that businesses spoil an African woman

because women according to social-cultural traditions are deemed to be fragile and should engage in simple jobs where little money is involved (Salami & Samuel, 2007).

Women are not allowed to own property or own any assets. This makes it difficult for them to access loans from banks since they do not have collateral that is needed by banks to act as a security for the loans. In some cultures, widows are disinherited by in-laws and some are driven out of their matrimonial homes. Self-efficacy is the personal belief in one's capability to perform a particular task based upon past experiences and an anticipation of future risks (Mueller & Dato-on, 2008). Since it affects one's beliefs about whether or not a specific goal is attainable, if self-efficacy is low, an individual will not act, even if there is social approval for that behavior (Mueller & Dato-on, 2008), and this will affect the entrepreneurial learning ability of the individual.

## **2.5 Empirical Review**

Mwania (2015) studied on factors influencing the performance of women entrepreneurial ventures in Kenya and established that many women entrepreneurs did not have knowledge on business management. The level of educational is seen as a major variable influencing the performance of women enterprises despite lack of entrepreneurial trainings among women entrepreneurs. Domestic commitment was a major challenge where women on average spent more than five hours in household chores only at the expense of their businesses. Many women lacked house helps to assist at home and only few women had supportive spouses who could assist at home. However, the study focused in Mombasa County but not Meru County.

Kagendo (1999) on financial limitations of women entrepreneurs, shows that women entrepreneurs find it difficult to access finances in any financial institutions due to lack of collateral and biases they encounter. She argued that married women should be given full support by their spouses in respect to finances, advice, motivational encouragement and involvement in running the business. Microfinance institutions should be friendlier and avoid gender based environment in order to motivate women entrepreneurs in Kenya. McCormick (1996), supported the need for women to be equipped with knowledge and skills in order to succeed in their business enterprises. She added that education opportunities should be equal for both men and women in order to fight poverty in our society. They should be trained and capacity building in areas of finance, marketing, production and managerial skills.

Omwono, Oyugi and Wanza (2015) studied on the effects of Women Enterprise Fund on performance of women enterprises in Kenya and revealed that women's income together with households' incomes have improved with credit. Women enterprise fund has a positive effect on women incomes and household incomes. The social welfare of women and their households in general improved. The challenges faced by women borrowers in acquisition of credit from Women Enterprise fund are: long procedures involved in application and long processing, delay in loan disbursement, requirement that a member must have accumulated savings too many requirements, lack of security/collateral, requirement that one must be a member of a group first, and high cost of acquiring loan. However, the study focused in Eldoret town but not Meru County.

ILO (2008) on factors affecting women entrepreneurs in micro and small enterprises in Kenya indicated that 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. The bulk of women entrepreneurs in Kenya operate enterprises associated with traditional women's roles such as, hairstyling, restaurants, hotels, retail and wholesale outlets.

Multiple roles for women leave them with little time to participate in their business fully. This is supported by Session Paper No. 2 of (1992) which states that women have limited time to participate in small scale business enterprise. Kibwana (1995) also indicated that 90% of women entrepreneurs engage in other activities beside their businesses. The study aimed at looking at how this multiple roles influence the choice of business enterprises by women entrepreneurs and is calling for further research on how women entrepreneurs would conduct their businesses together with their multiple roles.

Studies done by Kiraka, Kobia and Katwalo (2013) on Micro, Small and Medium Enterprise Growth and Innovation in Kenya: A Case Study on the Women Enterprise Fund found that although the general indicators reflect positive growth among women owned businesses in terms of total business worth, turnover, gross profit and number of employees, they obscure incidences of stagnation or decline in growth. Incidences of decline or stagnation were significant at between 15 to 30 percent across the four

measures. However, the study focused on growth and innovation on women enterprise funds but not performance.

Kimaru (2014) studies on the effect of micro finance institutions activities on the performance of small and medium scale enterprises owned by women in Mogotio district found that, MFIs face challenges in service delivery such: banks relying on personal profiles and track records in reviewing application the response; and another study by Ismail and Mugambi (2013) on Determinants of Growth for Women Owned and Operated Micro Enterprises: The Case of Garissa, Kenya, found out that government and non-state actors provide some financial support and training to women groups but individual women entrepreneurs struggle on their own. However, the study was conducted in Garissa County but not Meru County.

Nderi and Mwangi (2015) on factors influencing access to finance by micro, small and medium enterprises in Meru County, Kenya. Micro, Small and Medium Enterprises (MSME's) have the potential to contribute significantly to economic growth and poverty reduction in a country through increased production and employment. Their survival and growth even though depends on their ability to access finance. In the Kenyan context this realization led to change of policy through the enactment into law of the MSE Act of 2012. Further it was established that information asymmetry, business risks and transactional costs influence access to finance.

## **2.6 Summary of Knowledge Gaps**

Conceptual, contextual and methodological gaps are evident from the findings previous empirical studies conducted by: Mwanja (2015); Kagendo, (1999); Omwono, Oyugi &

Wanza (2015); ILO (2008); Kibwana (1995); Kiraka, Kobia & Katwalo (2013); Kimaru (2014); Ismail & Mugambi (2013); Nderi & Mwangi (2015) among others. Firstly, there is no study that has been done addressing the determinants of performance for micro and small enterprises in Kenya: a case of women enterprises in Meru County. Studies conducted interpreted concepts from different perspective by using different theories and variables to make deductive arguments which cannot be generalized in this study. Secondly, each study carried out focused on different contextual environments and sectors which cannot be generalized with this study. Majority of the studies carried out focused in different areas like schools and hospitals but did not address the performance of women enterprises in Meru County. In addition, some studies addressed different variables like gender, marketing and human resources which are different from the variables of this study.

