



**CHALLENGES FACING GROWTH OF SMALL AND MEDIUM
ENTERPRISES OWNED BY WOMEN IN KAKAMEGA MUNICIPALITY**

BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF
MASTERS 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 never been presented for the award of any degree in any other university

Signature: í í í í í .í í í Date: í í í í í í í í í í í í .

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

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DEDICATION

I dedicate this research proposal to my great family for their unrelenting and perpetual support, moreso to my father Nelson Odinga for being a shrewd and astute mentor that has taught me the values of life. May God grant him longer life to cultivate that culture onto his generations. Further dedication is made to the members of the academia for their quest for intellectual fulfillment.

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ABREVIATIONS AND ACRONYMS

DDS: business development services

DPOs :Disabled Persons Organizations

GEM: Global Entrepreneurship Monitor

GDI: Gender Development Index

GDP: Gross Domestic Product

GOK: Governemnt of Kenya

GoR :Government of Rwanda

GTZ Deutsche Gesellschaft für Technische Zusammenarbeit (German Development Agency)

ILO: International Labour Organization

NEP: New Economic Policy

ICDC :Industrial Credit Development Corporation

KIBT :Kenya Institute of Business Training

KIPPRA ;Kenya Public Policy Research and Analysis

KWFT :Kenya Women Finance Trust

MFIs :Microfinance Institutions

MSEs :Micro and Small Enterprises

NASEWOK ;National Association of Self-employed Women of Kenya

SEWA :Self-Employed Women Association

SME: Small And Medium Enterprise

WEDCO :Women's Economic Development Co-operation

WEDGE :Women's Entrepreneurship Development and Gender Equality

WEEC :Women Economic Empowerment Consort

WOEs:Wome Owned Enterprises

ABSTRACT

Women-owned small and medium enterprises (SMEs) are facing growth challenges in Kakamega Municipality of Kakamega County. Most women in the SMEs are the sole bread winners of their families, having lost their husbands to either HIV/AIDS pandemic, drinking-related illnesses or political violence. This leaves them with an uphill task of solely bringing up their families, which are usually large. Kakamega County is located 410 km North West of Kenya's capital, Nairobi, being a provincial headquarters with a peri-urban population; most people rely on small and medium enterprises as the alternative mode of subsistence. The area of the study was Kakamega Municipality in Kakamega County in western province. This research was guided by five core objectives: to investigate whether technology influences the growth of SMEs owned by women in Kakamega Municipality of Kakamega County; to assess how access to finance by women-owned enterprises influences the growth of SMEs owned by women in Kakamega Municipality; to establish whether demographic factors affect the growth of SMEs owned by women in Kakamega Municipality; to find out how socio-cultural factors affect the growth of SMEs owned by women in Kakamega Municipality; to find out how infrastructure influences the growth of SMEs owned by women in Kakamega Municipality. The sample size consisted of 85 women-owned SMEs drawn from a total population of 600 registered and licensed by the Kakamega Municipal Council, which is solely responsible for the issuance of legal operation status of businesses within its jurisdiction. The respondents were selected using simple random sampling. Questionnaires and interview schedules were used as research instruments. On the validity of instruments, the researcher used content validity. The study findings revealed that access to finance and credit facilities hugely affected the growth of women-owned SMEs within Kakamega Municipality. Lack of or insufficient capital for expansion led to the collapse of many businesses. Poor infrastructure, like bad and dilapidated road networks, greatly impacted negatively on the growth of women-owned SMEs due to delays in delivery, high cost of transport. This made some women relocate to central, easily accessible places, thus losing their former clientele base. Socio-cultural factors had no much impact on the growth of women-owned SMEs due to modernity and diversity of our culture. Demographic characteristics had a bigger influence on the growth of businesses owned by women. The study has revealed that education largely influenced the growth of women-owned SMEs in Kakamega Municipality. Married women also appeared to have steady businesses as compared to single, widowed, and divorced women. This showed that family stability affected the growth of the businesses. Modern technology has largely resulted in easier management of the businesses owned by women, which in turn has led to their growth. The study has established that the use of mobile phones largely led to the growth of many enterprises as it makes communication easy, it also makes monitoring of various business processes less cumbersome. Mobile phone money transfer also made it easier to pay debts to suppliers far away without having to meet physically. The recommendations made were mainly targeted at the government and they were: The government should adopt a clear and less sophisticated loaning policy to uplift women entrepreneurs and fully implement the Women Enterprise Funds in the Ministry of Youth and Sports. There should be identification of lucrative business ideas and proposed to women through various initiatives rolled out across the country to enable women to see entrepreneurship as a source of employment and not a last resort means after failing to secure formal employment. The central government should mobilise funds toward the development and upgrade of infrastructure, especially road networks which are dilapidated and sometimes inaccessible during bad weather. Women should actively stand up and take their position in the male-dominated world to



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through a national campaign taken to the county level encouraged and given incentives to take up business challenges, Commercial banks and other micro finance institutions should come up with an attractive package for women who involve in business. this should have friendlier terms of interest rates and repayment period.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The small and micro enterprises (SMEs) play an important role in the Kenyan Economy. According to the Economic Survey (2006), the sector contributed over 50 percent of new jobs created in the year 2005. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). According to Amyx (2005), one of the most significant challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often larger companies are selected and given business for their clout in the industry and name recognition alone.

Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises (Longenecker, *et al.*, 2006). Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development (Oketch, 2000; Tomecko & Dondo, 1992; Kiiru, 1991).

Education is one of the factors that impact positively on growth of firms (King and McGrath, 2002). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments (King and McGrath, 1998). Infrastructure as it relates to provision of access roads,



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telecommunication has been a major constraint in the & Mutiso, 1999).

As with many developing countries, there is limited research and scholarly studies about the SME sector in Kenya. The 1999 National Baseline Survey conducted by Central Bureau of Statistics, ICEG and K-Rep Holdings provides the most recent comprehensive picture of SMEs in Kenya. Mead (1998) observes that the health of the economy as a whole has a strong relationship with the health and nature of micro and small enterprise sector. When the state of the macro economy is less favourable, by contrast, the opportunities for profitable employment expansion in SMEs are limited. This is true especially for those SMEs that have linkages to larger enterprises and the economy at large. Given this scenario, an understanding of the dynamics of SMEs is necessary not only for the development of support programmes for SMEs, but also for the growth of the economy as a whole. Given the importance of small businesses to the Kenyan economy and the exposure to risks owing to their location, there was need to conduct an empirical enquiry to investigate the challenges SMEs owned by women in Kakamega Municipality face and how they manage those challenges.

1.2 Statement of the Problem

The focus of women's role in developing the country has evolved over a long period of time. In the past women have been viewed as home makers who have no control of resources and dependence. Kenya has so far made milestones with many reforms having been made to see that women actively take up roles in the society that were previously viewed as male dominated. One of the milestones is Vision 2030 and the New Constitution enacted in 2010 has spelt out clearly the role of women.

Small and Micro Enterprises (SMEs) play an important economic role in many countries. In Kenya, for example the SME sector contributed over 50 percent of new jobs created in 2005 but despite their significance, SMEs are faced with the threat of failure with past statistics indicating that three out of five fail within the first few months. This will seek to understand how SMEs manage the challenges they face. These challenges seem to change (evolve) according to different macro and micro conditions. This study will employ stratified random sampling to

interviews and questionnaires. The data will be analysed
figures, tables and percentages.

Kenya has had a long history of economic leadership in East Africa as one of its largest and most advanced economies. However, inconsistent efforts at structural reforms and poor policies over the past couple of decades have generated a prolonged period of decline in development indicators and significantly eroded the leadership position at a time when other countries in the region have made significant strides.