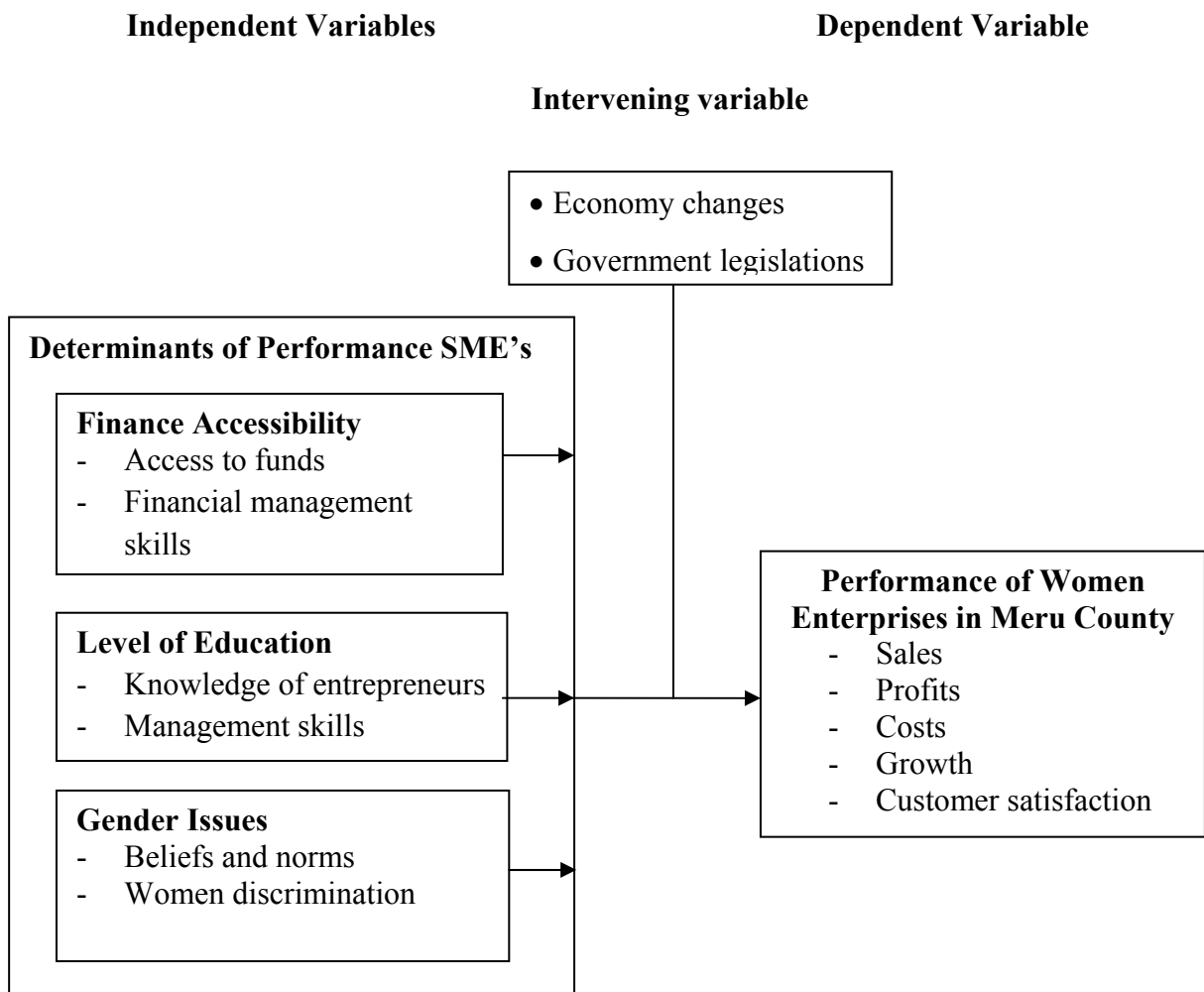
Thirdly, methodologies adopted by different researchers varied widely in terms of research design, population, sampling design, and research instruments and data analysis methods. Some studies adopted causal, longitudinal and cross-sectional research designs. Some studies used simple random, convenient and quota sampling techniques but not stratified random sampling technique. Data analysis methods adopted by other studies were factor analysis and content analysis but not multiple linear regression analysis method. Some of the conclusions and recommendations were biased.

Therefore, this study will seek to find out if there is a need for achieving integration of the fragmented and dispersed pieces of research on determinants of performance for



micro and small enterprises in Kenya: a case of women enterprises in Meru County. Therefore, from the findings of empirical studies, the researcher identified this area as deserving attention since little has been done to address the problem under investigation. The researcher identified a gap in evidence of financial accessibility, education level and cultural factors on performance of women enterprises in Meru County, Kenya.

## 2.7 Conceptual Framework



**Figure 1.1: Conceptual Framework**

(Source: Author, 2017)

From the conceptual framework in figure 2.1 above, it is was established the ability of women entrepreneurs to access funds from financial institutions and other sources like donors promoted the performance of MSE's sector. It was also established that financial management skills among women entrepreneurs like budget development and planning also enhanced performance of their businesses. Education level among women entrepreneurs also contributed to improved performance of their businesses. Good policies of management and human resource management had a positive effect of performance of MSE's. The cultural practices like beliefs and norms among the society also had a significant effect on performance of women micro and small business enterprises. In addition, it was also revealed that gender discrimination from men had an effect on performance of women operated enterprises. The intervening variables were economic changes and government legislations that may affect the performance of small and medium enterprises.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines; the research design, target population, sample size and sampling procedure, data collection instruments and data analysis technique.

#### **3.2 Research Design**

The study adopted descriptive research design to investigate determinants of performance for micro and small enterprises in Kenya: a case of women enterprises in Meru County. A research design is a framework that guides a researcher to know what to do in the whole of the research process (Kothari, 2004). Descriptive research design involves observing and describing the behaviour of a subject without influencing it in any way. According to Saunders, Lewis and Thornhill (2009), descriptive research answers research questions who, what, where, when and how of the problem. Thus, descriptive research design was chosen because it enabled the researcher to collect appropriate respondent opinions, analyze and interpret them in relation to the problem under investigation thus making accurate decisions.

#### **3.3 Target Population**

The target population for this study was 220 women entrepreneurs operating registered M-Pesa enterprises in Meru County as per the County Council of Meru SME's Report (2015). Unit of analysis were women M-Pesa enterprises in Meru County while Unit of observation was M-Pesa women operators and owners in Meru County. Kothari (2004)

regard a population as an identifiable total group or aggregation of elements (people) that are of interest to a researcher and pertinent to the specified information problem. Women enterprises that will be selected will be M-pesa shops in Meru County.

**Table 3.1: Target Population**

<b>Category</b>	<b>Target Number of respondents from M-Pesa outlets</b>
Small sized M-Pesa Enterprises	121
Medium sized M-Pesa Enterprises	56
Large sized M-Pesa Enterprises	33
<b>Total</b>	<b>210</b>

### **3.4 Sample and Sampling Procedure**

Out of the 220 women enterprises in Meru County, half of the population were selected using purposive sampling technique. The representative sample of the study was 110 respondents who were women entrepreneurs. Purposive sampling technique was preferred because it provided the opportunity of selecting respondents with adequate information concerning the problem under investigation. According to Sekaran (2010) more than 50% of the target population was justifiable to make accurate conclusions from the findings of the scientific studies. Further, Mugenda and Mugenda (2003) suggest that the sample size should be as large as possible so as to produce the salient characteristics of the accessible population to an acceptable degree. The sample size was in such a way that it was within plus or minus 0.05 of the population proportion with a 95 percent level of confidence.

**Table 3.2: Sample Population**

<b>Category</b>	<b>Target Number of respondents from M-Pesa outlets</b>
Small sized M-Pesa Enterprises	66
Medium sized M-Pesa Enterprises	28
Large sized M-Pesa Enterprises	17
<b>Total</b>	<b>110</b>

### **3.5 Data Collection**

Primary data was collected from respondents by the use of questionnaires as the main instrument of data collection. Questionnaires were administered to respondents by the researcher during working hours. Primary data was collected from women entrepreneurs in Meru County. Drop and pick later method was applied where respondents did not have time to respond immediately. Secondary data was obtained reviewing published documents. Amongst documents that were analyzed comprised of financial statements and relevant materials.

Cooper and Schindler (2006) suggest that questionnaires were preferred in scientific studies due to their ability to capture respondent opinions in a structured manner and in written form for future reference. Questionnaires assisted in the translation of the research objectives into research hypothesis which motivated the respondents to provide the information being sought. They also enabled the respondents answer questions freely and frankly even on sensitive issues because they are not required to reveal their identity, this increased the likelihood of getting accurate information.

Questionnaires also offered uniformity in answering questions allowing a great degree of comparison because the items were framed in the same format.

### **3.6 Pilot Testing**

Before data collection, a pilot study was conducted on four women entrepreneurs in Embu County but their responses were not included in the final analysis of data. Items of the instruments were modified appropriately before full scale administration of the instruments among 110 respondents who were women entrepreneurs. After pilot testing, it was established that 93% of the respondents were comfortable with items of the instrument and it was justifiable to administer the instrument to 110 respondents as the study stipulated. As proposed by Cooper and Schindler (2008), a pilot testing of research instruments was important because it revealed vague questions, unclear instructions and enabled the researcher to improve the efficiency of the instruments.

#### **3.6.1 Validity of Research Instruments**

According to Mugenda and Mugenda, (2003), validity is a measure of relevance and correctness. It is the accuracy and meaningfulness of inferences which are based on the research results. Data collection techniques must yield information that is not only relevant to the research questions but also correct. To enhance the validity of the instrument, pretesting was done to determine whether the questions were acceptable, answerable and well understood. Content validity was tested using theories and expert opinions.

### **3.6.2 Reliability of Research Instruments**

According to Bryman and Bell (2011), reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability also involved the consistency of measurement; the more reliable an instrument was, the more consistent the measure. A pilot study was done through administering four questionnaires randomly to selected women respondents in Embu County. It was further enhanced by making necessary adjustments to the questionnaire based on the pilot study. Reliability analysis was subsequently done using cronbach's Alpha formula. The reliability of the research instrument was tested using test-retest method whereby the same questionnaire was given to the same respondents after a period of time.

### **3.7 Data Analysis Techniques**

The study explored the determinants of performance for micro and small enterprises in Kenya: a case of women enterprises in Meru County. Data was collected, examined and checked for completeness and clarity. Numerical data collected using questionnaires was coded and entered and analyzed with the help of computer Statistical Package for Social Scientists (SPSS) versions 21 software programme. Descriptive and inferential statistics technique was chosen because it made it possible to show the distribution or the count of individual scores in the population for a specific variable. Content analysis method was also used to analyze qualitative data by using themes to make deductive arguments concerning the problem under investigation.

Cooper and Schindler (2006), described this method of data analysis as a way of analyzing data by organizing it into categories on the basis of themes and concepts. Different colours represented different themes. This was known as coding. The procedure assisted in reducing and categorizing large quantity of data into more meaningful units for interpretation. The tests that will be conducted to assess the effectiveness of the multivariate econometric model will include; tests for normality, homogeneity, homoscedasticity, multicollinearity and autocorrelation. Multiple regression analysis methods was adopted to determine the statistical relationship between the independent variable and dependent variable of the study. Specifically the regression model was of the form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

Y=Performance of Women Enterprises in Meru County, Kenya

$\beta_0$ = Y intercept

$\beta_1$  to  $\beta_4$ = regression coefficients

$X_1$  = Financial Accessibility

$X_2$  = Level of Education

$X_3$  = Gender Issues

$\varepsilon$ = Error term



### 3.8 Operationalization of Variables

**Table 3.3: Operationalization of Variables**

<b>Type of Variable</b>	<b>Indicator</b>	<b>Tools of Analysis</b>	<b>Type of Statistics</b>
Financial Accessibility	- Accessibility to loans	Mean	Regression
	- Financial management skills	Percentage Mode	
Level of Education	- Knowledge of entrepreneurs	Mean	Regression
	- Management skills	Percentage Mode	
Gender Issues	- Beliefs and norms	Mean	Regression
	- Women discrimination	Percentage Mode	
Performance of Women Enterprises	- Sales	Mean	Regression
	- Profits	Percentage	
	- Costs	Mode	
	- Growth		
	- Customer satisfaction		

### 3.9 Ethical Considerations

Prior to the study, the researcher will review the ethical requirements related to academic research in order to ensure full compliance. Research authorization permit was obtained from the National Commission for Science, Technology and Innovation (NACOSTI), a copy was presented to women entrepreneurs before commencing the data collection exercise. The researcher also obtained a permit from Meru County Council and a letter from the University of Nairobi, Department of Extra Mural Studies that was attached to the questionnaire. Conducting research required expertise and

diligence, honesty and integrity which was done to protect the rights of human being. Ethical in research was observed in areas of self-determination, confidentiality, anonymity and informed consent. The purpose of research ethics was to protect the welfare of the research participants. During the period of data collection, the respondents were informed that the findings were only to be used for academic purposes. The respondents were not be coerced to participate in the study, instead it was voluntary. There was informed consent from all the participants and confidentiality and anonymity was maintained during and after the study.