SMEs in Kenya face numerous constraints in accessing affordable finance for small business primarily in: issues of access to loans without collateral and access to the formal sector. Due to limited land ownership status in Kenya (Property Rights in Kenya), they are unable to provide collateral needed for loan requests. According to The World Bank report on SMEs entrepreneurs, women make up nearly half of all Small and Medium Enterprises owners and 40 percent of smallholder farm managers, yet they have less than 10 percent of the available credit and less than 1 percent of agricultural credit. This issue has been identified by the Kenyan government as a major constraint inhibiting the growth of the SME sector and more so for women entrepreneurs. But little has been understood about their operations, ownership, source of capital and the key challenges that they face as they propel growth of the Kenyan economy. This could be the reason why they should be supported to graduate from their current state. For one, lack of insight on the sector has left policy makers, key support players such as financial institutions and others groping in the dark on how best to implement SME policies

Women in the SME (small and medium enterprises) sector face a number of serious obstacles. Among these are: gender-blind or gender-insensitive macroeconomic policies; complex tax policies and compliance procedures; gender-based inequalities in employment policies and regulations; complex business registration and licensing procedures for the smallest micro-enterprises (where the majority of women are found); lack of cultural acceptance for the role of entrepreneurship for women; limited access to appropriate business premises; limited access to BDS (business development services); lack of collateral due to property ownership practices; lack of access to term loans and sufficient working capital to meet their needs (the gap between the micro-finance ceiling and the minimum loan requirements of banks); and the

management capacity among women's advocacy groups face a number of gender-related problems: a lack of property rights over assets; lack of confidence in women by bank officers; discouragement from men when starting or formalizing businesses; social restrictions regarding networking with men in business; and suppliers sometimes insisting that they deal with the entrepreneur's husband when decisions are being made (ILO, 2003). to raise funds. It is upon this statement that the study sought to find out the challenges that face growth of SMEs owned and run by women in Kakamega Municipality.

1.3 Purpose Of The Study

The purpose of the study was to establish the challenges facing growth of small and medium enterprises owned by women in Kakamega Municipality of Kakamega County.

1.4 Objectives of the Study

The objectives of the study were:

1. To investigate whether technology influences the growth of SMEs owned by women in Kakamega municipality of kakamega county.
2. To assess how access to finance by women owned enterprises influences growth of SMEs owned by women in Kakamega Municipality.
3. To establish whether demographic factors affect growth of smes owned by women in kakamega Municipality.
4. To find out how socio-cultural factors affect growth of SMEs owned by women in kakamega Municipality.
5. To find out how infrastructure influences the growth of SMEs owned by women in Kakamega Municipality.

1.5 Research Questions

The research questions which were adopted for the purpose of this study were:

1. How does technology influence the growth of SMEs owned by women in kakamega municipality?

influence the growth of SMEs owned by women in

3. How does demographic factors affect growth of smes owned by women in kakamega municipality?
4. How does socio-cultural factors affect the growth of SMEs owned by women in kakamega Municipality?
5. What is the influence of infrastructure on growth of smes owned by women in kakamega municipality?

1.6 Significance Of The Study

The study sought to understand better the challenges that women face in managing their businesses to make good returns. The finding of the study was expected to provide strategies to address the challenges facing such traders. The researcher expected that the findings will help even the general public and society to understand better and make better decision when it comes to long term investments. The researcher also expected that the recommendations arrived at will help the women involved to come up with better and more flexible management procedure to make it easy for management. Economic planners are expected to use this knowledge to come up with sound policies that can improve this sub-sector so as to assist women entrepreneurs uplift their sinking businesses. By addressing such issues the government may come up with better policies that are aimed at helping women improve their entrepreneurship skills. For example Vision 2030 and the New Constitution of 2010. The citizens of the country were also expected to appreciate the role of women as not only kitchen owners but also capital owners.

1.7 Assumptions Of The Study

The study was based on the following assumptions: That all respondents selected were cooperative and willingly gave correct information that gave accurate, measurable and consistent results. That target groups were not affected by any calamity that influenced the outcome of the study.

1.8 Limitations Of The Study

g limitations: That the respondents were widely spread
difficult to reach out to them effectively.the interviews used

in data collection consumed more time and were costly.Th researcher overcame these limitations
by setting time frames for conducting the interviews thereby saving time and money by avoiding
repeat visits.

1.9 Delimitations Of The Study

The study was limited to Kakamega Municipality which is approximately 200 sq
kilometres.questionnaires were issued to to a total of 85 women owned SMEs who were
randomly selected from a cross section of a population of 600 women owned SMEs spread
across kakamega municipality of kakamega county.

1.10 Definitions Of Significant Terms as used in the study

Budget: a periodic statement of programme for national revenue and expenditure .

Department: a section of an organization (e.g. a government or other administration) with
responsibility for one particular aspect or part of the organizations work.

Growth of SMEs: change in status in terms of size and financial output.

Infrastructure:supportive measure eg roads,electricity,water services and sewage services

Implementation: putting into effect the programme of reforms in the procurement departments
or special schools

Modern technology:relevant knowledge in machines and equipoment,for example
computers,calculators,ATM machines,fax,mobile phones and other communication equipments.

Performance:this is a qualitative change in the micro and small scale entrepreneurship

Project: a scheme, activity or a plan for a group to take part in.
performance

SME:small and medium enterprises

Training:the acquisition of basic technical managerial skills relevant to manage the small scale
entreneurship.

Woman entrepreneur: a female human being

1.11 Organizaton of the Study

of the study, the statement of the problem, the purpose of search questions, the significance of the study, limitations and delimitations of the study and the definition of significant terms as used in the study.

Chapter two represents literature review related to the topic.

Chapter three discusses studies on research methodology which includes: research design, target population, sampling procedure, data collection procedures, data collection instruments, reliability and validity of instruments, pilot testing and data analysis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will highlight key concepts of the literature review that was relevant to the study.

2.2 Facts about Women Entrepreneurs around the World

Female entrepreneurs often tend to pursue business in a limited number of sectors, in which women traditionally are economically active. The vast majority of female entrepreneurs, applying to both developed and developing countries, is doing business in the retail and service sectors.

Evidence from different countries in the West indicates that female business owners prefer to start their business in sectors where female employment is concentrated (e.g., Luber and Leicht 2000; McManus, 2001). Most women-owned businesses are in wholesale and retail trade, hotel and restaurants, and services because of low barriers of entry. Those engaged in manufacturing activities, are often involved in sectors dominated by women, e.g., food processing or some branch of the clothing and textiles sector. In many instances, traditional crafts (e.g., gold embroidery, carpet weaving, and silk weaving in countries such as Uzbekistan) play an important role in women's business activities. The choice of sector is accounted for by a combination of resource constraints, environmental uncertainty and specific female aversion to risk-taking, which lead them to engage in activities with low entry thresholds and low financial risk.

This pattern helps explain why female businesses are typically smaller in employment and sales than their male counterparts. The mechanisms are partly due to the start-up objectives

...wish to be independent, family income), partly sectoral and other resource constraints. The majority of women-owned enterprises around the world are micro-enterprises, employing less than 10 people, hence their generally relatively limited input into total employment.

Several studies appear to confirm gender differences in business outcomes for women and men entrepreneurs, both across representative samples of firms and within specific business niches (e.g., Du Rietz and Henrekson, 2000; Kalleberg and Leicht, 1991; Rosa et al., 1996; McManus, 2001; Ruane and Sutherland, 2007). However, gender-specific differences in survival and growth rates are marginal or may even disappear when data is controlled for industry and size (Du Rietz and Henrekson, 2000; Rosa et al., 1996). The sectors women generally prefer for starting a business are mostly characterized by high turbulence rates, thus providing relatively few opportunities for rapid business growth (Storey, 1994; Robb and Wolken, 2002). Additionally, researchers often underline the presence of varying success criteria for male and female entrepreneurs (e.g., Buttner and Moore, 1997; Stevenson, 1986; Watson and Robinson, 2003).

Overall, most studies of the influence of gender on business performance and growth from western economies conclude that women-owned businesses perform less well. It also appears that under-resourcing at start-up contributes to this situation (Carter et al., 2001). Women tend to have fewer resources to start up business, which is manifested in personal savings being less available; women are investing less in their businesses; women often also appear less successful in the achievement of their business goals, in business performance and growth (e.g., Welter et al. 2006). Also a factor is that financial gain does not represent such an important start-up goal as, for instance, independence or flexibility to interface family and work commitments, full control of all aspects of their business, etc. (Brush 1992, Rosa et al. 1996; Mukhtar, 2002).

The involvement of women in entrepreneurship and small businesses includes co-entrepreneurship, as well as women as sole, or majority, owners. Interestingly, however, there is evidence that in some countries, such as Kyrgyzstan and Ukraine, female co-entrepreneurs typically are leading their businesses, with their husbands/partners playing minor roles in management (Welter et al. 2006). This may be explained by the motivations of women, who very often come into business because of the necessity to provide an income for their families. Although there is a lack of official data, available statistics show the importance of SMEs is on



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side we can observe an increase in WOE, although there According to the Global Entrepreneurship Monitor,

entrepreneurial activity can be divided into two groups of entrepreneurs. Whereas the first group refers to entrepreneurs who seek to take advantage of unique business opportunities (opportunity-based entrepreneurs), the second group refers to those entrepreneurs who cannot find a job and consequently choose to start a new business in order to survive (necessity-based entrepreneurs). This distinction is imperative for the further discussions on women owned enterprises, however. While necessity-based entrepreneurship is quite low in developed countries, this type of entrepreneurship is dominating in most developing countries, and especially in countries such as Uganda, Venezuela and Brazil where the participation of female entrepreneurs is very high (GEM, 2005). In other words, the prevalence of necessity-based entrepreneurship seems to coexist with high levels of WOE.

But there is more to it than this. While necessity-based entrepreneurship seems to co-exist with economic growth in most developing countries, opportunity-based entrepreneurial activity accomplishes economic growth in developed countries. Taking into account that developing economies increasingly are faced with the demand to reshape their production and adapt their competition to be more oriented towards innovation (and opportunity-based entrepreneurship), issues such as how to encourage the movement from necessity to opportunity-based entrepreneurship and to increase women's participation in this process, suddenly become paramount. The shift involves/requires a considerable upgrading of skills. Moreover, the simple dichotomy inherent in classifying entrepreneurship into necessity- and opportunity-based neglects both that entrepreneurs generally start their businesses for a variety of reasons and that this might shift over time and during business development.

Figure 1: Categories of women entrepreneurs (by reasons/motivations for starting the business) in Developing Countries

Category	Main reason/motivation
Chance entrepreneurs	-to keep busy -was hobby/special interest -family/spouse had business
Forced entrepreneurs	-financial/needed the money
Created or pulled	control over time/flexibility



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	<ul style="list-style-type: none"> -challenge, try something on one's own -show others I could do it. -to be independent -self satisfaction -example to children -employment to others /do something worthwhile
--	---

2.3 Challenges facing Malaysian Women Owned SMEs in the Global Business

Environment

Several of the existing literature, including Saleh & Ndubisi (2006); Samad (2007); Abu Bakar et al. (2006); Aris(2006); Harvie (2004); Wang (2003); Stuti (2005); Wafa et al. (2005); Ritchie & Brindley (2000); Decker et al. (2006);Foon (2006); and SMIDEC (2007), emphasize various challenges facing SMEs in a globalized environment, for example from difficulty in facing recession, barrier from global sourcing, low productivity, lack of managerial capabilities, lack of financing, difficulty in accessing management and technology, heavy regulatory burden and others. In the other study, Teoh & Chong (2008) found the barriers to entrepreneurship namely lack of access to credit and lack of access to formal business and social networks. Besides, SMEs are dealing with intensified global challenges, new emerging technologies in ICT and production process as well as increasing factor costs, which affect the export competitiveness. SMEs are classified into three different categories according to their capability and their success walking through the challenges. Firstly, a group of SMEs that is viable or able to become internationally competitive may gain the benefit from the regionalization (McMahon, 2001). The second group is SMEs that are less adaptable to the globalization pressure. They are unlikely to survive in the present situation without making fast move to improve productivity, to conform to international standards, to train and employ skill management and professional staff to face competitions. The third group is SMEs that are protected by the government from the globalization effect (Samad, 2007).

Economic downturn has been a constant challenge facing SMEs. Since the year 2007, the world economy experienced several unfavorable events such as boiling oil prices followed by sub-prime credit crunch in the USA, which leads to a financial distress to the financial market. Most nations are currently showing a diminishing economic growth and increasing costs of

ion is unavoidable. The common aftermaths of recession are, lower demand for products and services, lower productions and job cuts. SMEs, small in nature, are affected in larger degree especially those involved with trading and supplying products or services to other businesses. Lower cash flows and limited financing are the major challenges faced by the SMEs during this bearish period. However, evidence from other regional economies suggests that SMEs came through the crisis better than large enterprises. The avoidance of a future crisis could, therefore, depend upon developing a competitive Selector that is able to compete in both domestic and external markets. Harvie (2004) argues that the SME sector has a crucial role to play in the sustained recovery of the region arising from the business opportunities created by the restructuring process itself, the movement towards closer regional economic integration, advances in information and communications technology (ICT) and more specifically the business opportunities arising from the Internet.

Globalization and liberalization has made business resources more mobile and transferable beyond borders. Competition for resources such as material and capital has increased in many Asian countries including Malaysia. Levitt (1983) in his article on the globalization of markets has emphasized that companies must learn to operate as if the world is one large market ignoring superficial regional and national differences. In the process, globalization promotes technology, source and knowledge transfer, as ever-new processes of production and services will be provided. Globalization also promotes the rapid innovation, easy entry as less government protection and convergence across industries due to less trade barriers within region, constant arrival of new range of products and liberalization opening up of new economies (Humprey, 2001). Besides all the good deeds, liberalization harms local SMEs as they have to compete with cheaper, more innovative incoming foreign products or services and compete for resources and capital. Globalization also creates unprecedented information and communication technologies (Abu Bakar et al., 2006). In contrary, globalization also requires an efficient risk management, relationship marketing, and supply chain management (Ritchie & Brindley, 2000). The objective of these fields are to reduce uncertainty, identify potential risks, elicit better quality information, and improve understanding of the competitive global environment. Eventually, SMEs need to improve their competitive capability by the effective measuring in collaborative environments (Alba et al.,2005). Therefore, SMEs must take advantage of low labor cost, flexible logistics,

of less regulated operating environment. This in return enterprises in the emerging countries like Malaysia.

The state government plays an important role and commitment to SMEs, especially in key growth areas as well as the available assistance and infrastructure to support them (SMIDEC, 2007). One such area is the Halal industry. Many of state governments in Malaysia did not attempt to encourage Halal industry. For example, Negeri Sembilan and Melaka state still allowing pig farming without concerning the Halal industry on aggregate basis. With estimated figures for Halal trade of USD2.1 trillion, there is staggering potential for Halal products globally. The state government must recognize this potential as it prepares Malaysia towards becoming the international Halal Hub by 2010. Other keygrowth areas include the growing franchise industry and the current trend of shared services and outsourcing (SSO)(Central Bank of Malaysia, 2003). These areas are also need to be addressed and taken into consideration by all stategovernments to ensure the successful of the proposed national agenda (Teoh & Chong, 2008).

SMEs in Malaysia does conduct some businesses with MNCs either in large or small scales, as a vendor or franchisee. If the existing MNCs are moving out of the country, because of the liberalization of the market, to lower labor cost countries like China and India, SMEs will lose business and trigger vicious circle between the foreign direct investment and SMEs. This is in view that if a MNC is shifting out, some SMEs may close down and other MNCs also could not source some parts and components (Samad, 2007). From the other perspective, the extensive research has examined the factors that influence the international expansion and success of MNCs, but Knight (2000) breaks new ground by focusing on the internationalization of small entrepreneurial firms. Using data from an empirical study of 268 SMEs, he devises a structural model that reveals the role of international entrepreneurship orientation. His findings imply that international entrepreneurial orientation is an important driver of several important parameters, key to the international performance of the small firm. Among these are internationalization preparation, strategic competence, and technology acquisition. Hence, the government needs to undertake certain strategic actions to sustain the existing MNCs due to their significant role in the economy and for SMEs to survive and prosper.

2.4 Challenges Facing Growth Of Women Owned Enterprises In Rwanda

el challenges faced by large companies, including limited insurance industry, limited financial outreach, difficulties with contract enforcement and a weak education system. They also, according to the 2008 GTZ/PSF study *“Cutting Red Tape”*, face huge burdens in regulatory compliance costs that can be better absorbed by larger firms. Unlike larger firms that may have the time and resources to invest in capital and human capacity building, SMEs often have limited abilities to develop the skills of their staff or to take advantage of local economies of scale in terms of energy, transport or raw materials. They also often lack the ability to gather and process market information outside of what is immediately relevant to their current business due to lack of technical knowledge and training on how to make use of this information. They are dependent upon a single individual or small group of individuals to develop business ideas and assume the risk of start-up or expansion and the burden of taxation and other regulations. This means that even for entrepreneurs that do see opportunities in the market, it is difficult to bring those ideas to fruition due to the potential costs of failure.