## **CHAPTER FOUR**

### **DATA PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents the research findings of the study carried out to examine determinants of performance for women micro and small enterprises in Meru County, Kenya. This study was guided by the following research objectives: To establish the influence of finance accessibility, level of education, gender issues on performance of women enterprises in Meru County.

#### **4.2 Questionnaires Return Rate**

The study targeted a total of 110 women entrepreneurs operating in Meru County. 97 questionnaires only were received from the field while the remaining 10 questionnaires were not collected and 7 of them were incomplete. A total of 97 questionnaires were used in the analysis, this represented 88 % response rate which was above the adequate 50% as recommended by Mugenda and Mugenda (2003) and Saunders *et al.* (2009).

#### **4.3 Age of Respondents**

The respondents of the study were asked to indicate their age bracket and the following were the findings as shown in Table 4.1:

**Table 4.1: Age Respondents**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
Below 25 years	21	22.4
25 – 35 years	39	40.2
35 – 44 years	27	28.4
Above 44 years	10	10.3
<b>Total</b>	<b>97</b>	<b>100</b>

As shown in Table 4.1, majority (40%) of the respondents indicated that they were aged between 25-35 years. Some (28%) of them were aged between 35-44 years. 22% of them were aged below 25 years and 10% of them were aged 44 years and above. From this findings it implied that majority of the women in Meru were self-employed due to lack of formal employment. It emerged that Micro and Small Enterprise sector was an alternative to young youths after completing their secondary and tertiary education. Most of the young women opted to invest in the MSE's sector as an alternative of formal employment.

#### **4.4 Marital Status**

The respondents of the study were asked to indicate their marital status and the following were the findings as shown in Table 4.2:

**Table 4.2: Marital Status**

<b>Status</b>	<b>Frequency</b>	<b>Percentage</b>
Single	43	44.4
Married	43	44.4
Separated	06	6.2
Widowed	05	5.2
<b>Total</b>	<b>97</b>	<b>100</b>

As shown in Table 4.2, majority (44%) of the respondents indicated that they were single and married while 6% of them indicated they were separated and 5% of them indicated that they were widowed. This implied that majority of the women enterprises contributed significantly in social economic development in the County.

#### **4.5 Family Size**

The respondents of the study were asked to indicate their family size and the following were the findings as shown in Table 4.3:

**Table 4.3: Family Size**

<b>Family Size</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 3	12	12.3
Between 3 – 5	23	24.4
More than 5	62	64.2
<b>Total</b>	<b>97</b>	<b>100</b>

As shown in Table 4.3, majority (64%) of the respondents indicated that their family size comprised of more than five members. 24% of them indicated that their families

comprised of 3-5 members and 12% of them said that their family comprised of less than three members. This implied that majority of the enterprises in Meru County were operated by women compared to men enterprises.

#### 4.6 Period of Operation

The respondents of the study were asked to indicate the period which they had operated their enterprises and the following were the findings as shown in Table 4.4:

**Table 4.4: Period of Operation**

<b>Period</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 3 years	23	24.3
3 – 5 years	42	43.3
More than 5 years	32	33.4
<b>Total</b>	<b>97</b>	<b>100</b>

As shown in Table 4.4, most (43%) of the respondents indicated that they had operated their enterprises for a period between 3-5 years. 33% of them indicated that they had operated their enterprises for a period more than five years and 24% of them indicate that they had operated their enterprises for a period less than 3 years. The findings implied that the MSE's sector was unstable due to changing regulations, turbulent business environment, influence of technology, inadequate Government support, competition and lack of trainings were some of the factors that contributed to deteriorating performance of women enterprises (Siwadi & Mhangami, 2011).

#### 4.7 Number of Workers

The respondents of the study were asked to indicate the number of employees they had who were engaged to operate their enterprises and the following were the findings as shown in Table 4.5:

**Table 4.5: Number of Workers**

<b>Number Workers</b>	<b>Frequency</b>	<b>Percentage</b>
None	46	47.4
1-2	21	22.3
3-4	17	18.4
5 and Above	13	13.4
<b>Total</b>	<b>97</b>	<b>100</b>

As shown in Table 4.5, majority (47%) of the respondents indicated that their enterprises had employed none. 22% of them said that they had employed 1-2 workers. 18% of them said that they had employed 3-4 workers and 13% of them said that they had employed more than 5 employees. This implied that most the women entrepreneurs did not prioritize employing workers due to small profits generated from the business. Employing more than one employee was considered as an extra cost.

#### 4.8 Reason of Investing in SME's

The respondents of the study were asked to indicate the reason behind investment in SME's and the following were the findings as shown in Table 4.6:

**Table 4.6: Reason of Investing in SME's**

<b>Reason</b>	<b>Frequency</b>	<b>Percentage</b>
Lack of formal employment	53	55.4
Skills and ability requirements	07	7.2
Easy of entry	04	4.1
Availability of space	13	13.4
Availability of raw materials	09	9.3
Low capital requirement	11	11.3
<b>Total</b>	<b>110</b>	<b>100</b>

As shown in Table 4.6, majority (55%) of the respondents indicated that they considered investing in SME's due to lack of formal employment despite challenges experienced in the sector. 13% of them indicated that they invested in SME's due to availability of space. 11% of them indicated that they invested because of low capital requirement. 9% of them said that it was due to availability of raw materials. 7% of them said it was due to skills and ability to performance and 4% of them indicated that it was due to easy of entry.

These implied that majority of the women operating SME's were educated but did not have the opportunity to get formal employment after completing their tertiary or university education. Due to lack of formal employment among youths, SME's were the source of livelihood in Meru County (World Bank, 2014).