This challenge is exacerbated by the fact that financial institutions find it too high of a risk to lend to SMEs given the cost/benefit ratio in terms of time and resources required to process relatively smaller sized SME loans. This in addition to the difficulties most SMEs face in consolidating capital and creating business plans to become viable lending candidates. This creates a blockage to growth, where SMEs that have the skills to scale-up or move into manufacturing and processing cannot due to their limited access to finance.

A 2008 OTF/PSF survey identified the challenges faced by SMEs. The top challenge was high taxes, caused by the current tax regime. Next was the lack of customer/market knowledge, lack of capital, uncompetitive prices, access to finance and transport. The SME policy addresses all of these concerns with the exception of transport and uncompetitive pricing, as these are macro-issues related to import prices and infrastructure development. Further challenges are cited in the 2008 Capacity Needs Assessment of the SME sector, completed by PSF. These additional challenges include a lack of entrepreneurial culture and rudimentary production and limited access to appropriate technology in addition to reinforcing the challenges stated in the OTF/PSF survey. The key challenges to start-up/struggling and established SMEs are discussed here in the order of where they would impact the business cycle, thus connecting to the five key objectives outlined in this policy.

development of a vibrant SME sector must go beyond the
While many of the challenges they cite are addressed in this
and supporting policies, it is important to recognize that there are challenges to this sector that
individual SMEs are not in a position to recognize or highlight. This is why the ultimate aims of
the GoR, as well as key stakeholder analysis, are taken into account throughout this policy. In
Rwanda only 1.33% of SME are engaged in industry, therefore the challenges they face in terms
of access to technology and innovation will not feature prominently in surveys of SMEs, which
are dominated by commerce and services. However, key stakeholder interviews and the explicit
objective of the GoR to move toward value added processing to reverse the trade imbalance and
reduce poverty focuses the policy on encouraging the SME sector to enter into industry and
transforming the landscape of SMEs away from commerce and toward production. This goal
means that access to technology is a key objective of this policy as it supports the GoR's vision
for how the sector can contribute to its overarching goals. The same is also true of the lack of
entrepreneurial culture. This would not be cited as a challenge in surveys of existing
entrepreneurs, although it is discussed in such surveys as PSF's 2008 SME survey. If the GoR
seeks to foster a shift to more innovative business, it is imperative that it encourages
entrepreneurship.

2.5 Challenges Facing Women Micro Entrepreneurs in Dar es Salaam, Tanzania

Women are constrained by education/training, business experience, discriminations, socialization/networking and unwillingness to take risk (Nchimbi, 2002). Also the overall negative attitudes towards the business owned by women- particularly by men, and inadequate and affordable business premises also limit the overall performance of female owned enterprises. On sources of funds for starting and running business, the insufficient internally generated liquidity is therefore one of the factors which are frequently cited as the causes of micro entrepreneurs business failure (Chijoriga and Cassimon, 1999).

In Ilala, the cultural environment of coast regions makes it more difficult for women to start and run enterprises due to the expectations and demands of their traditional reproductive roles (Olomi, 2003). The negative attitude and belief about women's traditional role have some significant impact on women entrepreneurs as indicated below: (1) Not being able to access appropriate resources (2) Being especially vulnerable to harassment from male officials and

education (4) Limited or no experience of formal network especially business related networks. There exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This market failure needs to be addressed so that the economic potential of this group can be fully utilized. While without a doubt the economic impact of women is substantial, we still lack a reliable picture describing in detail that specifies such impact. Recent efforts initiated by the Organization for Economic Cooperation and Development - OECD (2004) are responses to this lack of knowledge and have focused the attention of researchers on this important topic. Women in entrepreneurship has also been largely neglected both in society in general and in the social sciences. Moreover, fewer women participation rates in entrepreneurship than men but they also have generally peculiarity of choosing to start and manage firms in different industries than men tend to do. The industries (primarily retail, education and other service industries) chosen by women are often perceived as being less important to economic development and growth. Furthermore, research, policies and programmes tend to be gender biased and too often do not take into account the specific needs of women entrepreneurs and would-be women entrepreneurs. As a consequence of equal opportunity between men and women from the perspective of entrepreneurship is still not a reality.

Different studies have revealed that enterprises owned by women experience the same challenges as those owned by men; however certain characteristics are typical for many women-owned firms. These characteristics include: small size, limited prospects for profitability and failure to provide collateral for obtaining loans (Coleman, 2002). Women's entry in business in Tanzania is a recent phenomenon, mainly a result of the economic crises and restructuring programmes which has led to drastic decline in real wages as well as formal employment opportunities (Rutashobya, 1995). Probably as a result of the recent nature of women's involvement in business, much of the research that has been carried out was aimed at making general description of women in the sector along with a cross-section of the barriers that they face. Indeed, one of the limitations of the existing entrepreneurship literature in Africa and Tanzania in particular, is its treatment of women entrepreneurs as a homogeneous group (Nchimbi, 1999). In reality, women entrepreneurs differ in many ways in terms of age, religion, ethnicity, wealth, education,

experience and socio-economic position. They also differ in develop businesses. These differences, according to Koda and Omari (1991), are responsible for a considerable variation in the nature, scope and magnitude of women's entrepreneurial activities. Entrepreneurial behaviour is a function of environmental factors including cultural and traditional values and prejudices. In Tanzania, women have been socialized to be subordinates to men. In many traditions, women are raised to see their ultimate role in life as that of wives and mothers. They are socialized to be non-argumentative, passive and easy to accept defeat (Rutashobya, 1995). This may have significantly affected their self-confidence, achievement-motivation and even their willingness to take risk, qualities that are closely linked to success in business. There is some empirical evidence in support of the notion that women have less of these qualities. In recent studies, Nchimbi (2002) found women entrepreneurs to be more internally oriented suggesting lack of confidence. In addition, women were found to have lower need for achievement compared to men. There is a wide range of reasons as to why people choose to engage in business.

According to Olomi (2001), the pressure for women to start business activities to meet basic needs or supplement income was a prominent motive especially following the economic crises of the 1970s and early 1980s and the subsequent structural adjustment programmes. These programmes led to erosion of purchasing power of salaried workers and limited job openings. The impact has been felt most by women, who have a greater burden of enabling the family to cope. Olomi and Sinyamule (2007) noted that in some cases, women have become the main breadwinners. Another explanation for the increased prominence of this motive is that the number of single mothers has been increasing, and many of these do not have any means of earning their livelihood other than self-employment. Women have reported that they get respected and trusted by husbands and others because they are self-employed. Some women have noted that when they are generating income from business activity their husband cannot harass them, because they can take care of the family without the husband's financial support (Lwihula, 1999). This however does not apply to all women. It has been found that in some cases, economic independence and success of women are seen as a threat to the control of women by men (Lutege and Wagner, 2002).

It therefore appears that women's concentration in particular activities is not accidental. Women appear to be quite pragmatic in deciding on the type of activities to engage in. Women start

other women, friends or family members. Research has shown that women's businesses differ from that of men. While men treat their businesses as economic entities, women's businesses become integrated with other demanding areas of life (Cheston and Kuhn, 2008). As a result, women entrepreneurs have been found to perceive their business success using criteria other than the traditional economic ones. Whereas male entrepreneurs use economic criteria to assess their business success, women put more emphasis on family and employee's related measures (Cheston and Kuhn, 2008).

2.6 Small And Medium Enterprises In Kenya

In the Kenyan perspective, the definition of an SME lies on the number of employees it has. SMEs can be defined as enterprises which employ between 1-50 people. According to the 2003 economic survey by the government of Kenya, employment within the SMEs sector increased from 4.5 million in 2002 to 5.1 million in 2005 within the informal sector. 70% of the total employment opportunities are in the informal sector (GoK economic survey 2005).

The Government of Kenya plays a crucial role in SME development, as displayed by activities performed by different arms of government. The key organs of government such as Parliament and related policymaking institutions such as Local Authorities have to grasp the role of government in SME development, and be more aware of the impact of new policies and laws on the operations of small enterprises. In this process, the government has to set the institutional framework for business, the rules of the game, and to ensure that enterprises receive appropriate incentives to facilitate efficient performance. Such interventions have potential for mainstreaming the informal economy alongside larger formal enterprises.

In the journey towards revitalizing the SME sub-sector, the Kenya Local Government Reform Programme (KLGRP) has been particularly relevant. The reforms in Kenya began in 1999 with a key policy and programme priority of focusing on reduction of poverty and unemployment coupled with spurring the economy into higher rates of growth. The reforms had three components: improving local service delivery; enhancing economic governance; and alleviating poverty. These objectives were to be achieved through increasing efficiency, accountability, transparency and citizen ownership. The KLGRP was specifically structured as a policy instrument designed to achieve the above goals. Its immediate policy focus had been the removal

the reduction of costs of doing business. In particular, the reform efforts, namely: the Single Business Permit (SBP) and The Local Authority Transfer Fund (LATF). The SBP in relation to small businesses was a response to business licensing problems faced by SMEs. Business licensing was aimed at protecting consumers from exploitation, health and safety hazards and control of business activities.

The proposal to set up a revolving fund to provide low interest loans to Small and Medium enterprises should be a wake-up call to banks to lend on easier terms. This year's Kenya's budget hit Ksh 1 trillion mark. This budget incorporated SMEs factor as a move towards revitalizing the sector. However this is still a small amount by all means. With an estimated population of 40 million, were a trillion to be divided equally, each Kenyan should get about Sh.25,000. This is well above what an average worker gets in wages per month or profits from the Small and Micro Enterprises (SMEs) for which the Ministry extended a Sh3.8 billion credit line. Under the theme "Towards inclusive and Sustainability Rapid Economic Development" the 2010 Budget set an ambitious target of spurring growth in every part of the country. The move by the government to support growth in SMEs sector is a new re-awaking based on what can be viewed as a gradual realization of the inherent potentials in the sector in spurring economic growth.

2.7 A profile of women entrepreneurs in SMEs in Kenya

According to an ILO study carried out by Stevenson and St-Onge (2005), there are three profiles of women entrepreneurs operating MSEs in Kenya, namely those in Jua Kali micro-enterprises, "very small" micro-enterprises and "small-scale" enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation. The Jua Kali micro-enterprises are identified as owners of unregistered (informal) businesses who have little formal education (usually less than secondary school level) and lack entrepreneurial and business know-how. They also have little access to credit, with limited awareness of markets and market opportunities. They are constrained by their household responsibilities and marital status (for instance, having to obtain permission from their husbands to travel out of town for training or trade fairs).

with disabilities are reported to be concentrated in this category of businesses. Some of them belong to Disabled Persons Organizations (DPOs) or the Disabled Hawkers' Association (DHA), normally used as lobby groups. This category of entrepreneurs is disadvantaged, firstly because of their gender and secondly, because of their disabilities. The "very small" micro-enterprisers are identified as those registered, operating from legitimate business premises and employing 6 to 10 workers. "Small-scale" enterprisers are identified as being registered, operating from legitimate business premises and employing over 10 workers and having, at least, secondary level education with some previous experience as employees. Occasionally, women entrepreneurs in this category have supportive husbands who may also be directly or indirectly involved in the enterprise. This segment is constrained by lack of access to finance for various reasons, including having no land/property title deeds to be used as collateral for large loans. These businesses have potential for growth as well as entry into international markets, and some are already in the export trade (Stevenson and St-Onge, 2005, pp. 9 -11).

Small-scale business owners are most likely to be university graduates from an entrepreneurial family, with managerial experience in the corporate world, access to finance and a supportive husband. Usually small-scale enterprises are engaged in exporting. The study concluded that to develop their businesses, each of the above categories of entrepreneurs requires targeted schemes, programmes or mechanisms to suit their particular needs (Stevenson and St-Onge, 2005).

2.8 Women Owned SMEs in Kenya

According to the 1999 National SMEs Baseline Survey, there were 612,848 women in SMEs in Kenya, accounting for 47.4 per cent of all those in MSEs. The results showed that women tended to operate enterprises associated with traditional women's roles, such as hairstyling, restaurants, hotels, retail shops and wholesale outlets.

According to the Department of Micro and Small Enterprise Development in the Ministry of Labour and Human Resource Development, there were about 2.8 million MSEs in Kenya in 2002, employing about 5.1 million people. In 2003 there were 5.5 million people in MSEs and, in 2004, there were about 6 million (5.97) employed in MSEs in Kenya (GoK Economic Survey,

operate smaller enterprises than men, with the average owner/managed MSE being 1.54 versus 2.1 in men-owner/managed MSEs. In women-owner/managed MSEs, about 86 per cent of the workers were women owner/managers themselves, 4 per cent were hired workers, with the remainder made up of unpaid family members and/or apprentices. Whereas, in men-owner/managed MSEs, only 68 per cent of the workers were men owner/managers themselves, 17 per cent hired workers and the remainder made up of unpaid family members and/or apprentices.

The survey also indicated that women tended to operate smaller MSEs than men and made less income than them, with women making an average gross income of KES4,344 per month compared to KES7,627 for men. As noted earlier, the 1999 Baseline Survey indicated that about half (52.6 per cent) of all employees are men and 47.4 per cent are women. This compared to the national employment statistics of 2003 and 2004 which indicated that only 30 per cent of the total workforce was made up of women. The MSEs sector, therefore, holds more promise for women in providing and accessing employment opportunities.

Due to lack of statistics, it is not possible to outline the characteristics of disabled women entrepreneurs in MSEs. This research has already established that most of them are concentrated at the lower end of MSEs, dealing mainly in hawking and petty trade. It can, therefore, be inferred that they earn less than the average incomes earned by women entrepreneurs in MSEs. Further research is, therefore, necessary.

Based on available growth statistics, the MSE sector, which is growing rapidly, has the potential to provide employment to the majority of Kenyans including women entrepreneurs and women entrepreneurs with disabilities. There is a need to identify the factors that hinder the growth of women in the MSE sector, including those entrepreneurs with disabilities, and to develop appropriate intervention programmes to reduce them. This will lead to a more equitable distribution of the national income and, thus, reduce the incidence of poverty among women in MSEs, and the nation as a whole.

2.9 Challenges Facing Women Owned SMEs in Kakamega

Small and Medium Enterprises) face unique challenges, ability and hence, diminish their ability to contribute effectively to sustainable development. In this article, the following challenges are briefly discussed: Lack of Managerial Training and Experience, Inadequate Education and Skills, Lack of Credit, National Policy and Regulatory Environment, Technological Change, Poor Infrastructure and Scanty Markets information.

2.9.1 Lack of Managerial Training and Experience

Many SMEs owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Hill 1987). Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that SME owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology.

Majority of those who run SMEs are ordinary lot whose educational background is lacking. Hence they may not well equipped to carry out managerial routines for their enterprises (King and McGrath2002).

2.9.2 Inadequate Education and Skills

Education and skills are needed to run micro and small enterprises. Research shows that majority of the lot carrying out micro and small enterprises in Kenya are not quite well equipped in terms of education and skills. Study suggests that those with more education and training are more likely to be successful in the SME sector (King and McGrath 2002). As such, for small businesses to do well in Kenya, people need to be well informed in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of many commercial colleges offering various computer applications. Further, studies show that most of those running



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and college level education (Wanjohi and Mugure,

2.9.3 Lack of Credit Facilities

Lack of access to credit is almost universally indicated as a key problem for SMEs. This affects technology choice by limiting the number of alternatives that can be considered. Many SMEs may use an inappropriate technology because it is the only one they can afford. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan.

Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance.

There are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and low earning entrepreneurs. Numerous money lenders in the name of Pyramid schemes came up, promising hope among the little investors, that they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

2.9.4 National Policy and Regulatory Environment

The national policy and regulatory environment has an important impact on technology decisions at the enterprise level. The structural adjustment programs (SAPs) implemented in many African countries are aimed at removing heavy policy distortions, which have been viewed as detrimental to the growth of the private sector. SAPs tend to severely affect vulnerable groups in the short run and have been associated with the worsening living



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JSAID 1991).

The findings in the study by Wanjohi and Mugure (2008) indicate that business environment is among the key factors that affect the growth of MSEs. Unpredictable government policies coupled with grand corruption, high taxation rates, all continue to pose great threat, not only to the sustainability of SMEs but also to the Kenyan economy that was gaining momentum after decades of wastage during KANU era.