#### **4.9 Determinants of Performance for Small and Medium Women Enterprises**

The first objective of the study was to establish how financial accessibility influences the performance for small and medium women enterprises. This is where the researcher gathered information how women entrepreneurs access finances to sustain their enterprises. The second objective of the study was to find out how the level of education influences the performance of women enterprises. Here the respondents were asked to provide their skills, trainings and workshops that they have attended to develop themselves in terms of entrepreneurship. The third objective of this study was to determine the influence of gender issues on performance of women enterprises. Here the respondents were required to provide information if they are treated equally, their marital status and if they get support from their families.

##### **4.9.1 Financial Accessibility and Performance of Micro and Small Women Enterprises**

The respondents of the study were asked to indicate the extent to which they agreed on the influence of financial accessibility on performance of women enterprises in Meru County and the following were the findings as shown in Table 4.7:

**Table 4.7: Financial Accessibility**

<b>Items</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
I financed my business through a bank loan	97	3.78	.884
I financed my business through personal savings	97	3.61	.664
I financed my business through loans from family members and well wishers	97	3.58	.587
I financed my business through a self-help group	97	3.47	.673

I financed my business through donor funding	97	3.33	.596
I financed my business through support from NGOs	97	2.10	.498
I financed my business through governments funds	97	2.10	.491
Financial Institutions always demand collaterals like title deeds, guarantors and log books from entrepreneurs before approving loans	97	2.03	.411

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As shown in Table 4.7, it was indicated by the majority of women entrepreneurs that they funded their business through soft loans offered by banks despite high interest rates charged with a mean of 3.78. It was also revealed that some funded their businesses through personal savings with a mean of 3.61 due to the fact that the business did not need a lot of capital to start. It was also revealed that some of the women entrepreneurs funded their business through loan from well-wishers and family members. Some of the women indicated that they funded their businesses through funds received from self-help groups with a mean of 3.47. Some indicated that they financed their business through funds received from donors with a mean of 3.33.

A few of the women entrepreneurs also said that they financed their business through funds received from NGO's despite inconsistency of those funds with a mean of 2.10. Other women entrepreneurs also indicated that they funded their business through funds received from Government economic development initiatives like Youth Fund Programme with. It was also said by some women entrepreneurs that emerged that they funded their business through loans received from micro finance institutions after providing their assets as securities that ranged from title deeds and logbooks.

These findings therefore implied that generally a larger number (71%) of women entrepreneurs indicated that they had experienced financial accessibility challenges when it came to funding their business. Some of the enterprises were not in a position to perform well due lack of adequate capital. It was evident that women entrepreneurs also did not have adequate information about ways of obtaining capital from banks due to high interest rates charged. These finding also corresponds with Women Enterprise Fund (2009) and World Bank (2014) that revealed that financial accessibility was a major challenge to MSE’s establishment in Africa. Due to lack of financial information among entrepreneurs in African countries for instance in Kenya, majority of the women enterprises were likely to fail due to lack of adequate funds.

**4.9.2 Level of Education and Performance of Micro and Small Women Enterprises**

The respondents of the study were asked to indicate the extent to which they agreed on the influence of level of education on performance of women enterprises in Meru County and the following were the findings as shown in Table 4.8:

**Table 4.8: Level of Education and Performance of Micro and Small Women Enterprises**

Items	N	Mean	SD
I have the ability to develop plans that will give my business an added advantage compared to others	97	3.41	.781
I have management skills to enable me develop business decisions	97	3.41	.744
I attend regular workshops on entrepreneurs	97	2.80	.687

The County has initiatives of training women entrepreneurs	97	2.10	.621
I have the ability to understand factors that influence the demand of products and services in the market	97	2.10	.574

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As shown in Table 4.8, it was revealed that the ability of women entrepreneurs to develop plans contributed to performance of Micro and Small Enterprises with a mean of 3.41. However, it was evident that some of the women entrepreneurs did not have effective management skills due to high chances of failure of their enterprises. Despite accessing funds from banks and microfinance institutions, some women entrepreneurs were not in a position to channel the amount to income generating business.

Mismanagement of funds was as a result of poor planning and management skills among women entrepreneurs. Some also indicated that attending entrepreneurial workshops was likely to contribute to performance of their business with a mean of 2.80 despite lack of support from the Government. It was also said by women entrepreneurs that the County Government had done little with regard to empowering entrepreneurs in Meru County with a mean of 2.10. This was evident as most of the women entrepreneurs indicated that they started their businesses without receiving any training from their County Government.

It emerged that the collapse of many MSE's in Meru was associated with lack of knowledge among women entrepreneurs. It was further indicated that ability to understand factor that influenced supply and demand forces of products and services was a key determinant of MSE's performance in Meru County with a mean of 2.10. However, it was evident that most of the women entrepreneurs did not have basic

business management skills to anticipate business trends for their business to survive in the changing business environment.

These finds are supported by Mhangami (2011); Sha (2004); Ongori and Migiro (2011) who established that basic business education among entrepreneurs was one of the drivers of the MSE’s sector. They revealed that entrepreneurs’ level of education was a determinant of successful businesses. Entrepreneurs with basic education on business management, financial literacy and marketing skills were likely to perform well and vice versa. It was noted that through formal education, entrepreneurs can compete locally and internationally thus promote economic developments in developing and developed countries.

#### **4.9.3 Gender Issues and Performance of Micro and Small Women Enterprises**

The respondents of the study were asked to indicate the extent to which they agreed on the influence of financial accessibility on performance of women enterprises in Meru County and the following were the findings as shown in Table 4.9:

**Table 4.9: Gender Issues and Performance of Micro and Small Women Enterprises**

<b>Items</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Women entrepreneurs are given equal treatment by County Government officials	97	3.13	.665
The County endorses women projects compared to men projects	97	3.13	.654
Women entrepreneurs are always given formal trainings on business management	97	3.18	.623

Majority of women entrepreneurs are married	97	3.21	.584
Majority of women entrepreneurs get support from their families to start the business	97	3.21	.486

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As shown in Table 4.9, it was revealed that women entrepreneurs were not given equal treatment by County Government officials with a mean of 3.33. This implied that County official were harsh on women entrepreneurs compared to men entrepreneurs. Some indicated that women projects were not endorsed by the County with a mean of 3.33. This implied that women projects were discriminated compared to male projects. Some of them also revealed that they did not receive formal trainings on business management from the County Government with a mean of 2.18. It was also found that majority of the women in the MSE's sector were separated women with a mean of 3.21.