2.9.5 Technological Change

Change of technology has posed a great challenge to small businesses. Since the mid-1990s there has been a growing concern about the impact of technological change on the work of micro and small enterprises. Even with change in technology, many small business entrepreneurs appear to be unfamiliar with new technologies. Those who seem to be well positioned, they are most often unaware of this technology and if they know, it is not either locally available or not affordable or not situated to local conditions. Foreign firms still remain in the forefront in accessing the new technologies.

In most of the African nations, Kenya inclusive, the challenge of connecting indigenous small enterprises with foreign investors and speeding up technological upgrading still persists (Muteti, 2005). There is digital divide between the rural and urban Kenya. With no power supply in most of the rural areas, it is next to impossible to have Internet connectivity and access to information and networks that are core in any enterprise. Thus technological change, though meant to bring about economic change even among the rural lot, does not appear to answer to the plight of the rural entrepreneurs.

2.9.6 Poor Infrastructures

Poor infrastructures pose a major challenge to small enterprises in Kenya. In Kenya, the provision of better infrastructures has lagged behind over years. There are poor roads, inadequate electricity supply. According to the proceedings of the National Investment Conference, November 2003, Kenya still stands in need of better infrastructures. It has been the pledge



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from KANU in 2002) to improve the infrastructures, but

2.9.7 Scanty Markets Information

Lack of sufficient market information poses a great challenge to small enterprises. Despite the vast amount of trade-related information available and the possibility of accessing national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market related information. This is due to inability to interpret the statistical data (Muteti, 2005) and poor connectivity especially in rural areas. Since there is vast amount of information and only lack of statistical knowledge to interpret and Internet connectivity, small enterprises entrepreneurs need to be supported. With connectivity being enhanced (by connecting Kenya globally through Fiber Optic Cable project) there is renewed hope for the SMEs.

2.11 CONCEPTUAL FRAMEWORK

The conceptual framework was developed from the independent variables

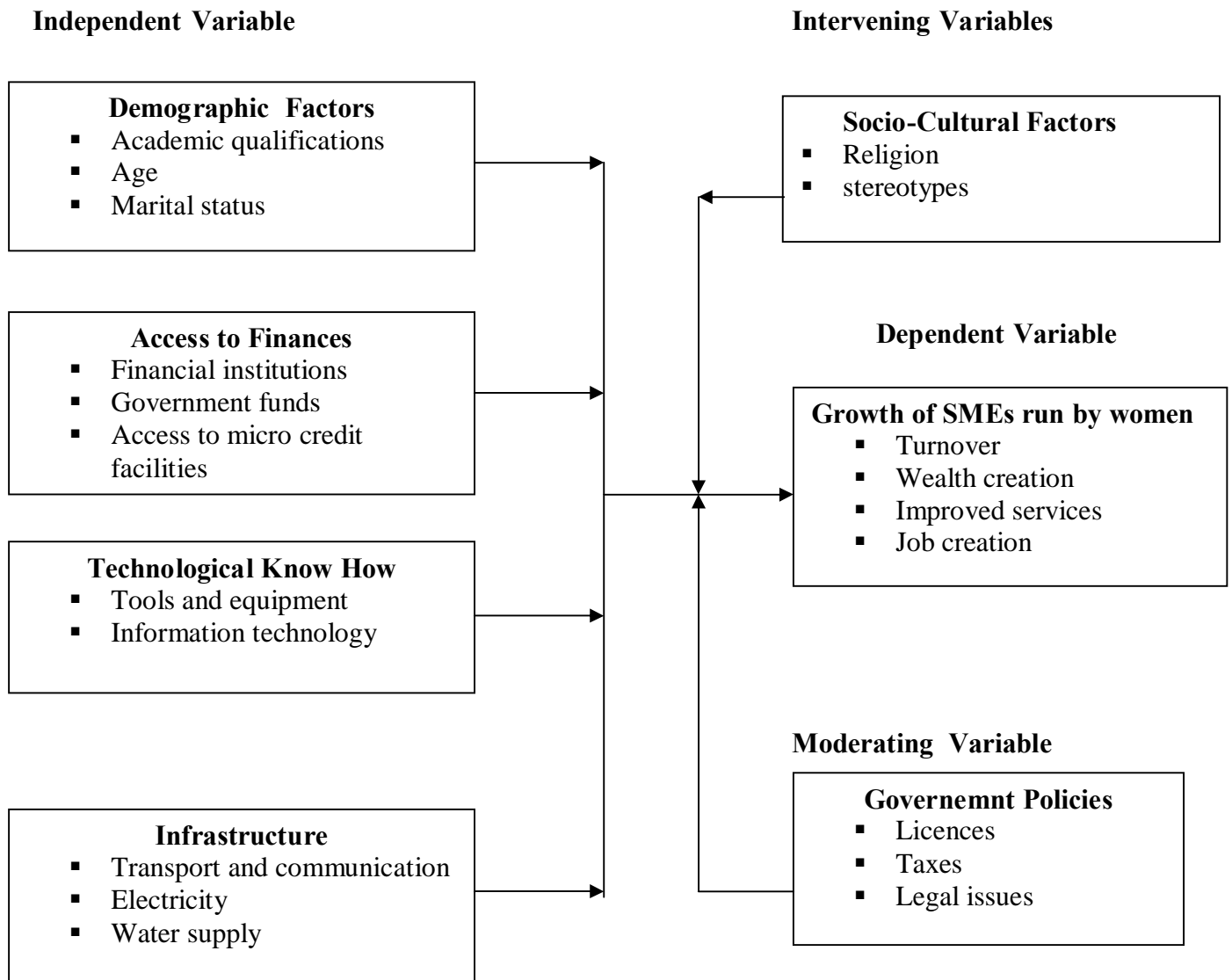


Figure 1:Conceptual Framework

2.10.1 Relationship of variables within the Conceptual Framework

allenges facing growth of WOE's. From the conceptual framework, level of education greatly determined the success of a business owned by a woman. This was measured by getting the highest and the lowest level of education. Poor infrastructure and limited finances were expected to greatly influence the growth of the businesses run by women.

2.11 Knowledge Gaps

Unstable political and economic environment, complex tax system, corruption and poor legislation are common problems faced by third world countries. Therefore the small businesses in majority of developing countries have to face a number of problems due to similar reasons (Benzing et al., 2009).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter consists of the research methods used in carrying out the study. It includes research design, target population, sample and sampling procedures, data collection instruments, data analysis techniques, instrument reliability and finally validity of research instruments.

3.1 Research Design

Kothari (1990) states that a research design is the arrangement of conditions for collection and analysis of data in a manner that aims at combining relevance to the research purpose with economy and procedures. He continues to argue that a research design is needed as it facilitates the smooth sailing of the various research operations, by making research as efficient as possible and yielding maximum information with minimal expenditure of effort, time and money. The researcher adopted a descriptive research design with both quantitative and qualitative techniques. This is because it is most appropriate as it involves description, analysis and interpretation of the circumstances at the time of the study. (Peil 1995)

3.2 Target Population

Target population is regarded as a group of a real set of persons, events or objects from which the researcher generated the results of the research study. The target population will comprise a total of 200 registered Women Owned Enterprises drawn from various markets in Kakamega municipality. The researcher used cluster sampling method because the respondents are found scattered all over but more concentrated in major markets (Mugenda Mugenda, 2003)

3.3 Sampling Procedure

Kothari (1990) explains that sampling is the procedure of selecting a representative of the total population as much as possible in order to produce a miniature (small) cross section. Best (1977) defined a sample as a small proportion of a target population selected for analysis. The researcher therefore will use a sample size of 85 respondents out of the total population of 200 of the selected business women.

The researcher used probability sampling (cluster sampling). Simple random sampling technique will be used to select the preferred clusters.

The MOEs sample size was calculated using the formula below by Yamane Taro (1967)

$$n = \frac{N}{1 + N(e)^2}$$

where n = sample size

N = population size

e = level of precision

using 92% confidence level thus $n = \frac{200}{1 + 200(0.08)^2}$

Which is 87 approximately 85 women .

The researcher will use 92% confidence level which will give a manageable number of the sample population, a number which can be reached by the researcher.