This implied that domestic violence associated with poverty contributed divorce and other others opted to stay single and rely on their businesses to self-sustainability. It was also indicated that majority of women entrepreneurs did not get adequate support from their families to start business with a mean of 3.21. This implied that majority of the families' perceived women as weaker individuals in the society who were supposed to take care of children instead of competing with men. It was the notion that women who participated or operated small business were more likely to divorce due to financial dependency and vice versa. Further, it emerged that majority of the men were unsecure with women entrepreneurs.

This findings are in line with Onugu (2005); Oketch (2000); Omwono, Oyugi, Wanza, (2015) and Mwanja (2015) who also established gender issues were key in the performance of MSE's in developing countries. It was noted that women enterprises were likely to fail by 43% compared to male enterprises. It was established that women were discriminated due to traditions and cultural values. Some communities were completely against women participation in business and leadership. From the African culture perspective, women are perceived to be care takers of children and their husbands.

**Table 4.10: Performance of Micro and Small Women Enterprises**

<b>PERFORMANCE</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Performance of my business is measured by profits	97	5.73	.765
Performance of my business is measures based on costs incurred	97	4.53	.754
Performance of my business is measured customer satisfaction	97	4.48	.723
Performance of my business is measured based on expansion and growth prospects	97	4.31	.644
Performance of my business is measured based on volume of sales	97	4.31	.656

As shown in Table 4.10, it was revealed by most of the respondents that performance of their businesses to a larger extent was measured by profits generated with a mean of 5.73, costs incurred to operate the business with a mean of 4.53, level of customer satisfaction with a mean of 4.48, business expansion with a mean of 4.31 and volume of sales with a mean of 4.31. These findings corresponds with that of Mwanja (2015) who also revealed that performance of any enterprise was measured using profits

generated over a given period of time, level of innovation, volume of sales, customer loyalty and minimal costs of operation.

#### 4.10 Inferential Statistics

The tests that were used to assess the effectiveness of the multivariate econometric model include tests for normality, homogeneity, homoscedasticity, multicollinearity and autocorrelation.

##### 4.10.1 Diagnostic Tests

Prior to subjecting the data to regression analysis, diagnostic tests were first carried out on the collected data to establish if it conformed to the requisite assumptions.

##### 4.10.2 Normality Test

**Table 4.11: Normality Test**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	P.value
Performance women enterprises in Meru County	.114	1000	.000	.943	1000	.000

As illustrated in Table 4.11, since the sample size was larger than 50, Kolmogorov-Smirnov test was used as shown in Table, 4.11. The probability associated with the test of normality is  $< 0.001$  or equal to the level of significance (0.05), it therefore means that normality test was violated. This findings conforms with Hair, Black, Babin, Anderson and Tatham (2015) who suggest that normality condition is satisfied if the p-values is greater than 0.05 and if is less than 0.05 is violated.



### 4.10.3 Homogeneity Test

**Table 4.12: Homogeneity Test**

<b>Performance of women enterprises in Meru County</b>				
	<b>Levene Statistic</b>	<b>df1</b>	<b>df2</b>	<b>P-value</b>
Financial Accessibility	113.791	1	998	.000
Level of Education	9.720	2	997	.000
Gender Issues	8.296	42	957	.000

As shown in Table 4.12 above, test of homogeneity was used to check whether the residual errors were constant or had a clear pattern of convergence or divergence. As indicated in Table 4.12 above, there was a constant variance ( $p\text{-value} < 0.05$ ) in all the three predictor variables. It therefore means that homogeneity test was met.

### 4.10.4 Homoskedascity Test

**Table 4.13: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	0.923	0.852	0.789	0.6273

Homoskedascity refers to the variance of the error term when it was constant and similar for all observations. If the model was significant level of heteroskedasticity, the error term varied in line with the observations making the analysis inefficient (Saunders, Lewis & Thornhill, 2012).

#### 4.10.5 Multicollinearity Test

**Table 4.14: Multicollinearity Test**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
<b>(Constant)</b>	.536	2.179		.246	.806	-3.741	4.812		
<b>Financial Accessibility</b>	-5.940	.522	-.233	-11.383	.000	-6.964	-4.916	.741	1.349
<b>Level of Education</b>	-.105	.303	-.007	-.346	.730	-.700	.490	.833	1.200
<b>Gender Issues</b>	.159	.038	.174	4.228	.000	.085	.233	.184	5.433

Dependent Variable: Performance Women Enterprises in Meru County

As shown in Table 4.14, Multicollinearity was tested based on the Variance Inflation Factor (VIF) that indicated that there was no problem of multicollinearity since the VIF values of the three independent variables were less than the critical value of 10. This corresponds with Cooper and Schindler (2006) who argue that the problem of multicollinearity exist when VIF values are greater than 10 or tolerance values are less than 0.1. It therefore means that a three factor model could be used in forecasting Performance women enterprises in Meru County. This is also supported by the values of tolerance which are greater than 0.1 for all predictor variables. Saunders, Lewis and Thornhill (2012) argue that multicollinearity involves the correlation between the independent variables. The presence of multicollinearity makes it difficult to isolate the

impact of each independent variable on dependent. The tolerance of the predictors in the regression model was determined as well as the variance inflation factor.

#### 4.10.6 Autocorrelation Test

**Table 4.15: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
dimension0 <sup>1</sup>	.817 <sup>a</sup>	.667	.664	5.91201	.667	220.374	9	989	.000	1.824

**Predictors:** (Constant), Financial Accessibility, Level of Education and Gender Issues  
**Dependent Variable:** Performance Women Enterprises in Meru County

Black (2010) argue that autocorrelation in linear regression is assessed using the Durbin Watson test (d) statistic. Autocorrelation occurs when regression errors are correlated across observations and the value of the Durbin Watson statistics indicates the absence or presence of the issue. As a rule of thumb, autocorrelation was not considered to be present when Durbin Watson static takes values between 0 and 4. Therefore, in this study, there was no problem of autocorrelation because Durbin Watson test was 1.824~2.