3.4 Reliability

Reliability is a measure of the degree to which a research instrument yields consistent results of data after repeated trials-(Mugenda 2003).the reliability of this research instruments were established by pilot testing.ursla (2010) defines a pilot study as a small-scale trial,intende to asses the adequacyof research design and of instruments to be used for data collcetion.the reliability of the research was done using pilot testing.


3.5 Validity

The researcher used content validity-this is using a particular instrument to represent a specific domain of indicators. The instruments to be used in this study will be validated by having the questionnaire pre-tested, examined and approved by the researcher.validity refers to the degree to which evidence and theory support the interpretations of test scores entailed by proposed uses of tests(AERA/APA/NCME,2000).Best and Khan (2005) suggested that the validity of the instrument is asking the right questions frmaed from the least ambiguos way and based on study objectives.

3.6 Data Collection Procedure

Data collection procedure lasted four weeks.the research instruments used were questionnaires and interview schedules.the questionnaire was used as a tool because it was familiar to most people(Berdie,Anderson and Neibuhr,1986).

The structured and unstructured questionnaires were used so as to get the responses from the respondents.the close ended questions provide a greater uniformity and more easily processed(china and otengi ,2007).the structured questionnaires were accompanied by a list of all



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respondents selected the suitable answer by simply clicking (Mugenda 2005).

The researcher used interview schedules since it provides face to face interaction with the respondents.

3.7 Data Analysis Techniques.

Data analysis is the process of inspecting, cleaning, transforming and modelling data with the goal of highlighting useful information, suggesting conclusion and supporting decision making (Rodgers and Hrovat 1997)

Data analysis involved computation of descriptive statistics. data was analyzed with the uses of Statistical Package for Social Sciences (SPSS).

3.8 Summary

This chapter covers the research methods used in carrying out the study. it includes research design, target population, sampling procedure, data collection instruments, validity and reliability of research instruments included pilot testing and data analysis techniques.

Table 1: operational definition of variables

OBJECTIVES	INDEPENDENT VARIABLE	DEPENDENT VARIABLE	MEASUREMENT SCALE
To investigate whether technology influences the growth of SMEs owned by women in Kakamega municipality of kakamega county.	Technological factors	Growth of women owned SMEs	Ordinal

<p>owned enterprises influences growth of SMEs owned by women in Kakamega Municipality.</p>		<p>Growth of women owned SMEs</p>	<p>Ordinal</p>
<p>To establish whether demographic factors affect growth of smes owned by women in kakamega Municipality.</p>		<p>Growth of women owned SMEs</p>	<p>ordinal</p>
<p>To find out how socio-cultural factors affect growth of SMEs owned by women in kakamega Municipality.</p>	<p>Socio-cultural factors</p>	<p>Growth of women owned SMEs</p>	<p>Ordinal</p>
<p>To find out how infrastructure influences the growth of SMEs owned by women in Kakamega Municipality.</p>	<p>infrastructure</p>	<p>Growth of women owned SMEs</p>	<p>Ordinal</p>

4.1 Introduction

This chapter presents the results obtained from the study analyzed in line with the guiding objectives. It presents data analysis, presentation and interpretation of the results.

4.2 Questionnaire Return Rate

Table 1

Respondents	Target Population	Sample Size	Returned	Percentage
Women				
Owning entities	200	85	68	80.0
Total	200	85	68	80.0

Out of 85 women targeted for the study, 68 returned the questionnaires. This gave a percentage of 80% return rate.

4.3. Demographic Characteristics of Respondents

The study sought to establish the demographic characteristics of the respondents to draw a comparison between the variables. These were their age, level of education, marital status and business experience.

4.3.1 Age

The researcher sought the age of the respondents to determine how it influences the growth of businesses owned by the women.

Table 2. Age Distribution

Age in years	Frequency	Percentage
20-29	8	11.7
30-39	28	41.1
40-49	22	32.3
Over 50	10	14.7
Total	68	100.0

age bracket of 20-29 years,28(41.1%) who were the 30-39 years,22(32.2%) were between the ages of 40-49 years while 10(14.7%) were aged 50 years and above.

4.3.2 Education Level

The study sought to find out education level of respondents in order to ascertain how whether levels of education affected growth of SMEs owned by women. This is shown in the table below.

Table 3. Education Level

Level of education	frequency	percentage
At least O level	33	48.5
Diploma	22	32.3
Undergraduate	10	14.7
Postgraduate	3	4.4
Total	68	100.0

From the table above,33(48.5%) of the respondents had at least secondary school education,22(32.3%) had diploma training from tertiary institutions,10(14.7%) had a university degree while 3(4.4%) had postgraduate qualifications.

4.3.3 Marital Status

The researcher sought to find out marital status of the respondents to find out how their status affect the growth of the businesses they run.

Table 4. Marital status

Marital status	frequency	percentage
Engaged	4	5.8
Single	19	27.9
Married	23	33.8
Separated	10	14.7
Widowed	12	17.6
Total	68	100.0

respondents were engaged to be married,19(27.9%) were married and fromed the majority.this showed that the married women were in business to supplement the income of their husbands for the wellbeing of the family.10(14.7%) of the respondents were seperated while 12(17.6%) were widowed having lost their husbands to many reasons.

4.3.4 Business Expeirince

The study sought to find out how the experinece in running an enterprise affcetde the management of the business run by the women.

Table 5: Business Experrience

Years	Frequency	Percentage
Below 5	22	32.3
5-10	25	36.7
10-15	12	17.6
Over 15	9	13.2
Total	68	100.0

From the table above,22(32.3%) had less that 5 years business experinece,25(36.7%) had operated their businesses between 5-10 years while 9(13.2%) had a cumulatve experice of over 15 years in running their businesses.

4.4 Influence of technology on the growth of SMEs owned by women .

This section deals with analysis onhow modern technology influences growth of SMEs owned by women .this was the first objective of the study and it dwelt on the adoption of current modern technolgy which includes usie of IT,modern and effective communication technology and source of current and relevant information on suppliers,competiors etc.

4.4.1 influence of technology and growth of SMEs owned by women.

The study sought to find out the influence of technology on the growth of businesses run by women entrepreneurs in kakamega municipality in kakamega county.their responses were as shown in the table below.

Growth of SMEs owned by women.

	Frequency	Percentage
Internet	6	8.8
Computers	9	13.2
Mobile phones	40	58.8
Calculators	3	4.41
ATM	10	14.7
Total	68	100.0

The above table shows that 6(8.8%) of the respondents appreciated internet service,9(13.2%) were computer literate and used computers to perform various tasks,40(58.8%) of the respondents had functional mobile phones and only 3(4.41%) used calculators.

4.5 Access to finance and growth of SMEs owned by women

This section focuses on the financial factors such as access to micro credit facilities and how they influence the growth of businesses owned by women entrepreneurs. This is shown in the table below.

Table 7: Access to finance and growth of SMEs owned by women

Credit Facility	Frequency	Percentage
Chamas	13	19.1
Commercial Banks	11	16.1
Governments Grants	3	4.4
MFIs	17	25
Friends And Family	20	29.4
SACCOS	4	5.8
total	68	100.0

The table above shows the sources of finance for women who own SMEs.13(19.1%) shows that the women get funds from chamas(merry go rounds),11(16.1%) got credit from commercial banks,3(4.4%) received finance from government projects like youth and women development fund,17(29.4%) got loans from micro finance institutions,20(29.4%) got funds from family and friend while 4(5.8%) accessed finance from SACCOS.

Growth of smes owned by women

Demographic features such as age, level of education, marital status and the size of the family affected the growth of SMEs run by women. This is reflected in the table below.

Table 8: Demographic features and growth of smes owned by women

Demographic Feature	Frequency	Percentage
Age	20	29.4
Education	23	33.8
Marital status	15	22.5
Family size	10	14.7
Total	68	100.0

From the table above 20(29.4%) indicated that age is a factor in business success. Those between 30-39 years were most successful in running businesses. 23(33.8%) indicated that more educated women had better chances of succeeding in business than those that are less educated, 15(22.5%) showed that married women were more successful than others while 10(14.7%) indicated that women with larger families had difficult times in running successful businesses than those with smaller families.

4.7 Socio-cultural factors and growth of SMEs owned by women .

This section looks at the socio-cultural factors and how they affect the growth of businesses owned by women. These beliefs are such as religion, beliefs, societal norms and code of conduct. This is shown in the table below.

Table 9: Socio-cultural factors and growth of SMEs owned by women .

Cultural Factors	Frequency	Percentage
Religion	23	33.8
Code of conduct	35	51.4
Shared values	10	14.7
Total	68	100.0

From the table above it was noted that cultural factors affected the growth of business as follows; 23(33.8%) indicated that religion and belief affected the growth of WOE's, 35(51.4%) indicated

le 10(14.7%) indicated that shared values affected growth of

4.8 Influences of infrastructure and growth of SMEs owned by women .

This section looks at how the physical infrastructure influence the growth of SMEs run by women in Kakamega municipality. The results are as shown in the table below.

Table 10: Influences of infrastructure and growth of SMEs owned by women .

Infrastructure	Frequency	Percentage
Roads condition	25	36.7
Waste collection	16	23.5
Technology	15	22.0
Security	12	17.6
Total	68	100.0

From the table above, 25(36.7%) showed that poor road networks affected growth of businesses, 16(23.5%) respondents indicated that poor garbage management and disposal caused poor growth of businesses, 15(22.0%) indicated that technology affected growth of business while 12(17.6%) indicated that poor security was a cause of many women entrepreneurs to perform dismally.

5.1 Introduction

This chapter presents summary of findings, conclusions drawn, recommendations arrived at and suggestions for further research.

5.2 Summary of Findings

This study was based on the following objectives: to investigate whether technology influences the growth of smes owned by women in kakamega municipality of kakamega county; to assess how access to finance by women owned enterprises influences growth of smes owned by women in kakamega municipality; to establish whether demographic factors affect growth of smes owned by women in kakamega municipality; to find out how socio-cultural factors affect growth of smes owned by women in kakamega municipality; to find out how infrastructure influences the growth of smes owned by women in kakamega municipality.

From the data presented it is clear that most of the respondents were women aged between 30-39 years who were also married. This shows that this is the most productive age and the married women are into business to supplement the income of their husbands. This study established that 32.2% had diploma education which was the highest percentage. However degree holders had a lower percentage of 14.7% for undergraduate and 4.4% for postgraduates. This shows that highly educated women are not into SME businesses.

A higher percentage of 36% of the women indicated that poor transport system was to blame for poor growth of businesses, this means that a lot of valuable time is wasted while transporting merchandise and even increase cost of transportation. The high cost of transportation led to losses or even delay in delivery of goods which sometimes are perishable.

7% of the women entrepreneurs had working experience of between 5-10 years which is impressive owing to business success for such a long time.32.3% which were basically new and starting entrepreneurs had less than 5 years into the industry.however only 13.2% had operated their businesses for more than 15 years.this means that most women entrepreneurs fail within the range of 5-10 years of service.

On socio-cultural factors,code of conduct had the highest percentage of 51.2% .meaning that most women entrepreneurs believed that for one to succeed in business she must be very ethical.the findings showed that 33.8% believed that being religious and spiritual also greatly impacted on the growth of business owned by women.

The findings on access to finance revealed that 29.4% of the women accessed financing from friends and family contributions while 25% got funds from Micro finance institutions.however the results showed that few women had faith in getting funds from the government at 4.4% while commercial banks which hugely control the Kenyan economy had 16.1% of the women accessing funds from it.

On influence of technology on growth of women owned SMEs,the findings revealed that 58.8% of the respondents had mobile phones for communication and networking.Some also used their mobile phones to monitor their businesses from a distance.the mobile phones also doubled as calculators and sometimes used to access internet.the gadgets are also used as medium of money transaction through the mobile money transfer services of Mpesa.the findings further illustrated that 14.7% of the respondents used ATMs to withdraw and deposit money in various banks.This shows that the women were also actively involved in savings.

5.3 Conclusions

The study had the following conclusions:

Access to finance and credit facilities hugely affected the growth of businesses within Kakamega Municipality. Lack of or insufficient capital for expansion led to collapse of many businesses.

- ii) Poor infrastructure like bad and dilapidated road networks greatly impacted negatively on the growth of the women owned SMEs due to delays in delivery, high cost of transport. This made some women to relocate to central easily accessible places thus losing their former clientele base.
- iii) Socio-cultural factors had no much impact on the growth of the women owned SMEs due to modernity and diversity of our culture.
- iv) Demographic characteristics had bigger influence on the growth of businesses owned by women. The study has revealed that education largely influenced growth of the women owned SMEs in Kakamega Municipality. Married women also appeared to have steady businesses as compared to single, widowed and divorced women. This showed that family stability affected the growth of the businesses.
- v) Modern technology has largely resulted in easier management of the businesses owned by women, which in turn has led to their growth. The study has established that use of mobile phones largely led to growth of many enterprises as it makes communication easy, it also makes monitoring of various business processes less cumbersome. The mobile phone money transfer also made it easier to pay debts to suppliers far away without having to meet physically.

5.4 Recommendations

The following recommendations were made based on the findings above:

- i) The government should adopt a clear and less sophisticated loaning policy to uplift women entrepreneurs and fully implement the Women Enterprise Funds in the Ministry of Youth and Sports.
- ii) There should be identification of lucrative business ideas and proposed to women through various initiatives rolled out across the country to enable women to see entrepreneurship

and not a last resort means after failing to secure formal

- iii) The central government should mobilise funds toward the development and upgrade of infrastructure especially road networks which are dilapidated and sometimes inaccessible during bad weather.
- iv) Women should actively stand up and take their position in the male dominated world to compete equally.this should be done through a national campaigning taken to the county level where women should be actively encouraged and given incentives to take up business challenges.
- v) Commercial banks and other micro finance institutions should come up with an attractive package for women who involve in business.this should have friendlier terms of interest rates and repayment period.

5.5 Suggestions For Further Research

The following suggestions were made for further research :

- i) A similar study should be conducted in all the county councils of western province to find out if indeed women owned SMEs face growth challenges.
- ii) A study should be conducted on the impact of demographic characteristics on growth of smes owned by women in kakamega municipality.
- iii) A study should be conducted to establish the influence of technology ofn growth of smes owned by women in kakamega municipality.

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APPENDICES

APPENDIX 1:LETTER OF INTRODUCTION

Elias Owino Odinga
P.O.Box 422 ,50100
Kakamega
16 ,March 2012

Dear respondent:


I am a student in the University of Nairobi pursuing an MA degree in Project Planning and Management.I am carrying out a study on **challenges facing growth of small and medium enterprises owned by women in kakamega town.**

Kindly fill in the questionnaire attached ,giving relevant and honest information to aid in the study.the information provided will be treated with utmost confidentiality as much as required.

Thank you.

Yours faithfully

Elias Owino Odinga



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APPENDIX 2: QUESTIONNAIRE

The purpose of this questionnaire is to collect data for study entitled: Challenges facing management of smes in kakamega town. The information collected will be treated with utmost confidentiality and used for the purpose of this study only. Kindly give the information in the spaces provided (indicate with a tick where appropriate).

CHALLENGES FACING GROWTH SMES OWNED BY WOMEN IN KAKAMEGA MUNICIPALITY

PLEASE TICK AS APPROPRIATE, AS IT PRACTICALLY HAPPENS WHERE POSSIBLE

SECTION – A

SOCIO ó DEMOGRAPHIC FACTORS:

1) Age:

Up to 20 years 20 ó 30 years 30 ó 40 years 40 - 50 years over 50 years

2) Marital status:

Married Single Divorced Widowed

3) Level of academic and professional qualification?

post graduate Secondary Diploma undergraduate

4) In which business is your category?

Retail Shop Groceries Hair Salon Coffee Shop Garments Store

Othersí í í í í í í ..

5) What was your monthly income for the year 2011?

í ..

6) What is your main source of capital?

Family Government Commercial Banks Micro Finance Institutions

othersí í í í í í í .

7) Do you get support from the government?

Yes No

NDIX 3:WORK PLAN

TIMETABLE	ACTIVITY
JANUARY 2012	Topic formulation,objectives and research questions
January óApril 2012	Literature review materials and research methodology
May 2012	Final draf,presentation and defense
June 2012	Corrections on the proposal
July2012	Collection of data,interpretation and final project
August2012	Final defense
September 2012	Graduation



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	ITEM	COST
	Stationary	15000
	Typing,Typeseting and proofreading	4000
	Binding	2000
	Transport and communication	15000
	Contigencies	10000
	Total	44,000/=