#### 4.11.2 Model Summary

**Table 4.16: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.923	0.852	0.789	0.6273

As shown in Table 4.18, independent factors that were studied explained only 85.2% of determinants of performance for micro and small enterprises in Kenya. Performance for micro and small enterprises in Kenya was represented by the R<sup>2</sup>. This therefore meant that other factors not studied in this research contributed to 14.8% performance for micro and small enterprises in Kenya. Therefore, further research should be conducted to investigate the other determinants (14.8%) that influence performance for micro and small enterprises in Kenya.

**Table 4.17: ANOVA Test**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig</b>
Regression	0.003	7	.001	3.867	_.015 <sup>b</sup>
Residual	0.068	77	.021		
Total	0.071	84			

From the ANOVA statistics in Table 4.19, the processed data, which is the population parameters, had a significance level of 0.015 which shows that the data was ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 0.05. The calculated was greater than the critical value (2.262 < 3.869) an indication that financial Accessibility, Level of Education and Gender Issues were significantly influencing performance for micro and small enterprises in Kenya. The significance value was less than 0.05, an indication that the model was statistically significant.

**CHAPTER FIVE**  
**SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND**  
**RECOMMENDATIONS**

**5.1 Introduction**

This chapter presents the summary of the study findings as per the study objectives, conclusions based on those findings and recommendations which are based on both the study findings and other relevant literature considered necessary and vital to be used in future to improve the study situation.

**5.2 Summary of Findings**

**5.2.1 Financial Accessibility and Performance of Micro and Small Women Enterprises**

It was revealed that most of the women entrepreneurs generally experienced financial accessibility challenges. It emerged high interest rates were charged by banks on loans offered to women entrepreneurs. Most of the women opted to fund their businesses using funds provided by Sacco's and Microfinance institutions. Further majority of the women business were established through personal savings and support from well-wishers and donors.

**5.2.2 Level of Education and Performance of Micro and Small Women Enterprises**

It was established that most of the women entrepreneurs did not have basic business management skills to operate their business. It emerged that entrepreneurship trainings were not conducted by the Ministry of Trade. Despite the operation of the enterprises,

most of the women entrepreneurs were not conversant with planning skills and anticipation capabilities of changing business trends.

### **5.2.3 Gender Issues and Performance of Micro and Small Women Enterprises**

It was established that most of the women enterprises were not performing well due gender related issues. Due to cultural issues, traditions and norms, women entrepreneurs were perceived as caretakers of children and their husbands but not business entrepreneurs. It was evident that women entrepreneurs faced harassment from County officials compares to men entrepreneurs. Majority of the men were not willing to empower their ladies to engage in entrepreneurship due to cultural norms.

### **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 (Common Wealth Secretariat, 2012). 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 (Common Wealth Secretariat, 2012).

From the descriptive analysis of determinant of micro and small enterprises performance by women, the finance accessibility, the level of education and the gender

issues have an influence in performance of micro and small enterprises performance by women hence we accept the research questions.

### **5.3.1 Financial Accessibility and the performance of Micro and Small Women Enterprises**

The study sought to investigate whether financial accessibility influence performance of women enterprises, the results showed that majority of the women 73% experience challenges in accessing finance. This means that majority of these women entrepreneurs borrow from amongst themselves due to high interest rates charged by the banks. These findings are in line with those by (Wanjohi, 2008) which state that one of the general problems that MSEs face is not accessing capital. In Kenya, young entrepreneurs to usually depend on self financing or borrowing from friend and relatives which is not good enough for the success of entrepreneurship ventures (Kapila 2008). 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; Eden (2014), Daniels (2013) and Kinyanjui (2016). The problem associated with capital includes high interest rates charged, lack of collateral as a security for loans, fear of defaulting, lack of guarantors, lack of securities and lack of bank statement due to non-banking.

### **5.3.2 The level of education and the performance of Micro and Small Women Enterprises**

The study sought to investigate whether women's level of education influences the performance of their micro and small enterprises. The results shows that majority of the women with a mean of 3.41 shows that with high skills women entrepreneurs have the ability to plan their enterprises which give their business an added advantage. Also,

management skills are required in order for women entrepreneurs to make the right decisions. According to MSE Baseline Survey, 1999, it showed that it is important for women entrepreneurs to attend regular workshops to familiarize themselves with the current entrepreneurship for sustainability of their businesses. 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 MSE sector. 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 Gender issues and the performance of Micro and Small Women Enterprises**

Further, the study sought to investigate whether gender issues influence the performance of micro and small enterprises owned by women. The study showed that the mean of 3.13 women entrepreneurs are given equal treatment by County Government as well as their projects being endorsed in equal measure with men. The study also showed that majority of women entrepreneurs get support from their families to start their businesses.

### **5.3 Conclusions**

From the findings of the study, it can be concluded that, for women enterprises to prosper in developing countries, governing regimes should prioritize the entrepreneurship sector through funding projects initiated by individual entrepreneurs. New policies should be enacted by Acts of parliament to empower employees through



training. The private and public sector should partner to create more opportunities to young entrepreneurs thus economic stability.

The Government should encourage self-employment by introducing entrepreneurship studies in the school curriculum. This would provide the basic business management skills to entrepreneurs and enhance the spirit of entrepreneurship among learners. Therefore, to eradicate or minimize the high level of unemployment in developing countries, entrepreneurship is the only competitive driver.

#### **5.4 Recommendation of the Study**

It was established that financial accessibility was a major challenge among women entrepreneurs. Therefore, this study recommends that the Government should intervene through the Central Banks and regulate policies that contribute to high interest charged by Commercial banks when giving loans. The Government should subsidize the amount of money paid to acquire trading licenses among women enterprises. The Government should sign Memorandum of Understanding that promote women enterprises with International NGO's and Investors thus economic development.

It was revealed that majority of the women entrepreneurs did not have basic business management skills to operate their enterprises more effectively and efficiently. Therefore, this study recommends that the Government should partner with Commercial Banks, Sacco's and Microfinance through Ministry of Trade and Industrialization to train women entrepreneurs on financial management skills, strategic planning skills and marketing skills to enhance performance of the sector. All women

entrepreneurs should be training on computer skills to enable them market their products and services through online platforms.

It was indicated that gender issues had to poor performance of women enterprises in Meru County. Therefore, this study recommends that the Government through the Ministry of Gender and Social Issues develop policies that protect interest of both women and men without discrimination. Women entrepreneurs should be encouraged to participate in leadership and business. Sensitization on gender discrimination should be conducted among communities by NGO's to encourage women empowerment thus economic stability.

Therefore, based on the challenges experienced by women entrepreneurs, this study recommends that, the Government should play a major role in increasing an environment that promote the entrepreneurial spirit ranging from investment in road networks, technology, and communication.

### **5.5 Suggestion for further study**

This study recommends that future research to be directed towards validating the results of this study by conducting a similar research in other sectors in Kenya. This research was descriptive and was conducted among women enterprises in Meru County, therefore future research should consider using a longitudinal survey. This study concentrated on the influence of determinants of the performance Micro and Small Enterprises in Kenya, but future studies could explore the other factors that will lead to sustainability of the sector. Further research could also be extended to other sectors.

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## APPENDICES

### Appendix 1: Letter of Transmittal

**THURANIRA LYDIA KIENDE**

**University of Nairobi**

Dear Respondent,

**RE: MASTER OF ARTS IN PROJECT PLANNING AND MANAGEMENT RESEARCH STUDY**

I am a Post graduate student at the University of Nairobi, Department of Extra Mural Studies undertaking Masters of Arts in Project Planning and Management research proposal on '*Determinants of Performance for Micro and Small Enterprises in Kenya: A case of Women Enterprises in Meru County, Kenya*'

As a requirement of the course, am requesting you the give accurate and objective information that will enhance competitiveness of the micro and small business sector in Kenya. I hope that this study will result to findings that would lead to beneficial recommendation on the survival of women enterprises in Meru County. Information given will be treated with utmost good faith and confidentiality. The final Report will be submitted to your organization on request for policy making.

Yours sincerely,

**Lydia Thurania**

## Appendix 2: Questionnaire

This questionnaire is designed to gather information about factors influencing the choice of small scale business enterprise by women entrepreneurs in Meru Market. Kindly respond to each question appropriately by filling the relevant information. Your response will remain anonymous and will only be used for the purposes of this study. All the information in this questionnaire is confidential therefore DO NOT INDICATE YOUR NAME. Please respond to all questions in all the sections.

### PART A: PERSONAL DETAILS

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#### 1. What is your age bracket (tick as appropriate)

- a) Below 25 years
- b) 25 – 35 years
- c) 35 – 44 years
- d) Above 44 years

#### 2. Marital Status

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

#### 3. Family size

- a) Less than 3
- b) Between 3 – 5
- c) More than 5

#### 4. How long have you been in operation?

- a) Less than three years
- b) 3 – 5 years
- c) More than 5 years

#### 5. How many people have you employed in your business?

- a) None
- b) 1 – 2

- c) 3 – 4 ( )
- d) Above 5 ( )

**6. Why did you choose to invest in this business?**

- a) Low capital requirement ( )
- b) Skills and ability requirements ( )
- c) Easy of entry ( )
- d) Availability of space ( )
- e) Availability of raw materials ( )
- f) Others (specify)

.....  
 .....

**PART B: DETERMINANTS OF PERFORMANCE FOR MICRO AND SMALL WOMEN ENTERPRISES IN MERU COUNTY**

By ticking in the space provided indicate the extent to which you feel the following factors influence Performance your business in Meru County.

**5 – Strongly agree 4 – Agree 3 – Moderate 2 – Small extent 1 – Not at all**

**SECTION A: FINANCIAL ACCESSIBILITY**

**1. To what extent do you agree with the following statements with regard to performance your business in Meru County?**

<b>Financial Accessibility</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
I financed my business through a bank loan					
I financed my business through personal savings					
I financed my business through loans from family members and well wishers					
I financed my business through a self-help group					
I financed my business through donor funding					
I financed my business through support from NGOs					
I financed my business through governments funds					

Financial Institutions always demand collaterals like title deeds, guarantors and log books from entrepreneurs before approving loans					
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**2. How else does financial accessibility influence performance of your enterprise?**

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**SECTION B: LEVEL OF EDUCATION**

**3. To what extent do you agree the following statements on performance of your business in Meru County?**

<b>Level of Education</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
I have the ability to develop plans that will give my business an added advantage compared to others					
I have management skills to enable me develop business decisions					
I attend regular workshops on entrepreneurs					
The County has initiatives of training women entrepreneurs					
I have the ability to understand factors that influence the demand of products and services in the market					

**4. How else does your level of education influence performance of your enterprise?**

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**SECTION C: GENDER ISSUES**

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**5. To what extent do you agree the following statements on performance of your business in Meru County?**

<b>Gender Issues</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Women entrepreneurs are given equal treatment by County Government officials					
The County endorses women projects compared to men projects					
Women entrepreneurs are always given formal trainings on business management					
Majority of women entrepreneurs are married					
Majority of women entrepreneurs get support from their families to start the business					

**6. How else do gender issues influence performance of your enterprise in the County?**

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**7. To what extent do you agree with the following statements on performance of your business enterprise in Meru County?**

<b>PERFORMANCE</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Performance of my business is measured by profits					
Performance of my business is measures based on costs incurred					

Performance of my business is measured customer satisfaction					
Performance of my business is measured based on expansion and growth prospects					
Performance of my business is measured based on volume of sales					

**Thank you for your Cooperation**



### Appendix 3: Research Authorization



#### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

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NAIROBI-KENYA

Ref. No.

**NACOSTI/P/16/81027/15148**

Date:

**13<sup>th</sup> December, 2016**

Lydia Kiende Thurania  
University of Nairobi  
P.O. Box 30197-00100  
**NAIROBI.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“Determinants of performance of Micro and Small Enterprises in Kenya: A case of women enterprises in Meru County, Kenya,”* I am pleased to inform you that you have been authorized to undertake research in **Meru County** for the period ending **13<sup>th</sup> December, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Meru County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

**BONIFACE WANYAMA  
FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Meru County.

The County Director of Education  
Meru County.

*National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified*