

**WOMEN'S PARTICIPATION IN SMALL AND MICRO ENTERPRISES AND THE
PERFORMANCE OF THEIR BUSINESSES IN GIKOMBA MARKET, NAIROBI
COUNTY**

BY

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DECLARATION

This project is my original work and has never been presented for a degree award in this or any other university.

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Date

PROF. PRESTON CHITERE

DEDICATION

This project is dedicated to my family members: special dedication goes to my husband Evans Matara Ong'era for playing a key role towards my academic achievement and life in general. As a wife and a mother, it was not easy but your constant love, support and motivation has made a wonderful difference in my life. Indeed, you occupy a special place in my life dear.

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And to my parents Japheth and Jeriah who are old and ailing, your personal sacrifice, support and encouragement towards my academic career are highly appreciated. I wish you quick recovery and long life. God bless you all.

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ABSTRACT

In the developing countries, Small Micro Enterprises (SME) comprises 95% of all businesses and 60-70% of employment. Although the majority of entrepreneurs are male, nowadays female entrepreneurs comprise a quarter to a third of the total entrepreneurial population in these countries. The contribution of the businesses owned by women to their economic prosperity and social well-being has been increasingly recognized by governments of developing countries because there is unequivocal evidence of its existence. Few studies have been done on the female entrepreneurial population. In Kenya, there is a general lack of an entrepreneurial culture and more particularly, for potential and operating women owner/managers of SMEs. Informed by this knowledge gap, the present study therefore sought to establish women's participation in small and micro enterprises and the performance of their business in Gikomba market, Kenya. The specific objectives of the study were to examine the characteristics of women entrepreneurs, to find out the types of businesses owned and managed by women entrepreneurs, to examine the factors that influences performance of women owned businesses and,

The study employed descriptive survey research design. The study population was women entrepreneurs in Gikomba market, Kenya. The study used purposive sampling technique in identifying a sample of 120 respondents from groceries, clothes, shoes, Jua Kali, Hardware, and carpentry businesses. Data collection was done using questionnaire. The quantitative data was analyzed using descriptive statistics with the aid of Statistical Package for Social Sciences (SPSS version 20).

The study established that the majority of women entrepreneurs were young and energetic, were breadwinners, lacked sound academic background, run small businesses, lacked access to credit, lacked training on entrepreneurship and were members of social groups. The study concludes that lack of a sound academic background, lack of training on entrepreneurship, lack of access to credit; family obligations and lack of strong social networks negatively affected the performance of women owned enterprises. The study recommends that women entrepreneurs upgrade their academic skills, participate in training on entrepreneurship, expand their businesses, form strong social networks, and seek alternative sources of funds in order for their businesses to grow.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the developing countries, Small Micro Enterprises (SME) comprise 95% of all businesses and offers 60-70% of employment. Although the majority of entrepreneurs are male, nowadays female entrepreneurs comprise a quarter to a third of the total entrepreneurial population in these countries (OECD, 2000).

The contribution of the businesses owned by women to their economic prosperity and social well-being has been increasingly recognized by governments of developing countries because there is unequivocal evidence of its existence (Shaw, et al, 2001). Thus, the recognition of women as successful entrepreneurs and the rising number of women-owned firms. In 2002, nearly 30% of the entrepreneurs were women (Women's Institute of Spain, 2002); this motivated a considerable increase in research on gender differences among entrepreneurs. But the female entrepreneurial population is still under-researched in the entrepreneurial domain (Brush and Hisrich, 1999; Lerner and Almor, (2002). Although female entrepreneurial activity is seen as a sub-subject, the development of research in this area is considered to be of vital importance by the OECD (2000) in order to better understand the economic and social phenomenon which increased female entrepreneurial activity represents, due to its enormous potential for innovation and creation of employment.

Also there is little empirical evidence about how gender differences impact the performance of firms (Lerner and Almor, 2002). There is a remarkable absence of comparative studies on strategic aspects and the impact of strategy on performance (Brush and Hisrich, 1999; Lerner and Almor, 2002). As a line of future research Edelman (2001), point toward relating resources and strategies to the performance of the firm. And there is a great gap in the research because there are no studies controlling for the sector, age and size that focus on how internal, organizational and industrial factors influence the performance of the firm (Brush and Hisrich, 1999). To determine the extent that the owner's gender influences a firm's performance,

researchers face the challenge of separating the gender effects from other structural characteristics such as age, size and industry. The potential impact of these variations can lead to equivocal results with what seem to be gender differences actually being differences due to the industrial sector and other structural variables.

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. The World Bank and other international funding agencies have linked grants to developing countries to the implementation of policies and programs aimed at creating stable macro-economic environments conducive to private investment, and in particular to developing the small and medium enterprise (SME) sector. The performance of the small business sector as a whole is dependent on the performance of the individual firms that comprise the sector (Kotey and Meredith, 1997). Thus, in addition to macro-level reforms, policies and programs that address problems at the micro (or grass root) level is necessary to improve performance of the sector. Whilst various programs have been implemented to address the problem the boundaries of the problem and the factors associated with it are not clearly understood.

For some time now, women have started businesses at a high rate. According to Moore (1999), globally, women-owned businesses make up between a quarter and a third of all businesses. Notwithstanding the growth in women-owned businesses, researchers (Baker et al., 1997) have decried the scarcity of empirical research addressing female business owners. Studies that have focused on the correlates of the performance of firms owned by women have been few (Lerner et al 1997). In particular, there is a dearth of research on the relationship between strategy and performance of women-owned businesses (Lerner and Almor, 2002).

In Kenya, dominance of trade over other sectors - manufacturing, services and construction - occupy two thirds of the country's enterprises. This means that a large proportion of Micro-Small Enterprises (MSEs) is engaged in buying and selling of commodities. Women productive activities are concentrated in small-micro enterprises in such ventures as hawking, retail trade, manufacturing and periodic market trade, (Mullei, Bokea 1999). Participation of women in trade is 86 per cent, which is (20 per cent higher than men). Despite the numerical

dominance of women in small-micro enterprises, there are marked gender disparities and inequalities between men and women participating in similar activities. Studies touching on problems affecting women entrepreneurs give emphasis to economic forces and fail to address adverse African traditions that inhibit women's participation in MSEs.

1.2 Statement of the problem

An appreciation of gender issues is important when considering strategies to improve Africa's competitiveness in the world and ways to promote private-sector development. There are three main reasons why gender matters. First, women are major players in the private sector, particularly in agriculture and informal businesses. It is estimated that women-owned businesses account for over one-third of all firms, and they are the majority of businesses in the informal sector in most African countries. Second, the ability of women to formalize and grow their businesses, to create jobs, and to enhance productivity is hampered where legal and institutional barriers exist that affect men's and women's enterprises differently.

The major problems faced by women entrepreneurs are competition from better quality products and marketing problems (Alila et al., 2002). Accessibility to initial capital, even when available, is also a major hurdle for women entrepreneurs. In a study of women small-scale entrepreneurs in the garment Manufacturing sector of the textile industry in Nyeri and Nairobi by Macharia and Wanjiru (1998), the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and rigorous procedures for loan applications; lack of networking skill, lack of collateral security for finance, lack of leadership capacity and negative attitude towards gender equality. These factors have become a major barrier to the growth potential of businesses owned by women. In Kenya, there is a general lack of appropriate technology available to disabled women entrepreneurs (McCormick and Pedersen, 1996), and also general lack of an entrepreneurial culture in Kenya and, more particularly, for potential and operating women owner/managers of SMEs.

There is evidence especially at the micro level to indicate that gender disparities not only disadvantage women but also reduce the growth potential of their businesses. The existence of gender related barriers can thwart the economic potential of women as entrepreneurs and such barriers have an adverse impact on enterprise development, productivity, and competitiveness in Kenya. Consequently, addressing gender-specific barriers to entrepreneurship and leveraging the full participation of both men and women in the development of Kenya's private sector together represent a significant opportunity to unleash Kenya's productive potential and to strengthen economic growth.

Kenyan government does not adequately provide specific incentives for women controlled enterprises although women constitute 50% of the population of Kenya. The government's policy of poverty alleviation and creation of employment as envisaged in the vision 2030 should be addressed through gender disparity. Competing financial needs between family and business becomes one of the major constraints to enterprise growth the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it was set aside resulting in a reduction of the capital invested and hence curtails further growth (Alila et al., 2002). Other factors that affect performance of business for women entrepreneurs are cultural and social issues, inadequate security, poor infrastructure, and cost of energy.

Kenya also, women entrepreneurs are considered as an integral part of economic growth. Their businesses contribute jobs, productive and distributive activities required for wealth creation both for family and nation's economies (Barrett & Weinstein, 2006). Women who are active in entrepreneurship and SMEs enable them to effectively combine their roles because of the flexibility in hours of work which permit them to care for their children and also contribute substantially to economic growth (Barrett & Weinstein, 2006). While roughly one-third of the small and medium-sized enterprises in the developing world are run by women, their average growth rate as businesses is significantly lower than growth rates of SMEs led by men. Entrepreneurship is a major economic driver for development since successful businesses create jobs, promote in-country investments and generate tax revenues. Women entrepreneurs

running growth-oriented companies therefore represent a segment of society with great potential to spur economic growth.

Despite the numerous challenges faced by women entrepreneurs, female owned businesses are growing at a high rate and are contributing to economic prosperity and social wellbeing but there is shortage of empirical research addressing female business owners. Hence, there is need to understand the social-economic dynamics leading to increased female enterprenurial activities. Thus, this study sought to examine women's participation in small and micro business enterprises and the performance in their business in Gikomba Market, Kenya.

1.3 Research Questions

The key research questions were:

- a) What are the characteristics of women entrepreneurs in Gikomba Market?
- b) What types of businesses are owned and managed by women entrepreneurs?
- c) What factors influences performance of women owned businesses in Gikomba Market?

1.4 Objectives of the Study

1.4.1 Main Objective

The main objective of the study was to examine women's participation in small and micro enterprises and the performance of their business in Gikomba Market, Kenya.

1.4.2 Specific Objectives

- a) To examine the characteristics of women entrepreneurs
- b) To find out the types of businesses owned and managed by women entrepreneurs.
- c) To examine the factors that affect the performance of women owned businesses.

1.5 Justification/ Rationale of the Study

Globally, women-owned businesses make up between a quarter and a third of all businesses. Notwithstanding the growth in women-owned businesses, researchers (Baker et al., 1997) have decried the scarcity of empirical research addressing female business owners. Studies that have focused on the correlates of the performance of firms owned by women have been few (Lerner et al 1997). In particular, there is a dearth of research on the relationship between strategy and performance of women-owned businesses (Lerner and Almor, 2002). Limited studies if any have focused on women's participation in small and micro enterprises and the performance of their business in Gikomba Market, Kenya. This study therefore sought to fill this research gap by examining women's participation in small and micro enterprises and the performance of their business in Gikomba Market, Kenya.

This study would be of great importance to women and men entrepreneurs, as it would outline the major factors influencing women entrepreneurs in Gikomba market. The study would also examine how women's entrepreneurship affects economic growth and development and the impact of women's entrepreneurship in economic development. To the stakeholders, the study would be of importance since it would provide information that could be used to formulate policy.

The findings of this study would also be valuable to future researchers and academicians. This study would provide literature for the future scholars. This study suggested areas for further studies where future knowledge can be expounded on and at the same time act as a reference material.

1.6 Scope and Limitations of the Study

The study entailed examination of women's participation in small and micro enterprises and the performance of their business in Gikomba Market, Kenya. The women were drawn from 120 small and micro enterprises in Gikomba Market working in groceries, clothing's, shoes, juakali, hardware, and carpentry businesses. The study sought to examine how personal characteristics, types of business, access of credit and other support, membership and support

by women groups and training of women in business influence women's performance in Gikomba Market. Since the study focused on small scale women traders in Gikomba Market, the findings may not be generalizable to other market areas. The differing Gikomba market environments, in terms of competition, business concentration and different SMEs dealing in different products restricted the results of this study to women owned SMEs in Gikomba Market. Nevertheless, the underlying theoretical assumptions and methodology of this study, as well as the findings of this study should be of assistance in other areas in assessing women's participation in small and micro enterprises and the performance of their business in Kenya.

Most SMEs in Gikomba market do not maintain proper financial records. This raised a challenge of measuring their performance and particularly the financial aspect and some respondents provided estimates that were relied on. In some cases, the entrepreneurs could not compute properly to give accurate figures for the study. This may have affected the reliability of data collected.

Because most of the SME operators have low education levels, the researcher faced a challenge of explaining technical terms to the respondents. However, to overcome this challenge, the researcher explained most of the terms in Kiswahili which most of the entrepreneurs could easily relate with.

1.7 Definition of Terms

A number of key words and terms have been used in this study, which are defined in this study as follows:

Social cultural factors: Factors that are derived from the customs, traditions, perceptions and beliefs of an individual's culture and can be a key determinant that affect the thoughts feelings and behaviors of individuals. They affect the dynamism of business

Finance: Refers to provision of funds over time under certain conditions

Networking: Connect as or operate with a network

Training: The action of teaching a person a particular skill or type of behavior

Gender Performance: Refers to ways of 'doing gender', the ways in which masculinities and femininities are acted out

Performance: Business Performance is achieved when an organization is generating the maximum level of profitability possible given the human, financial, capital, and other resources it possesses.

Micro-enterprises are generally taken to be those companies with up to 10 employees, Small firms –employ up to 50 workers. In Kenya, micro enterprises are taken to be those firms with 10 or fewer workers.

Small enterprises have from 10 to 50 employees. Micro enterprises comprise the lion's share of enterprises in Kenya while there are a few medium enterprises.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter reviews literatures on performance of small and micro enterprises (SMEs) with emphasis on women. It also focuses on the variables of the study which are; to access performance of women owned businesses, to examine whether access to credit and other support services influences performance in business, to establish how membership and support by women groups influence performance in business, to find out how training in business influence women's performance in business, to examine the characteristics of women entrepreneurs and to find out the types of businesses owned and managed by women entrepreneurs. The chapter ends with a presentation of a conceptual framework, which depicts the measurable units of the variables under the study and their operational definitions.

2.2 Performance of Small and micro Enterprises

Accurate performance measurement is critical to understanding SME success and failure (Murphy et al., 1996). Measuring financial performance of an organization is a challenging issue (Anna et al., 1999), and a result of this has been the contradictory results produced in research on gender and performance (Lerner et al., 1995). The difficulties involved in measuring performance may also explain the number of different techniques used to operationalise 'performance' across different studies. This diversity has made reliable comparisons of different studies complex, if not impossible (Lerner et al., 1995). Amongst the most frequently, used measures of performance are annual sales, number of employees, return on sales, growth in sales, and growth in employee numbers (Brush and Vanderwerf, 1992). In a review of 34 empirical studies, Brush and Vanderwerf (1992) found no less than 35 different measures of performance in use. Murphy et al. (1996) confirm these findings in their review of 51 published entrepreneurship studies. Little consistency in performance measurement across studies is found; rather a wide diversity of measures are relied upon (Murphy et al., 1996). Moreover, findings show that 60 per cent of the studies use only one or two dimensions of

performance, generally without justification for selection (Murphy et al., 1996). Murphy et al. (1996) conclude that research in the entrepreneurial context could benefit by: explicitly stating the specific dimension(s) under investigation; Providing a theory-based rationale for examining the given dimension(s) and Including multiple dimensions of performance where possible; Including consideration of several critical control variables such as industry, age and size of the business.

Buttner and Moore (1997), in a study of 129 women entrepreneurs in the United States, suggest that traditional economic measures of success may make women-owned businesses appear to be less successful than male-owned businesses. The reason, they argue, may be that women-owned businesses tend to be smaller and slower growing than their male-owned counterparts (Buttner and Moore, 1997). While Kalleberg and Leicht (1991) argue that survival rates of male- and female-owned businesses are comparable, the way women run their businesses to achieve what they define as success may mean that traditional measures of business success and performance do not adequately represent success for female entrepreneurs (Anna et al., 1999).

McCormick (2001) noted significant differences in the performance of women's enterprises vis-à-vis those of Kenyan men. Their enterprises are smaller, less likely to grow, less profitable, and begin with less capital investment than those owned by men. Not only is there a great deal of gender segregation by sector (with women dominating in food processing, beer brewing, hairdressing, dressmaking, and retail of second-hand clothing, while men dominate in metalwork, carpentry, vehicle repair, shoe making, construction and transport), but women and men operate from different locations. Men are twice as likely as women to locate in trading centres, commercial districts or roadside locations; women are almost twice as likely to be operating from the home. Women are three times as likely as men to belong to some type of business association, although there are indications that women's networks have less power to assist their businesses.

McCormick (2001) isolated three factors that account for these differences in enterprise performance. The first factor has to do with the level of education. On average, women

entrepreneurs are less educated than their male counterparts and twice as likely as men to be illiterate. The major reasons for this difference are institutional in nature. Marriage institutions discourage investment in women's education and the division of labour assigns a greater share of household responsibility to girls. Because they have lower educational attainment, they are also less likely to benefit from management and technical training programmes. The second factor has to do with the opportunity to accumulate savings. Because women have lower levels of education and are segregated into lower paying jobs, they have lower savings with which to start a business. Thirdly, women spend less time in their businesses than men because they are expected to carry out their domestic responsibilities, including housework, food preparation and childcare. This also explains why women are more likely to operate their business from the home. As noted by Cynthia (2011) investors are often concerned with women who have families and especially when the children are young. Cynthia (2011) further notes that the reality is that larger family sizes impose a huge responsibility for rearing the young children to women and this reduces the time they have for running their businesses. McCormick concludes that gendered patterns of business operations are supported by five institutions the incorporation of the wife into the husband's family, the division of labour within the household, the division of asset ownership (the tradition that vests ownership of land in males remains strong, even though women can purchase and inherit land), the sharing of household expenditures, and the allocation of educational opportunities. As the data confirms, the larger the group of enterprises, the fewer women entrepreneurs one will find. Over 85 per cent of the enterprises owned by women do not have any employees except the owner. Of the 9,041 small enterprises (1999) with 11-50 employees, it is estimated that women own fewer than 20 per cent; this amounts to less than 0.3 per cent of all women-owned SMEs.

While a large number of studies examine female-owned businesses alone (see Brush, 1992 for an extensive survey), only a limited literature directly studies possible performance differences between male and female entrepreneurs (Du Rietz and Henrekson, 2000). Furthermore, although previous studies suffer from the use of very small samples and often lack male control groups (Du Rietz and Henrekson, 2000), a few more recent studies overcome these shortfalls. Fischer (1992) and Fischer et al. (1993) work with a sample of 508 entrepreneurs, of which 60

are female. Rosa et al. (1996) and Fasci (1998) both work with samples of approximately 600, of which roughly half are women entrepreneurs. Of very recent studies, Du Rietz and Henrekson (2000) and Watson (2001, 2002, forthcoming) utilise very large samples of, respectively, 4,200 (405 female) and 14,426 (875 female).

Several of the studies detecting female under-performance have in common the use of single performance measures in which substantial gender differences are found at the descriptive level (Fischer, 1992; Fischer et al., 1993; Rosa et al., 1996; Fasci and Valdez, 1998; Du Rietz and Henrekson, 2000; Watson, 2001). Such measures include size, growth, productivity and returns. In applying numerous different independent variables as explanatory factors, however, the studies come to somewhat different conclusions. Fischer (1992) and Fischer et al. (1993), using linear regression, find that their independent variables provide weak explanatory power for gender differences found in various performance measures. Other factors, thus, must be sought to account for performance differences (Fischer, 1992; Fischer et al., 1993). Interestingly, neither of these studies includes gender as an independent variable in their regression analyses. Gender differences, hence, are only established at the descriptive level. Rosa et al. (1996), Fasci and Valdez (1998) and Watson (2001) all include gender as an independent variable in their analyses. For all three studies, gender has significant explanatory power for differences in various performance measures. While Fasci and Valdez (1998) conclude gender has the highest impact on their performance variable, Rosa et al. (1996) conclude that gender is not a primary determinant in comparison with other factors. It should be noted that, while Rosa et al. (1996) use number of employees, growth in employment numbers, sales turnover and physical assets as primary performance measures, Fasci and Valdez (1998) use only one dependent variable, namely profit margin.

Du Rietz and Henrekson (2000) include gender as one of many independent variables attempting to explain differences in sales, profitability, employment and orders. While gender differences were highly significant at the descriptive level, this significance disappears for three out of four dependent variables when regression analysis is applied. Only in the sales variable does gender, together with industry sector, remain a strong explanatory variable. A

more detailed analysis reveals that evidence of female under-performance is much weaker in larger firms and non-existent in firms with only one employee (Du Rietz and Henrekson, 2000). Consistent with Fischer (1992) and Fischer et al. (1993), however, other independent variables commonly considered to account for differences in the performance of men's versus women's businesses do not provide strong explanations. Du Rietz and Henrekson (2000) conclude that their findings provide no support for female under-performance according to a strict interpretation of the hypothesis.

Limitations of previous research on gender and entrepreneurship include very few longitudinal studies, use of very small samples, and lack of samples comprising both males and females (Du Rietz and Henrekson, 2000). Watson (2001), using the Business Longitudinal Survey relied upon in the present study, overcomes these weaknesses. The data set used by Watson (2001), which is pooled across all four of the surveys, consists of 14,426 firms – 13,551 controlled by a male and 875 controlled by a female. Watson (2001) is theoretically founded in social feminism, suggesting that if the confounding effects of systematic demographic differences between male- and female-owned businesses are controlled for, there should be no significant dissimilarity in their relative performance. The findings, however, are consistent with several other studies (Fischer, 1992; Fischer et al., 1993; Rosa et al., 1996) in that women are found to perform less well than men, even after controlling for demographic differences.

A common thread through several of the studies under review has been the lack of explanation offered by the independent variables commonly believed to affect financial performance and business growth. Lerner et al. (1995) specifically study the factors affecting performance in a sample of 220 female Israeli entrepreneurs. To establish the factors most influential on business performance, Pearson correlation and multiple regression analyses were performed on 27 different variables pertaining to demography, background socialisation, human capital, networks, motivations and environment. The impact each of these variables has on business profitability, revenues, the entrepreneur's income, and the number of persons employed by the business are analysed. While finding that networking abilities and motivation for starting and running a business offer the greatest explanation for differences in performance, the authors

still concluded that the variables chosen for the study could only partly explain the variation in each performance measure, suggesting that other variables must be relevant in explaining performance differences. An observation can therefore be that the complexities involved in studying performance do not stop at choosing the right dependent variables; selecting the correct independent variables can constitute a further major challenge.

Most studies supporting female under-performance are based on single performance variables such as number of employees, sales, income, and growth (Fischer, 1992; Fischer et al., 1993; Rosa et al., 1996). While these measures offer important insights into structural differences between male- and female-owned businesses, researchers have increasingly argued the importance of using other and more sophisticated performance measures in the comparison of gender (Chell and Baines, 1998; Watson, 2002; Watson, forthcoming).

Kalleberg and Leicht (1991), authors of one of the seminal papers in the area of gender and performance, look at survival and success as two distinct aspects of performance. Their longitudinal sample consists of 411 businesses in computer sales and software, food and drink, and health industries in the United States. Using a regression methodology controlling for industry differences, business characteristics, and attributes of owners, Kalleberg and Leicht (1991) find no significant differences between businesses led by men and women. The findings of Kalleberg and Leicht (1991) are supported in a more recent study conducted by Chell and Baines (1998). Using conventional performance measures such as turnover and number of employees, Chell and Baines (1998) find no statistically significant difference in the performance of female sole-owned and male sole-owned businesses in the business service sector. Kalleberg and Leicht (1991) recognise the limitations of their study arising from the paucity of personal variables and personal attributes utilised, the focus only three industries, and the restriction of the sample to a small geographical region.

A common limitation of previous studies is their tendency to limit assessment of performance to output measures, without relating these output measures to appropriate input measures (Watson, 2002; Watson, forthcoming). This, Watson (2002) argues, appears to be a significant oversight of previous research. The importance of this point is apparent in Watson (2002),

presenting a study utilising the same data as Watson (2001) described above, but reaching a different conclusion. Watson (2002) still supports previous findings in that males are found to invest more heavily in their businesses than females. The question, however, is whether this extra investment pays off in the form of higher profits. Watson (2002) addresses this issue by examining total income to total assets (TITTA), return on assets (ROA), and return on equity (ROE).

The research findings are interesting in that, consistent with previous studies, males are found to have, on average, significantly higher total income and profit (output measures): but also, on average, significantly higher total assets and owners equity (input measures). When relating business inputs to business outputs, an analysis of variance (ANOVA) by industry, number of business days per week, and sex of the owner reveals that whether a male or female controls the business is no longer a significant explanation for variance in TITTA, ROA, and ROE. Both industry and age of business are significant in explaining variance in TITTA, ROA, and ROE. The number of days a business operated a week was only significant in explaining ROA. Also interesting is the fact that if the control variables are removed, there is evidence to suggest that female-controlled businesses outperform male-controlled businesses (Watson, 2002).

Watson (forthcoming) utilising the same data as Watson (2002) adds a new dimension to research on gender differences in performance by including risk as a control variable. The aspect of risk, Watson (forthcoming) argues, is particularly critical to SME owners because of the limited separation between business and personal risk in SMEs. Ang et al. (1995) support this, arguing SME owners have a significant incidence of personal assets and wealth pledged for business loans. When using profit as the basis for comparing performance, Watson (forthcoming) finds that the sex of the person running the business has significant explanatory powers even after controlling for industry, age and size of business. In analyzing standard deviation in profit, the sex of the principal decision-maker also continues to have significant explanatory power. However, to refine the risk measure, Watson (forthcoming) utilizes Sharpe's reward-to-variability ratio (reward being profit, variability being standard deviation in profit). After using this measure to adjust for risk, the sex of the principal decision-maker of

the business no longer has significant explanatory power for performance differences. The only variable with explanatory power in this case is industry, but only at a five per cent level (Watson, forthcoming). Watson (forthcoming) concludes that there is no significant difference in performance of male and female controlled SMEs, provided performance is adjusted for risk. Watson (2002) and Watson (forthcoming) provide strong support for SFT, and to quote the author (Watson, 2002, p. 97): Females (on average) may take a different approach to business, in terms of the amounts of capital they are able or prepared to invest, but, in terms of the return they earn on their invested capital, they are no less effective than males.

2.2.1 Access to credit and other support services

For firms in sectors at the end of the value chain and that operate in market niches, the type of strategy is less important than the combinations of resources (Brush and Chaganti, 1998). This can be due to the fact that these firms do not have sufficient resources for implementing any strategy, they cannot differentiate their strategies because of the lower entry barriers based on technology, patents, capital or volume of production, or there is more probability of strategy limitation because they need short-term investments, they have a low cost and are easy to implement (Porter, 1986).

The human resources of the entrepreneur and his/her staff have a direct effect on the strategies of the firm (Miller and Friesen, 1983). Brush and Chaganti (1998) argue that in order to improve performance, the firm must develop bundles of unique resources that support the way in which it is going to compete. A relationship probably exists between higher levels of human capital oriented toward customers-suppliers and the strategy of quality and customer service (Chandler and Hanks, 1994). In small firms, where managers are responsible for strategy, it can be said that their human capital will be related to innovation strategy (Edelman *et al.*, 2001).

Organizational resources are also related to quality and customer service strategy because the small efficient firms will be able to provide the customer with a higher quality of service. Also, if they develop their employees' abilities, they will respond better to market necessities

(Hitt and Reed, 2000). Also, higher levels of employee education and their abilities –creativity, direct contact with customers- are associated with innovation strategy (Chandler and Hanks, 1994). Thus, we expect that firms with a wide variety of resources will have a broader range of possible actions.

Some of the recent empirical evidence on the resources of businesses owned by women seems to show that the results of the studies done in the 80's and early 90's may be obsolete and the current trends are others. In a study carried out by International Labour Organization On Constraints Faced by Women Entrepreneurs, 2004, they came up with two types of resources that directly impact on the business performance: human, including demographic (education and experience in previous work, management, industry and firm creation) and psychological characteristics (personal characteristics and management style) and organizational ones, including access to financing and employees' abilities.

This has been considered one of the most important resources denied to women. The reasons given are; lack of financial track and actives that can be used as a guarantee; lack of experience in finance, marketing and accounting; credible discrimination and difficulty in entering informal financial networks (Aldrich, 1989). But the OECD (2000) points out that these reasons can be summarized in one: the banks are cautious when they have to lend to certain types of businesses with very high risk evaluation and low return on investment regardless of the entrepreneur's gender.

Coleman (2002) agrees when stating that lenders do not discriminate against women-owned businesses because of this fact; instead, the access to external financing seems to be determined by the firm's characteristics, which for typical women owned businesses could be small size, limited perspectives of growth and profitability and non availability of sufficient guarantees plus entrepreneur characteristics such as lack of education. Fay and Williams, (1993) highlight that to prove the existence of discriminatory behaviour; the researcher must control in a precise way all the relevant factors in a credit request. Haynes and Haynes, (1999) give some reasons why women nowadays have the same access to credit as men; less risk of non payment; more education and experience; more risk propensity; they demand more capital and offer more

actives as a guarantee; the lenders have more experience in dealing with them and the financial market is more competitive.

2.2.2 Performance of women owned enterprises

Size and growth are typically used as criteria for evaluating organisational success (Cliff, 1998). While several recent studies on gender include various growth indicators as performance measures (Fischer 1992; Fischer et al., 1993; Rosa et al., 1996; Anna et al., 1999), very few examine gender and business growth in particular. One reason for the scarcity of studies directly concerned with gender and business growth may be the shortage of longitudinal surveys (Du Rietz and Henrekson, 2000), a necessity for measuring change in size over time.

As SFT suggests, studies comparing the performance of male- and female-owned firms consistently show businesses headed by women tend to be smaller than those headed by men (Rosa et al., 1996; Cliff, 1998). The lesser size of women-owned firms holds true regardless of whether size is measured by gross revenues, number of employees, or profit levels (Fischer, 1992; Fischer et al., 1993; Kalleberg and Leicht, 1991). Some evidence also shows that women-owned firms grow less quickly than male-owned firms (Cliff, 1998) do.

Female under-performance is particularly pronounced for growth-related measures, while in terms of profitability the difference is much smaller (Rosa et al., 1996). Hisrich and Brush (1987) in a longitudinal survey of female entrepreneurs in the United States examine changes in size over a period of five years. While findings suggest the number of employees has increased only slightly over the five years, a steady annual growth of approximately seven per cent in gross revenues is noted.

More women than men may choose deliberately not to grow their business and instead pursue other goals (Sexton, 1989; Rosa et al., 1996; Du Rietz and Henrekson, 2000). This is a proposition supported in SFT, which suggests one will expect women to be less likely to express a desire to grow their firms since expansion may interfere with other aspects of their lives (Cliff, 1998). Women, thus, can be argued to run their business so that the interests of the

immediate family do not conflict with business interest (Carter and Cannon, 1992). Du Rietz and Henrekson (2000) argue women possibly regard proprietorship as a mechanism for achieving independence and control over their private and working lives. This view is supported in a review conducted by Brush (1992) suggesting research that shows lower performance by females may reflect a desire by women-owned businesses to focus on goals other than growth and performance.

Rosa et al. (1996), in their study of performance, look at differences between male and female desire for growth. Their findings establish men as more likely than women to wish to expand as far as possible (43 per cent versus 34 per cent). In answers to open ended questions, respondents gave a diversity of reasons for not wanting to expand significantly, or not wanting to expand at all. Male respondents were much more likely to seek expansion through mergers, buying other businesses, and setting up more business units. Female respondents, in contrast, were more likely to seek expansion through increased production (Rosa et al., 1996). Cooper et al. (1994) confirm the findings of Rosa et al. (1996). Their longitudinal study of 1,053 new ventures in the United States show women-owned ventures is less likely to grow; but, consistent with the findings of Kalleberg and Leicht (1991), they are no less likely to survive.

Cliff (1998), while supporting previous findings in that businesses owned by women tend to be smaller than those owned by men, still concludes that the desire for growth is equally present in both men and women. Consistent with SFT, men and women may also differ in the way they perceive their business and its potential for growth. Du Rietz and Henrekson (2000), in a study of Swedish entrepreneurs, asked respondents how they perceived their current rate of growth. The result shows that the perceived rate of growth is higher among male entrepreneurs. In addition, when asked about perceived future prospects for growth, a significantly larger fraction of the male entrepreneurs perceives good prospects for expansion (Du Rietz and Henrekson, 2000). Also consistent with SFT, female entrepreneurs seem to be more concerned than male.

2.2.3 Personal characteristics of women entrepreneurs

Verheul et al., (2002) observed that differences among owner-managers in psychological traits, experiences and skills needed to accomplish their managerial tasks, explain differences in their performance. Traits found to be positively associated with performance in small firms include creativity, courage, aggressiveness, risk-taking (Stevenson & Gumpert, 1985), need for achievement (Kalleberg & Leicht, 1991), and internal locus of control (Brockhaus, 1980). In addition, Bauerschmidt & Hofer (1998) showed that the more skills and experience the owner-manager brings to the business the more successful the business is likely to be. Cooper (1998) cautioned that on their own these psychological and demographic characteristics do not directly influence performance but do so through other variables such as strategy and environmental characteristics.

Some years ago the educational level of women entrepreneurs was similar to that of men, but women more frequently chose liberal studies than technical, business or engineering ones (Neider, 1987), but nowadays more women choose the latter ones (Orhan, 2001). Because of this, previous work experience, which is related to the type of education, is more similar to their male counterparts (Orhan, 2001), although in the previous generation women entrepreneurs did not have experience in executive, scientific or technical positions (Watkins and Watkins, 1984; Stevenson, 1986). Characteristics such as education (van Praag de Wit, 2001) and previous work experience (OECD, 2000) can have a positive effect on a firm's performance.

With respect to the management experience, it is found that women performance is rated less than men's (Stevenson, 1986; Srinivasan, Woo and Cooper, 1994) because of the glass ceiling that limits their promotion as salaried employees in other organizations and therefore obliges them to acquire this in their own firm. However, the differences also seem to be diminishing (Breen, Calvert and Oliver 1995). As for industry experience and experience in firm creation, the studies do not show results as encouraging for women entrepreneurs. This can be explained because women-owned businesses are younger and so are the owners. Women tend to create their businesses in industries where they have previous experience (Neider, 1987;

Hisrich and Brush, 1994) although perhaps to a lesser degree than their male counterparts (Belcourt, Burke Lee-Gosselin, 1991). And generally women have less experience in firm creation than men (Cliff, 1998; Carter and Koveid, 1997).

Based on personal characteristics, women entrepreneurs seem to have a high need for achievement (Lerner et al 1997), high internal control and an ambiguity tolerance similar to their male counterparts (Rosa *et al.*, 1994; Mallete and McGuinness, 1999). These three characteristics are related to entrepreneurial behaviour (Entrialgo et al, 1998) with ambiguity tolerance having a significant direct effect on performance. The literature supports the notion that there are differences between the management style of men and women (Mukhtar, 2002), the latter being described as more informal (Cuba et al, 1983) more people-oriented (Kabacoff, 1998;) and more interactive and participative (Moore and Buttner, 1997).

This can raise employee satisfaction and therefore result in higher performance levels (Chaganti, 1986). Also, Buttner (2001) points out that female entrepreneur style can be better described using relational dimensions –mutual enrichment, collaboration, share of information, empathy and care- which are associated with firm performance –particularly with retention of employees.

2.2.4 Membership and support by entrepreneurs women groups

Women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive (Morris and Kuratko, 2002). Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. Few women are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or subsectors and of women as individuals within any given sector. As an example of this, at a recent SME Trade Fair in a country in Asia

where it has been estimated that women operate around half of all SMEs, less than 20 women were registered among the approximately 250 participants and most of those were civil servants rather than businesspersons (Penrose, 1998).

Women's businesses are not well represented in industry, trade or business associations. Both the leadership and the membership of chambers of commerce, business, traders and industry associations tend to be dominated by men, and few women join or reach leadership positions in the mainstream business organizations. Although partly a reflection of the low number of women entrepreneurs, it means that the different needs of women entrepreneurs do not feed into policymaking through the lobbying and other activities of these organizations. Many specialist organizations of businesspersons often do not counter this situation because their activities tend to be oriented toward charity and social work, in contrast to the business networking and policy lobbying orientation of the "mainstream" but more male-dominated organizations (Phizacklea, 1990).

Part of the reason for women's groups are so diverse in Kenya However, business associations rarely consider such needs when scheduling meetings, and few business conferences or trade fairs provide childcare or children's programmes in order to facilitate the participation of businesswomen. It is interesting to note, on the other hand, that many business conferences, particularly in developed countries, do provide "spouse" programmes in order to accommodate the needs of businessmen to bring along their "non-working" wives (Pinchot and Pellman, 1999).

Kenyan women entrepreneurs at the micro, Jua Kali level, have great difficulties obtaining finances due to collateral constraints. Most of them are forced to cooperate with other women in small groups to mobilize savings and pool these resources for lending to individual group members. Alternatively, they form in small groups to access micro-credit, through a mutual guarantee system, from a micro-finance organization, such as the Kenya Women Finance Trust (KWFT), Women Enterprise Fund, Uwezo fund or the Women Economic Empowerment Consort (WEEC) (Lois Stevenson & Annette St-Onge 2005).

Women who make it beyond the micro-enterprise threshold of more than five employees are seen as more able to stand on their own, but they often lack sufficient working capital to prepare for a growth in demand, unable to fulfill a large order because they do not have the working capital to finance raw materials and work-in-progress inventory. Women with larger enterprises are more sophisticated, better educated; more experienced, more traveled, and have access to more networks, information and resources. However, they would benefit from better access to information regarding market opportunities, export procedures, and leadership development. Although this group may have greater access to collateral, they may still face some barriers to obtaining flexible financing for the further development of their enterprises (Lois Stevenson & Annette St-Onge 2005).

2.2.5 Training of women entrepreneurs

Human capacity building remains the main priority of Moshav (Moshav annual report, 2001). Highly extensive training programs targeting a variety of the population including field workers, senior decision makers, educators, principals, local and national education system supervisors, heads of municipality and regional departments, planners of study programs, senior educational administrators, lecturers and university staff (Moshav annual report, 2001). It specializes in adapting educational systems to meet the demand of developing economies.

Moshav recognizes the pivotal role of capacity building in the process of nation-building and state development by aiding the educational systems of developing countries to meet the challenges of technology in the 21st century (Moshav annual report, 2001). Women have limited access to vocational and technical training. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education.

While highlighting the critical need for proper measures for training constructs, Kitching and Blackburn (2002) noted that the mismatch between firm practice and research focus is something that needs immediate attention. A broad definition of training includes any attempt, within or outside the organization, to increase job-related knowledge and skills of either

managers or employees (Kitching and Blackburn, 2002). Although this definition captures important parameters, the Skills Assessment Report (2002) also emphasizes specifically the need to distinguish between formal and informal training approaches. Training in itself is a difficult concept to quantify, but Westhead (1998) believes that the practice of providing sweeping generalizations to cover a variety of cases that are in many ways dissimilar makes things even more confusing. Thus, unlike previous research, this study makes a clear distinction between formal and informal training practices.

Formal training and development is defined as “initiatives which can be identified by both recipients and deliverers as an intervention which has a structured mode of delivery, where the aim is to impart new awareness or knowledge of a workplace process or activity” (Patton and Marlow, 2002). The study, thus, define informal training initiatives as ad-hoc, fragmented and flexible. Such initiatives depend on the environment of the organization, the nature of the task in hand, the propensity of individuals to learn, and lack a formal structure and stated objectives. Training practices in the study are defined against these criteria.

Pfeffer (1998) proposes that there is evidence demonstrating that effectively managed people can produce substantially enhanced economic performance. Pfeffer extracted from various studies, related literature, and personal observation and experience a set of seven dimensions that seem to characterize most if not all of the systems producing profits through people. He named them the seven practices of successful organizations and they are: employment security, selective hiring of new personnel, self-managed teams and decentralization of decision making as the basic principles of organizational design, comparatively high compensation contingent on organizational performance, extensive training, reduced status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels, and extensive sharing of financial and performance information throughout the organization. From these, it is evident that training is an essential aspect of improved performance, and which is crucial in overall organizational effectiveness.

Shelton (2006:294) advised that in order to improve the survival and performance of women-owned ventures, programmes should be implemented to assist women in selecting appropriate

work-family management strategies. If work-family conflict is addressed, a potential obstacle for women business owners will be removed and the effectiveness of other programmes will be enhanced.

Kock (2008:110) argued that many women want post-start-up support that is accessible after trying out the skills learned in earlier training. Mentoring is one method of providing this support, which can be very effective as it addresses the specific problems faced by the individual entrepreneur. The support can include individual as well as group-based assistance directed at specific problems where mentors serve as role models. Langowitz and Minniti (2007:341) found that women tend to perceive themselves and the entrepreneurial environment in a less favourable light than men do. Programmes aiming to improve perceptions of aspiring women entrepreneurs may lead to higher rates of business start-up.

2.2.6 Types of Women business enterprises

Although there is limited available research on the profile of Kenyan women entrepreneurs, there is certainly anecdotal evidence that this profile is not homogeneous, perhaps falling into three segments. Women in each segment differ slightly from those in the others in terms of their demographic profile, extent of previous business experience, capacity needs, access to resources (credit, premises, and BDS), and orientation towards growth (Alder et al 1998).

The first segment is that of the Jua Kali micro-enterpriser. The women who own these enterprises, often unregistered and in the informal economy, have little education (less than secondary level), and are constrained by their lack of entrepreneurial and business knowhow lack access to credit, and awareness of markets and market opportunities. These women start very small enterprises, most likely only employ themselves or a few family members, and operate from a home base or Jua Kali shed. Their enterprises have limited potential for growth. To obtain credit for her business, a woman is likely to participate in a “merry-goround” group of five or six women who combine their savings over a six-month period of time and then start lending, on a very short-term basis, to members from the pool (Gakure, 2003)

The second segment is comprised of women with very small (6-10 employees) and small enterprises (over 10 employees) who have a minimum of secondary education, previous experience as an employee in a public or private sector enterprise, and a supportive husband who may be directly or indirectly involved in the business. Their businesses are generally registered and operate from legitimate business premises. Although these women are more likely to be able to access business development services (BDS), training and micro-finance, they are still constrained by access to financing. Once they have surpassed the lending limits of micro-finance organizations (over Ksh. 500,000), they are still likely below the threshold to be of interest to commercial banks, which prefer to lend to large depositors. Furthermore, they are unlikely to have title deeds and cannot meet collateral security requirements. Many of the firms owned by these women have growth potential; some already tapping into international markets (Gakure, 2003).

The third segment is made up of women with university education, who came from entrepreneurial family backgrounds, have experience in managerial positions in the corporate world, access to financial means and supportive husbands. These women are amongst the group most likely to have small, medium-sized or larger enterprises with growth potential and the group most likely to be engaged in exporting. Each of these three groups of women entrepreneurs is in need of tailored responses to their specific enterprise needs. However, the groups most in need of targeting may be at the “top end” of the bottom segment and the middle segment – the groups referred to as the “missing middle” of women entrepreneurs (Namusonge, 1999).

Women who make it beyond the micro-enterprise threshold of more than five employees are seen as more able to stand on their own, but they often lack sufficient working capital to prepare for a growth in demand, unable to fulfill a large order because they do not have the working capital to finance raw materials and work-in-progress inventory (Mbugua, 1999). The interest rates of commercial banks range from 16 to 21 per cent, and they prefer to cater to clients who have large deposits. Women with larger enterprises are more sophisticated, better educated, more experienced, more traveled, and have access to more networks, information

and resources. However, they would benefit from better access to information regarding market opportunities, export procedures, and leadership development. Although this group may have greater access to collateral, they may still face some barriers to obtaining flexible financing for the further development of their enterprises (Gakure, 2003).

2.3 Theoretical Framework

Mirchandani (1999, p. 224), amongst others, emphasizes the need for gender-based SME research to adopt theories that appropriately reflect both male and female perspectives: “Much of the literature on women and entrepreneurship does not address the consequences of adapting theories of entrepreneurship, developed through analyses of men’s lives, to the experiences of women. Approaches to women and entrepreneurship would benefit greatly from theoretical insight on the gendered processes in work settings developed within feminist theory.”

The immediately following discussion presents Feminist theories theoretical perspective that may meet this requirement. The theory constitutes major streams of feminist thought (Black, 1989; Carter and Weeks, 2002), imply one may expect to find gender differences in various aspects of entrepreneurship. Importantly for the present study, such differences are likely to have implications for the financial performance and business growth of SMEs.

2.3.1 Feminist Theory

FT posits that men and women are subject to different socialization processes relating to their observed sex, and that this will condition them to differ in many characteristics, including motivations generally considered relevant to entrepreneurship (Fischer et al., 1993). The differences between male and female experiences, which are argued to begin from the earliest moments of life, are likely to result in fundamentally different ways of viewing the world (Fischer et al., 1993). Chodorow (1978) argues that mothers, by creating dissimilar relationships with sons and daughters, affect the socialisation process and influence the way males and females view and interpret their surroundings. Because of the different socialisation processes, SFT argues women are placed at a disadvantage compared to males when it comes to starting and running their own business (Jones and Tullous, 2002).

SFT holds that men and women are indeed different due to differences in the socialisation process they experience. Males and females are viewed as two separate groups, each with an equally effective and valid, but distinct, way of thinking and rationalising. Female and male experiences, thus, are equally valid bases for developing knowledge and organising society (Fischer et al., 1993).

A symbiotic relationship is argued to exist between some women's socialisation and their preparedness for the financial activities required by entrepreneurial endeavours (Jones and Tullous, 2002). Karsten (1994) argues that accounting and finance, for example, have roots in mathematics and science, which again are believed to have distinct sex role-related expectations for children. As a result, young girls will often stay away from these areas.

Studies on social feminism mainly examine gender differences in psychological traits such as compassion, self-actualization, self-confidence, and risk taking propensity (Fischer et al., 1993). Men are expected to possess high levels self-assertion, self-expansion, and the urge to master; whereas women are expected to possess high levels of communal qualities such as selflessness, a concern for others, and interpersonal sensitivity (Eagly and Wood, 1991). Echabe and Castro (1999), in their study of the impact of context on gender social identities, suggest that women and men perceive themselves according to the traditional gender stereotypes (women perceive themselves as more feminine, while men describe themselves as more masculine).

Concepts such as dependence, tenderness, expressiveness, have progressively become feminine concepts; whereas autonomy, self-development, self-confidence and independence have become masculine concepts (Echabe and Castro, 1999). Adherents to SFT will expect findings on men and women to differ in terms of motivation to start and run a business, business skills, level of education, measurement of success, level of self-confidence, personal attributes, and prioritising of business tasks (Moore and Buttner, 1997).

According to the theory reviewed, one would expect to find gender differences in various aspects of owning and managing SMEs. In particular, variations found could have the potential

to influence financial performance and business growth. Due to the difficulties involved in firmly establishing discrimination against women as the basis of possible gender differences, this study was grounded in social feminism, which does not necessarily assume discrimination.

2.3.2 Grameen Model

Grameen Bank concept was born in the village of Jobra, Bangladesh, in 1976. Grameen model of microfinance has evolved in Bangladesh and is the most dominant model prevalent there. Centrally managed, dedicated microfinance institution, groups of five, highly disciplined organizational structure - that is Grameen model. The focus is primarily on lending, but every group member must save a certain amount. The Grameen bank program, has been found fast growing and has substantive share both in breadth and depth of outreach. Experience shows it has high prospect of growth in Nepalese microfinance market to address the financial need of the unprivileged groups (Aminur 2001). This model targets the poor based on certain criteria such as: size of the land holding, condition of the house, and income of the households. The bank goes to women clients instead of them to bank in this system. All the financial services are delivered through regular meetings in the community especially the women. This has opened the door to all the poor for financial services. Microfinance provides service at the door-step of the poor based on the principle that the people should not go to the bank, bank should go to the people. (Guillemette Jaffrin and Sabin Raj 2005).

In the last twenty years or so, the microfinance institutions have greatly modified the Grameen Bank's methodology and devised appropriate financial service technologies to serve success and have become known worldwide. Many MFIs have taken up microfinance as core activities and some people maintain that there is a need to review whether microfinance programs should be separated from other, development programs and conducted independently. Today, tens of millions of women around the world have greater economic independence and self-worth as a consequence of microfinance projects. Roughly 95% of micro-loans go to women. With those microfinance projects organized after the Grameen Bank model, women form groups of six, all of whom must pay back their loans in order for group members to be eligible for subsequent loans.

Grameen Bank, in particular, has combined access to capital with a list of “Sixteen Decisions” which every group of women commits to in order to obtain a loan. These “Sixteen Decisions,” in conjunction with the group practice of borrowing and re-paying ever larger sums, makes Grameen Bank, in effect, an educational institution (Aminur 2001).

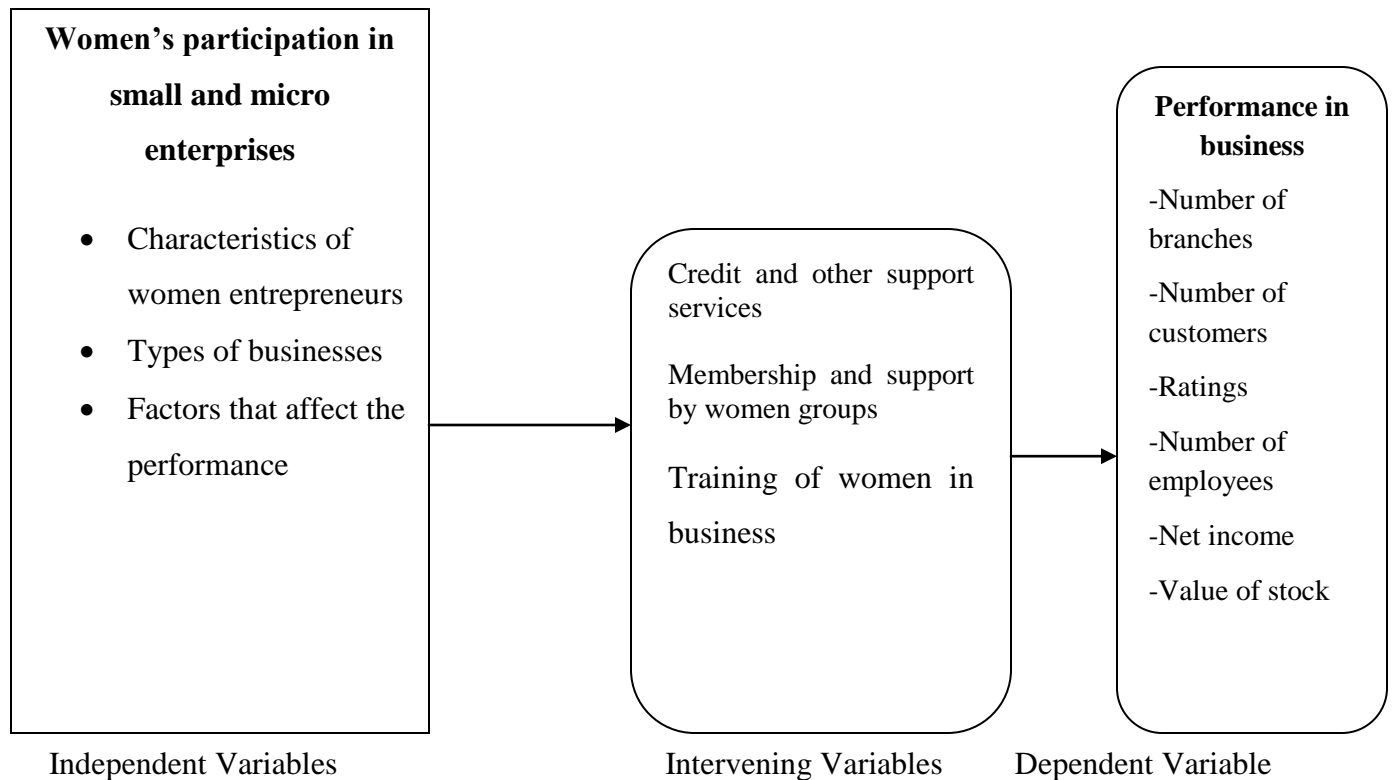
2.4 Conceptual Framework

Mugenda, (2008) defines conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. In this study, the conceptual framework looked at women’s participation in small and micro enterprises and the performance of their business in Gikomba Market, Kenya.

Independent variables are those variables, which are systematically varied by the researcher. On the other hand, dependent variables are those variables whose values are presumed to depend on the effects of the independent variables (Mugenda, 2008). The moderating variable is one that has a strong contingent effect on the independent variable and dependent variable relationship. That is the presence of a third variable modifies the original relationship between the independent and the dependent variables. The relationship between these variables is presented graphically in the conceptual framework shown below.

The following variables formed the basis of the research conceptual framework for this study, that is; personal characteristics and types of businesses as independent variables; while Credit and other support services, membership and support for women groups, training women in businesses as the intervening variables. On the other hand, the dependent variable is performance in business while the moderating variables would be credit and other support services, membership and support by women groups, and training of women in business.

Figure 2.1. Conceptual Framework



Source: Author (2015)

2.5 Operational definition

Personal characteristics: These refer to those intrinsic factors that are unique to a particular person and directly affect that person's life. These includes age, level of education, occupation, marital status, which are perceived to influence their performance in business

Access to credit: This variable was measured in terms of amount lended, level of repayment and the credit period allowed.

Training in business. This was measured in terms of the number of education sessions attended such as workshops, seminars, women group training. The training gives tools and skills to analyse the challenges faced by the women entrepreneurs who in turn are able to find

strategic solutions on the other hand, networking skills through membership and support for women groups enhanced women entrepreneurs to operate as members of professional organizations or part of other networks to enhance access to information.

Membership and support by Women groups: This was measured by the length of membership in years, share holding, capital provision and opportunities provided.

Types of business: This was measured in terms of sole proprietorship, partnership or limited liability companies.

Performance in business: This was measured by the number of employees, net income, value of stock and number of branches.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. In this section the researcher identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research site

The study site was Gikomba Market. The market is located in Kamukunji Constituency in Nairobi County, and about 2 kilometres from the city centre. The choice of the market was considered because it is the largest market in Kenya and East Africa, with a variety of businesses and also because of ease of accessibility from the city center. According to Standard Bank Group –Kenya SME Pilot Psychometric there are 1,200 women owned enterprises in Gikomba market by year 2014.

3.3 Research Design

Research design is the general plan of how one goes about answering research questions (Sounders, Lewis and Thornhill, 2000). It is an approach and a set of methods and guidelines to be used as a framework for research (Blessing and Chakrabarti, 2009). Russel, (2000) explains that, research design applies to the way the researchers comes close to problems and seek answers to those problems.

Descriptive survey research was employed as the research design for this study. A descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behaviour or values (Mugenda and Mugenda

2003). This design was considered appropriate for the types of the objectives of this study as it enables the researcher to describe the state of affairs, as they existed without manipulation of variables, which was the main aim of the study.

3.4 Target Population

Ngechu (2004) defined a population as a well defined or set of people, services, elements, events, group of things or households that are being investigated. In this study the population of interest was women entrepreneurs at Gikomba Market in Nairobi. According to Standard Bank Group –Kenya SME Pilot Psychometric there are 1200 women owned enterprises in Gikomba market by year 2014. Mugenda and Mugenda, (2003) explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. The study targeted women in groceries, clothes, shoes, Jua Kali, Hardware, carpentry businesses.

3.5 Unit of Analysis and Unit of Observation

The unit of analysis, also called the unit of statistical analysis, refers to those units that we initially describe for aggregating their characteristics in order to describe some larger group or abstract phenomenon (Mugenda and Mugenda, 2003). In this study, the unit of analysis was to understand the phenomenon/dynamics that led to increased female participation in entrepreneurial activities and how women's entrepreneurship affects economic growth and development in Gikomba market in Kenya . A unit of observation is the subject, object, item, or entity from which we measure the characteristic to obtain the data required in the research study (Mugenda and Mugenda, 2003). In this study, the unit of observation was also women entrepreneurs.

3.6. Sampling of Women Entrepreneurs

According to Bryman (2008), sampling is the process of selecting a number of individuals for a study in such a way that the individual represents a larger group from which they are selected. The major criterion used when deciding on the sample size is the extent to which the sample size represents the population.

In this study, the researcher employed purposive sampling technique in identifying a sample of 120 respondents from groceries, clothing's, shoes, juakali, hardware and carpentry businesses. The sample size will be divided proportionately according to the varying sizes of the six categories under study. Purposive sampling technique is one of the most sampling strategies that groups participants according to preselected criteria relevant to particular research question. Table 3.1 below shows how sampling of women's entrepreneurs was done.

Table 3.1. Sampling of Women Entrepreneurs

Enterprise	Number
Groceries	26
Clothing	22
Shoes	18
Jua Kali	24
Hardware	16
Carpentry businesses	14
Total	120

The choice of this type of sampling technique was based on the fact that, the number of these enterprises was very large and it was not easy to estimate thus we proceeded to sample the units purposively. Having identified one operator of one kind of business, we identified the next operator with a different kind of enterprise alternately until we reached our target sample of 120 respondents out of which only 100 respondents participated in the study.

3.7 Techniques for Data Collection

The study made use of primary data. Primary data were gathered from women entrepreneurs using questionnaires. The questionnaire contained closed-ended questions and also a few open-ended questions. These types of questions were accompanied by a list of possible alternatives from which respondents were required to select the answer that best described their situation. Secondary data was obtained from the journals, books, online electronic journals and reviews. The researcher trained five research assistants on all issues pertaining to the data collection procedures and techniques before carrying out the study. A set of 120 questionnaires were issued to the respondents. The five research assistants helped the respondents to understand the

questions and answer them correctly. Data collection took four days. The researcher recognized that the issue under study was sensitive because it involved the core business of the organization. Therefore, there was need to protect the identity of the respondents as much as possible. This meant that the questionnaires would not require the respondent's names or details that may reveal their identity. The researcher also obtained a letter from University of Nairobi allowing her to undertake the study and an introductory letter explaining the purpose of the study.

3.8 Data collection instruments

The questionnaires were used because they allowed the respondents to give their responses in a free environment and helped the researcher get information that would not have been given out had interviews been used. The questionnaire was self-administered to some respondents. The researcher collected data using open ended and closed ended questions in order to assess women's participation in micro and small enterprises and performance of their business. The researcher employed two research assistants who interpreted the questions to those women who were not well educated and could not understand English. The preference for a questionnaire was because they were able to complete it without help, anonymously, and it is cheaper and quicker than other methods while also reaching out to larger sample (Bryman, 2008; Cohen et al., 2007).

3.9 Data Analysis

The data collected were analyzed using descriptive statistics. After the data collection, the researcher pre-processed the data to eliminate unwanted and unusable data, which could have been contradictory or ambiguous, developed a coding scheme by creating codes and scales from the responses, which were then summarized and analyzed. The data were then stored in paper and electronic storage and finally the researcher used the Statistical Package of Social Science (SPSS) to analyze the data. Data had been presented through percentages, means, standard deviations, and frequencies. The findings had been displayed using bar charts, graphs, and pie charts and in prose-form.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study sought to examine women's participation in small and micro enterprises and the performance of their business in Gikomba Market. The specific objectives of the study were to examine the characteristics of women entrepreneurs, to find out the types of businesses owned and managed by women entrepreneurs, and to examine the factors that influences performance of women owned businesses. The findings of the study were presented in tables, graphs and charts as appropriate with explanations being given in prose thereafter.

4.2 Characteristics of Women Entrepreneurs

The study sought to ascertain the background information of the respondents involved in the study, which included; age of the respondents, marital status, number of children, education level, training, current occupation, and past occupation. The background information points at the respondents' suitability in answering the questions.

4.2.1 Age of the respondents

The study sought to establish the age distribution of the respondents and the findings were as shown in Table 4.2. below

Table 4.2. Age of the respondents

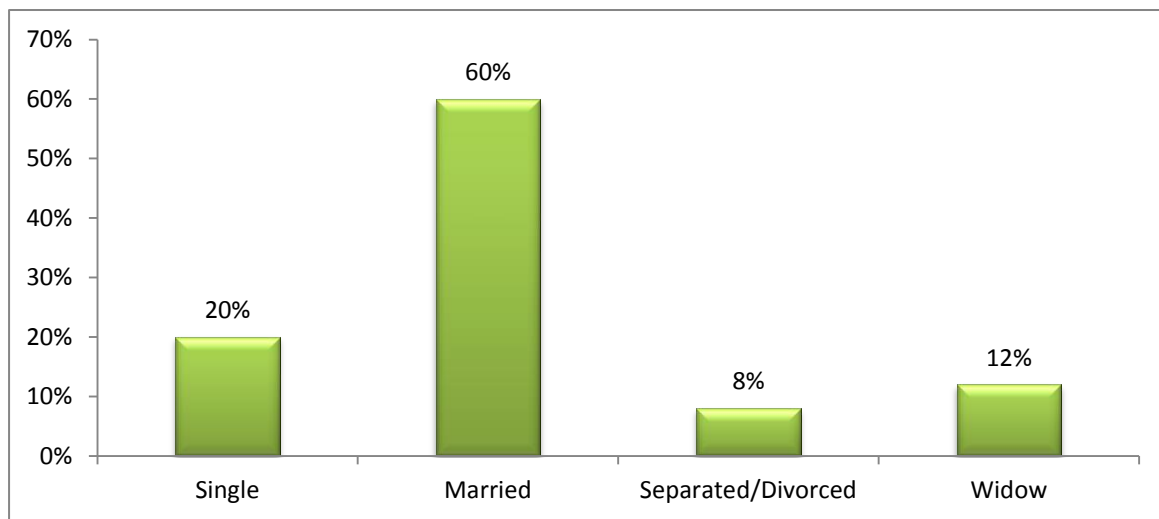
	Number	Percent
Below 29 years	12	12
30-39 years	40	40
40-49 years	36	36
50-59 years	10	10
Above 60 years	2	2
Total	100	100

According to the findings, most of the respondents (40%) were between 30-39 years, 36% were between 40-49 years, 12% were below 29 years, 10% were between 50-59 years while 2% were above 60 years. This implied that majority of the women entrepreneurs were young (30-49 years) and energetic in managing their business enterprises. In addition, they were at their prime age of reproduction, which acted as motivation to run their business enterprises so as to provide for their families.

4.2.2 Marital Status of the respondents

The study sought to establish the marital status of the respondents and the findings were as shown in Figure 4.2. below

Figure 4.2. Focus on marital status



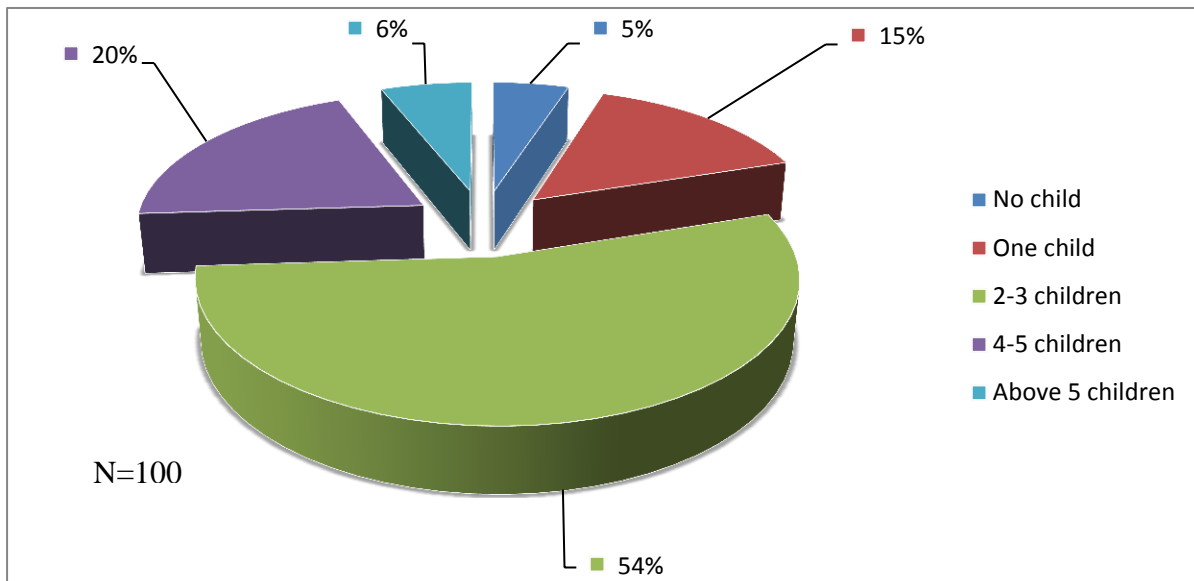
N=100

According to the findings, majority of the respondents (60%) were married, 20% were single, 12% were widows while 8% were separated or divorced. This implied that majority of the women entrepreneurs were in families which obligated them to allocate part of their business earnings to meet the family obligations. On the other hand, women entrepreneurs being in marriage life meant that they presumably received material, financial and moral support from their spouses in operating their businesses, which enhanced the growth rate of their business.

4.2.3 Number of children

The study sought to establish the number of children and the findings were as shown in Figure 4.3. below

Figure 4.3. Number of children

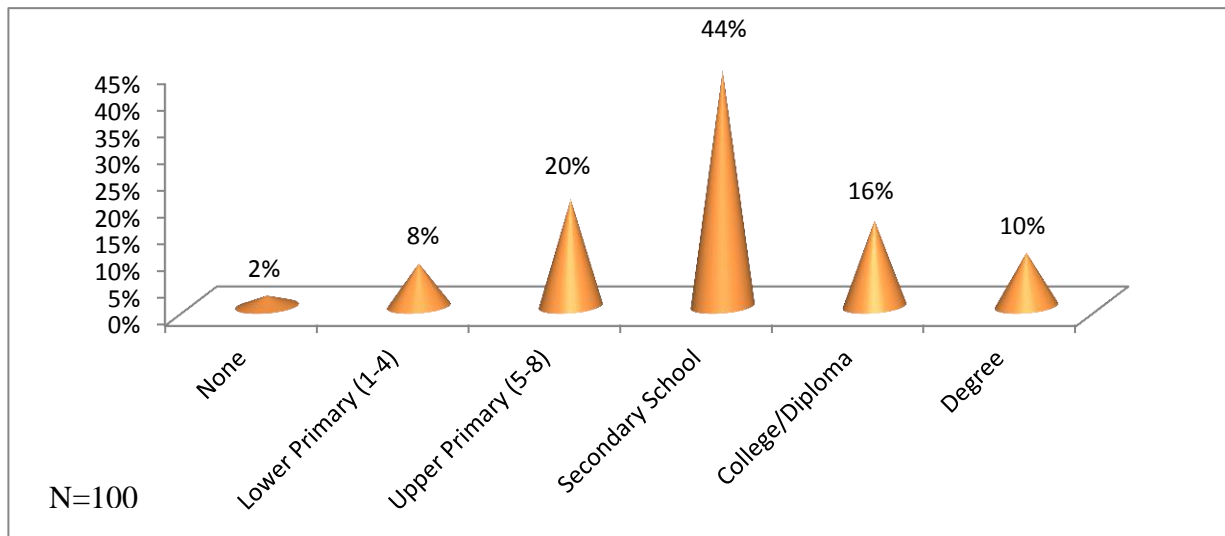


According to the findings, majority of the respondents (54%) had 2-3 children, 20% had 4-5 children, 15% had one child, 6% had over 5 children while 5% had no child. This implied that majority of the respondents had at least 2 children. It further showed that majority of the respondents were in family set-ups and had family responsibilities to meet and this was likely to reduce the time they had for overseeing their business activities as well as monitor business performance.

4.2.4 Level of education of the respondents

The study sought to establish the level of education of the respondents and the findings were as shown in Figure 4.4.

Figure 4.4. Level of education of the respondents



According to the findings, most of the respondents (44%) had O-Levels, 20% had Upper Primary level education, 16% had Diplomas (post-high school but lower than an undergraduate qualification), 10% were graduates, 8% had Lower Primary level education while 2% had no education. This implied that majority of the women entrepreneurs lacked a sound academic background and as such they were unlikely to run their businesses professionally and this was likely to negatively affect their businesses profitability and sustainability.

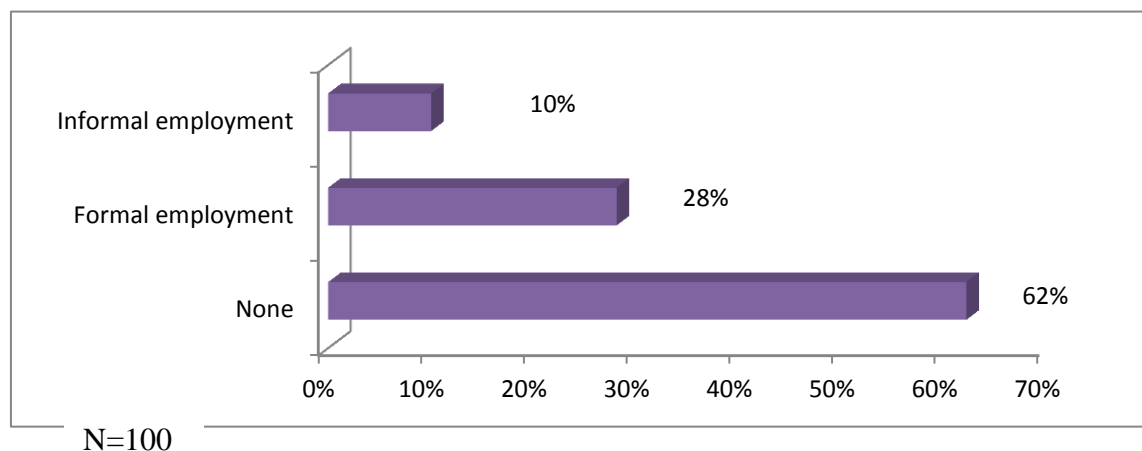
4.2.5 Training of the respondents

Of those who had college and university education, majority of the respondents indicated that they had studied business related courses such as accounting, financial management, business management and entrepreneurship. Others had studied sociology and community development. Others had done pharmacy and medical related courses and education related training. Thus, they had a sound academic background on management of business, which was likely to help them run their businesses professionally.

4.2.6 Current occupation other than this business

The study sought to establish the current occupation of the respondents other than their business (Figure 4.5).

Figure 4.5. Current occupation of the respondents other than their business

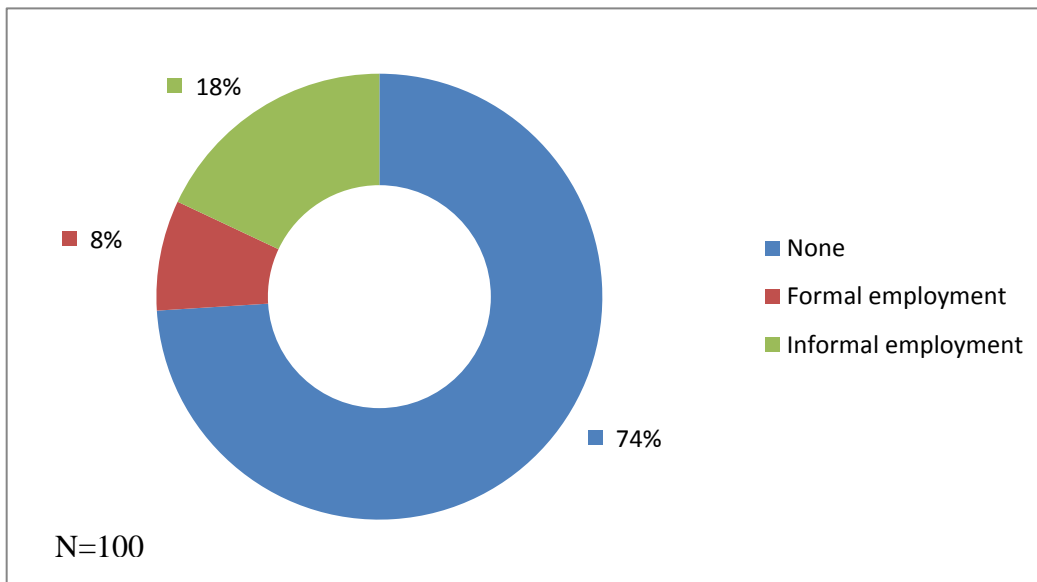


According to the findings, majority of the respondents (62%) had no other current occupation other than their business, 28% were also formally employed while 10% were also in informal employment. This implied that majority of the women entrepreneurs were engaged in their businesses on full time basis meaning that they had no alternative source of income apart from their businesses. This implied further that their businesses' growth was likely to be low as the business income was likely to be used in helping them meet their other needs outside the business itself. However, for the 28% of the women entrepreneurs who were also in formal or informal employment, their businesses were likely to benefit from the savings made out of the employment and thus likely to enhance their growth and sustainability.

4.2.7 Past occupations of the respondents

The study sought to establish the past occupation of the respondents other than their business and the findings were as shown in Figure 4.6.

Figure 4.6. Past occupations of the respondents



According to the findings, majority of the respondents (74%) had no previous occupation, 18% had previously worked in informal employment while 8% of the respondents had previously worked in formal employment. This implied that majority of the women entrepreneurs lacked necessary experience from previous work experiences, which is an important characteristic of operating a successful business enterprise.

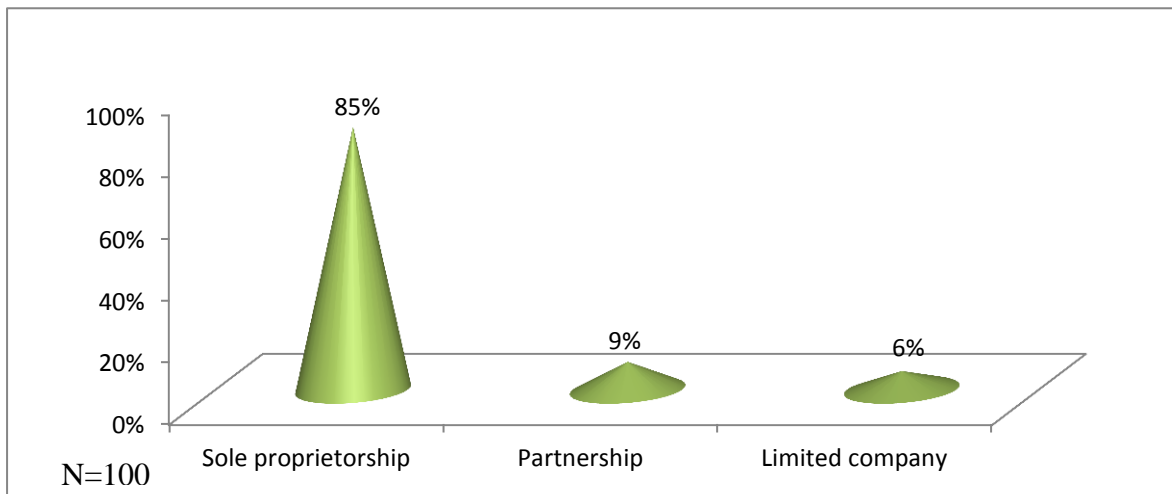
4.3 Kinds of businesses owned and managed by women entrepreneurs.

The objective sought to establish the types of businesses owned and managed by women entrepreneurs. The types of businesses were assessed in terms of: mode of the business enterprise, kind of business and change in the kind of business over the past 5 years. The findings were as discussed in the subsequent sub-sections.

4.3.1 Mode of the business enterprise

The study sought to establish the mode of the business enterprise owned and operated by the respondent and the findings were as shown in Figure 4.7.

Figure 4.7. Mode of the business enterprise



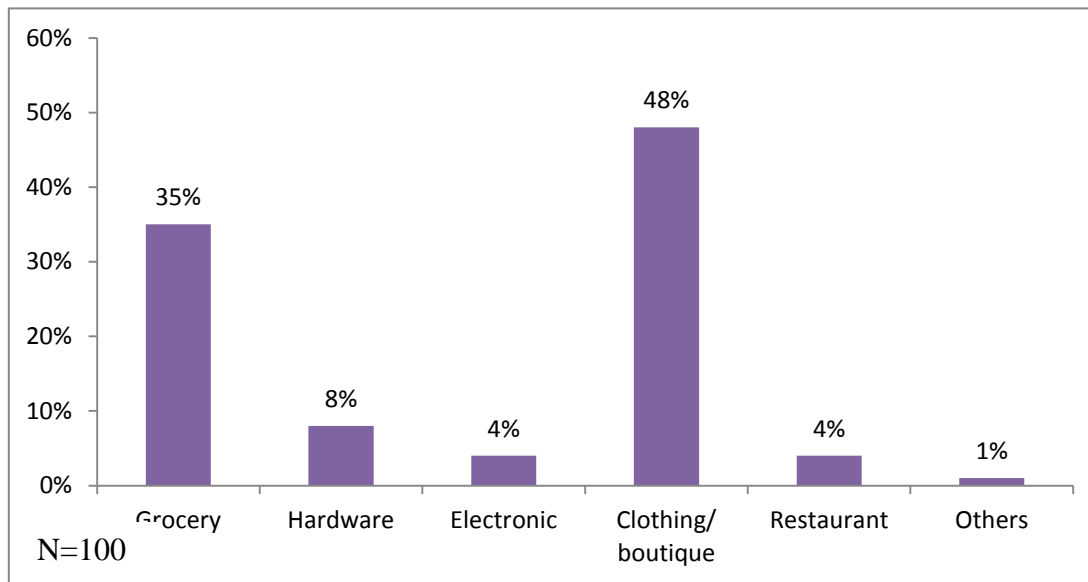
According to the findings, majority of the respondents (85%) indicated that they operated a sole proprietorship form of business, 9% were operating a partnership form of business while 6% indicated that they operated their businesses as limited companies. This implied that majority of the women entrepreneurs' operated their businesses on small scale basis as is the common feature with majority of the sole proprietorships. This further implied that majority of the women entrepreneurs' businesses were small in size, less likely to grow, less profitable and begin with less capital investment than those owned by men.

The findings were in line with Gakure (2003) who noted that majority of the women owned business enterprises were small sized firms usually within the informal sector commonly referred to as Jua Kali. He noted that these women, who were the majority (within the first segment and second segment) usually start very small enterprises, most likely only employ themselves, employ a few family members or even employ 6-10 employees and operate from a home base, legitimate business premises or operate from a Jua Kali shed. He further noted that their enterprises have limited potential for growth.

4.3.2 Type of business

The study sought to establish the types of the business enterprise owned and operated by the respondent and the findings were as shown in Figure 4.8

Figure 4.8. Type of business



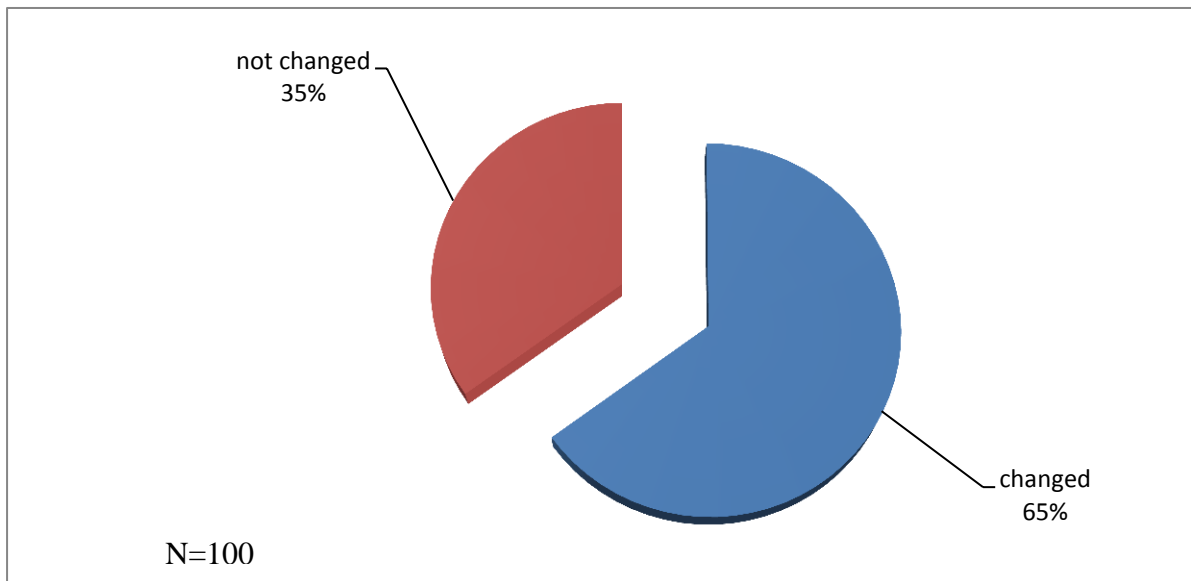
According to the findings, most of the respondents (48%) indicated that they operated a clothing/boutique type of business, 35% had a grocery, 8% had a hardware, 4% had an electronic business and another 4% had a restaurant business while 1% of the respondents indicated that they operated other types of businesses outside the five named. This implied that majority of the women entrepreneurs operated businesses that do not require huge initial capital as well as types of businesses perceived to have a female inclination. This types of businesses were also highly susceptible to market changes influenced by factors such as labor and fashion.

The findings were in line with those of McCormick (2001) who noted that noted that significant differences exist in the performance of women's enterprises vis-à-vis those of Kenyan men. Their enterprises were smaller, less likely to grow, less profitable and begin with less capital investment than those owned by men. Not only is there a great deal of gender segregation by sector (with women dominating in food processing, beer brewing, hairdressing, dressmaking, and retail of second-hand clothing while men dominate in metalwork, carpentry, vehicle repair, shoe making, construction and transport), but women and men also operate from different locations.

4.3.3 Change of the type of business over the past five years

The study sought to establish whether the respondents had changed the type of business over the past five years and the findings were as indicated in Figure 4.9. below

Figure 4.9. Changed the type of business over the past five years



The findings indicated that majority (65%) of the respondents had changed their type of businesses severally over the past five years while 35% of the respondents had not changed their businesses over the same period. This implied that majority of the women entrepreneurs operated flexible businesses, changing their types of businesses based on varied reasons. For instance, those in the clothing business would adjust their items of sale based on weather changes (That is, hot, rainy and cold weather) or based with fashion movements. Those in the grocery business would stock depending with the availability of the food items. This implied that their change in the type of business was mainly due to the businesses' low viability, sustainability and profitability.

The findings were supported by the observations of McCormick (2001) that women dominate in food processing, beer brewing, hairdressing, dressmaking, and retail of second-hand

clothing, which were trades susceptible to weather, and fashion changes necessitating realignments of the business from time to time.

4.3.4 Reasons for the change in the type of business

Majority of the respondents indicated that the main reason for changing their type of business was due to their businesses' low viability, sustainability and profitability.

4.4. Factors that influences performance of women owned businesses

This objective sought to examine the factors that influences performance of women owned businesses.

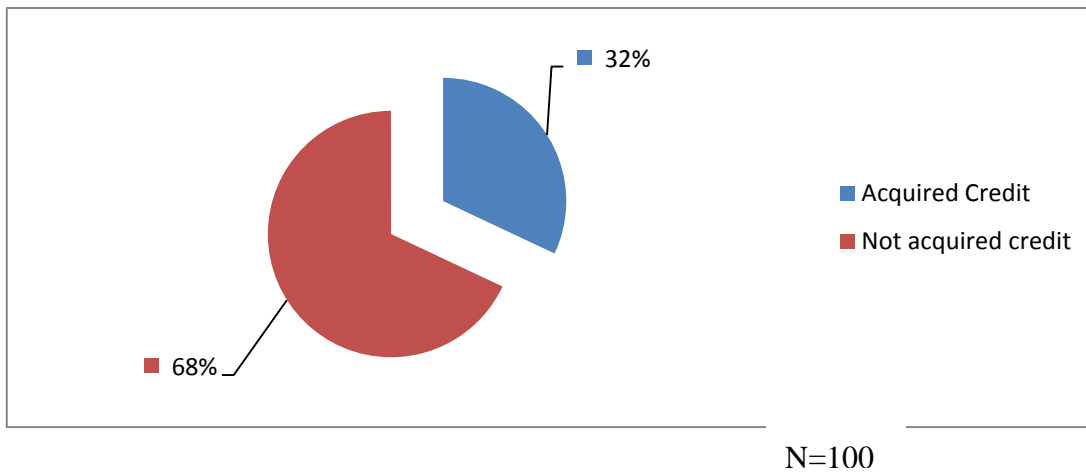
4.4.1. Access to credit and other support services

Access to credit and other support services and its influence on women owned businesses was assessed in terms of: one's access to credit over the past 5 years (including the amount of the loan, the loan period, level of repayment of the loan), purpose of the credit, benefits of the credit to business and problems associated with the credit. The findings were as discussed in the subsequent sub-sections.

4.4.1.1. Having acquired credit for one's business over the past 5 years

The study sought to establish whether the respondents had acquired credit for their businesses over the past 5 years and the findings were as shown in Figure 4.110.

Figure 4.10. Having acquired credit for one's business over the past 5 years



According to the findings, majority of the respondents (68%) had not acquired credit for their business over the past 5 years while 32% had acquired credit for their business over the past 5 years. This implied that majority of the women entrepreneurs lacked access to credit facilities and thus they had inadequate finances with which to operate their businesses limiting the growth of their business enterprises.

The findings were collaborated by International Labour Organization (2004) which identified lack of financial resources as one of the major constraints faced by women entrepreneurs.

4.4.1.2 Responses of the respondents who acquired credit and their credit details

The researcher sought to know, in the case of those who had acquired credit over that period, the amount of the credit, the credit period, the lending institution and level of repayment. The findings were as shown in Table 4.3

Table 4.3. Other relevant credit information

Loan	Amount of Credit (Shs)	Years Acquired	Lending Institution	Level of repayment	Number	%
1-2 loans	50,000-200,000	1-3	Self help groups	50%	30	94
3-4 loans	200,000-500,000	3-5	Commercial banks and MFIs	20%	2	6
Over 4 loans	None	None	None	None	0	0
Total	-	-	-	-	32	100

According to the findings, 32 out of 100 respondents had acquired loans. Out of the 32, most (94% or 30) had acquired one or two loans for their business ranging between Shs. 50,000 and Shs. 200,000 for a period of 1 to 2 years. Further, those who had acquired the credit from their self-help groups had repaid approximately half of it. In addition, 6% of the respondents had acquired three to four credits/loans for their business over for amounts ranging between Shs. 200,000 and Shs. 500,000 for a period of 3 to 5 years. Their loans came mainly from commercial banks and other micro finance institutions and they had repaid approximately 20% of it. This implied that majority of the women entrepreneurs' businesses lacked the capacity to acquire and be able to service loans either from their social groups or from financial institutions owing to their small sizes and low profits.

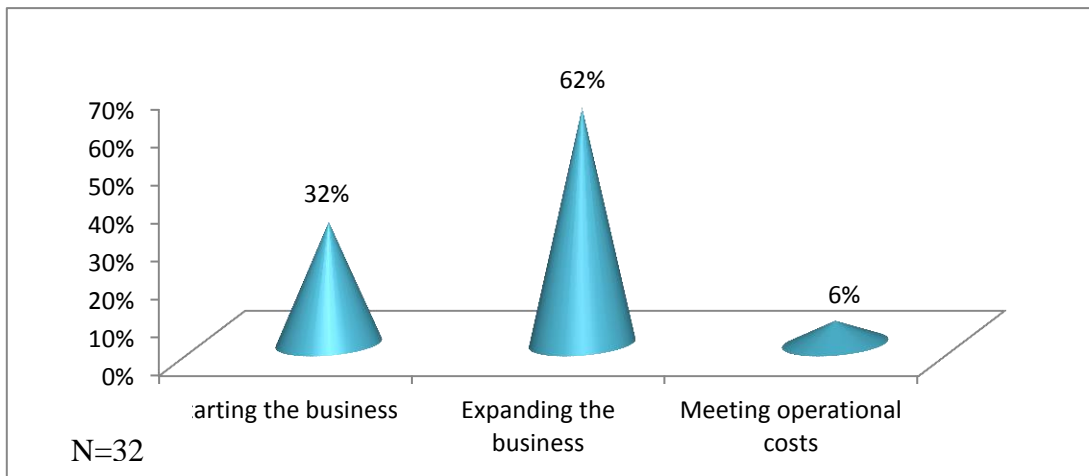
The findings were in line with Mbugua (1999) who noted that women with businesses often lack sufficient working capital to prepare for a growth in demand and were unable to fulfill a large order because they do not have the working capital to finance raw materials and work-in-progress inventory. The findings were also collaborated by Namusonge (1999) who observed that Kenyan women entrepreneurs at the micro and Jua Kali level have great difficulties obtaining financing due to collateral constraints. Most of them were forced to cooperate with

other women in small groups to mobilize savings and pool these resources for lending to individual group members.

4.4.1.3 Use of the credit

The study sought to establish the use of the acquired credit and the findings were as shown in Figure 4.11. below

Figure 4.11. Use of the credit



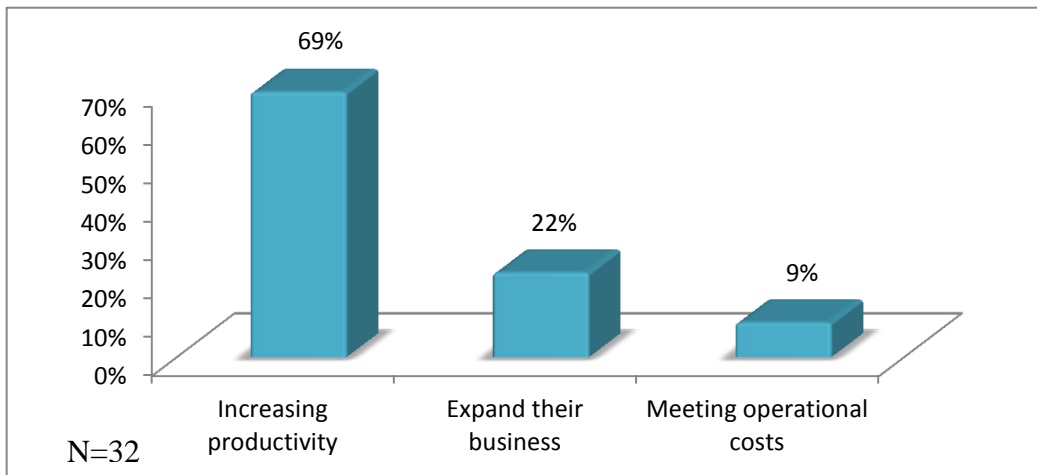
Of the 32 respondents' who accessed credit, majority of them (62%) used the acquired credit to expand their businesses, 32% used the acquired credit as startup capital for their businesses while 6% had used the acquired credit to meet their businesses' operational costs. This implied that majority of the women entrepreneurs who had acquired credit considered availability of it as essential for their business expansion and lack of access to affordable credit was likely to greatly hamper the growth of the women entrepreneur's businesses.

The findings were collaborated by Mbugua (1999) who noted that often lack of sufficient working capital by women entrepreneurs hinder them to be able to prepare for a growth in demand for their business products.

4.4.1.4 Benefits of the credit to business

The study sought to establish the ways in which the acquired credit had helped the respondent's business and the findings were as shown in Figure 4.12. below

Figure 4.12. Benefits of the credit to business



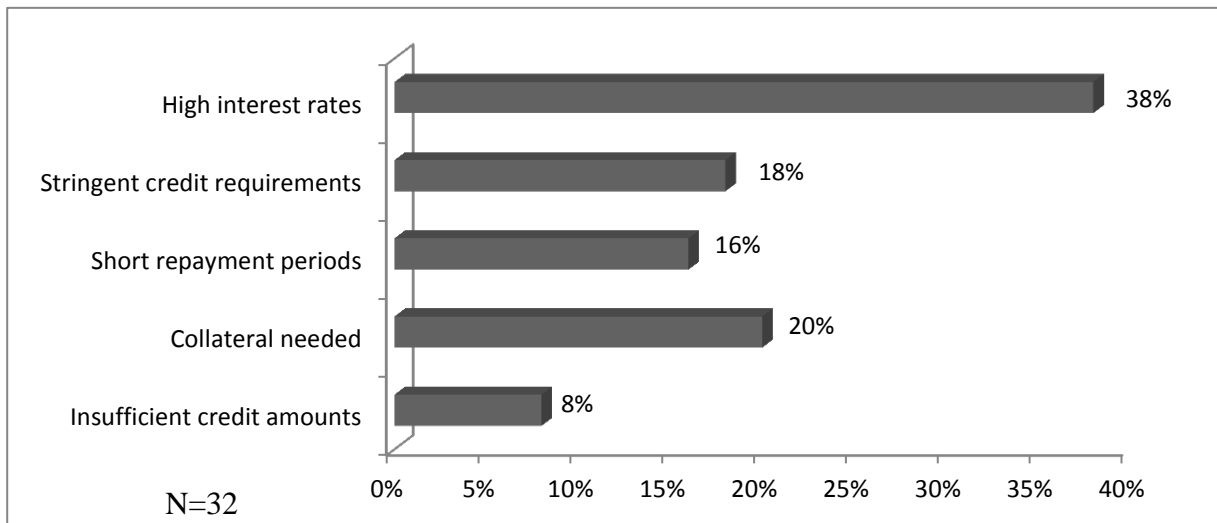
Of the 32 respondents' who accessed credit, majority of them (69%) had benefited by increasing the productivity of their businesses using the acquired credit, 22% had benefited by increasing the size of their businesses in terms of buying more stock using the acquired credit, while 9% of the respondents had met their businesses' operational costs using the acquired credit. This implied that majority of the women entrepreneurs who had acquired credit for their businesses had witnessed business growth in terms of size and productivity.

The findings were in line with Macharia and Wanjiru (1998) who noted that the ability of women to formalize and grow their businesses, to create jobs, and to enhance productivity is hampered by availability of credit. He further noted that inability to access to credit by women entrepreneurs has an adverse impact on enterprise development, productivity, and competitiveness in Kenya.

4.4.1.5 Problems associated with credits

The study sought to establish the problems, if any, faced by the respondents with regard to the credit and the findings were as shown in Figure 4.13. below

Figure 4.13. Problems associated with credit



Most (38%) of the 32 loanees, cited high interest rates as their biggest problem, 20% cited the need for collateral as their main problem, 18% cited stringent credit requirements as their biggest problem, 16% cited short repayment periods as their main problem while 8% of the respondents cited insufficient credit amounts as their main concern. This implied that most of the women loanees faced numerous challenges in accessing credit for their businesses ranging from high interest rates charged on amounts borrowed, the need for collateral, stringent credit requirements, short repayment periods to insufficient funds. These challenges were likely to form key barriers to the growth and development of women owned business enterprises in Kenya. On the other hand, this implied that the characteristics of women owned businesses such as being small, limited perspectives of growth and profitability and non availability of sufficient guarantees plus entrepreneur characteristics such as lack of education greatly contributed to reduced ability of women entrepreneurs accessing credits for their businesses.

The findings were in line with Macharia and Wanjiru (1998) who noted that the factors that inhibit credit availability to women include: lack of start-up (seed) capital; lack of awareness of existing credit schemes; high interest rates; lengthy and vigorous procedures for loan applications; lack of networking skill , lack of collateral security for finance, lack of leadership capacity and negative attitude towards gender equality.

4.4.2 Membership and support by women groups

Membership and support by women groups was assessed in terms of: membership to social network(s), number of social group(s) one belonged to, activities performed in the social groups and forms of support received from the social groups. The findings were as discussed in the subsequent sub-sections.

4.5.2.1 Membership to self-help groups

The study sought to establish whether the respondent was a member of any social network/social groups related to the running of her business and the findings were as shown in Table 4.4. below

Table 4.4. Membership to self-help groups

Whether member of self-help group	Number	%
Yes	55	55
No	45	45
Total	100	100

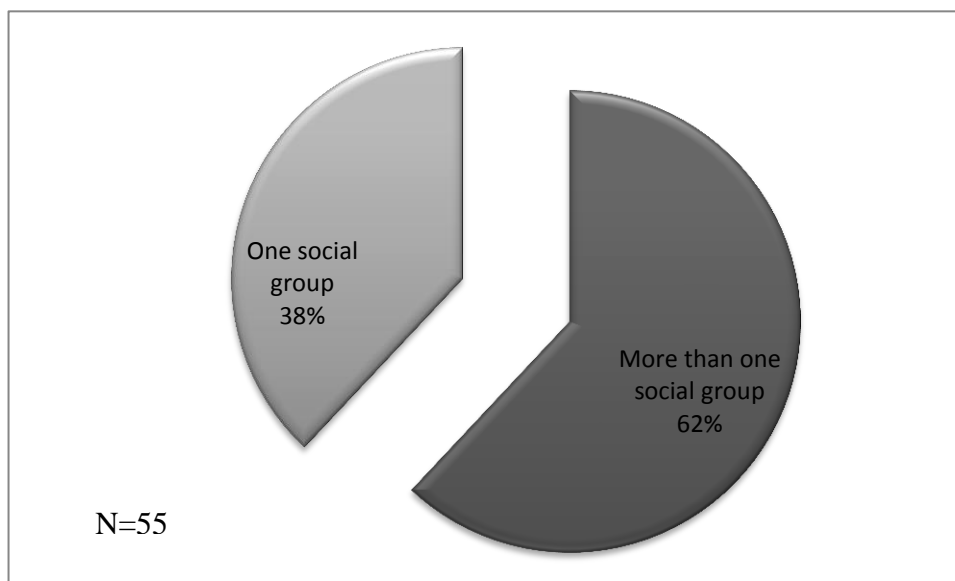
According to the findings, majority of the respondents (55%) indicated that they were members of one or several self-help groups related to the running of their business while 45% of the respondents indicated that there were not members of any social network or social group related to the running of their business. This implied that majority of the women entrepreneurs were members of one or several self-help groups related to the running of their business.

This is in contrast with Penrose (1998) who noted that few women were invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or subsectors and of women as individuals within any given sector. As an example of this, he noted that at a recent SME Trade Fair in a country in Asia where it has been estimated that women operate around half of all SMEs, less than 20 women were registered among the approximately 250 participants, and most of those were civil servants rather than businesspersons.

4.4.2.2. Number of women group(s) belonged to

Of the 55 respondents, the study sought to establish the number of women groups to which the respondents belonged to and the findings were as discussed in Figure 4.14. below

Figure 4.14. Number of social group(s) belonged to



Of the 55 respondents who were members of women groups, majority (62%) indicated that they were in more than one group while 38% of the respondents indicated that they were in one group. This implied that the women entrepreneurs worked together to support the operation of their businesses through their social groups.

The findings were in line with McCormick (2001) who observed that women were three times as likely as men to belong to some type of business association, although there were indications that women's networks have less power to assist their businesses.

4.4.2.3. The activities carried out in the women groups /social groups

According to the findings, the respondents indicated that they engaged in activities such as sharing of business ideas, visiting each other's business to see progress made and raising of finances to support their businesses within their social groups.

4.4.2.4 Ways in which the support received from the groups/ networks assisted women entrepreneurs in improving business performance

The support from the social groups or networks have helped to improve the respondents' business performance in several ways which include; easy access to much needed finances to support business operations; exchange of business ideas more so in whereas of diversification and cost reduction; sharing of challenges encountered in running the businesses and the success stories thereof greatly contributing to the growth of their businesses.

The finding was supported by Lois Stevenson and Annette St-Onge (2005) who observed that by being members of social networks, women entrepreneurs would benefit from better access to information regarding market opportunities, export procedures, leadership development and finances.

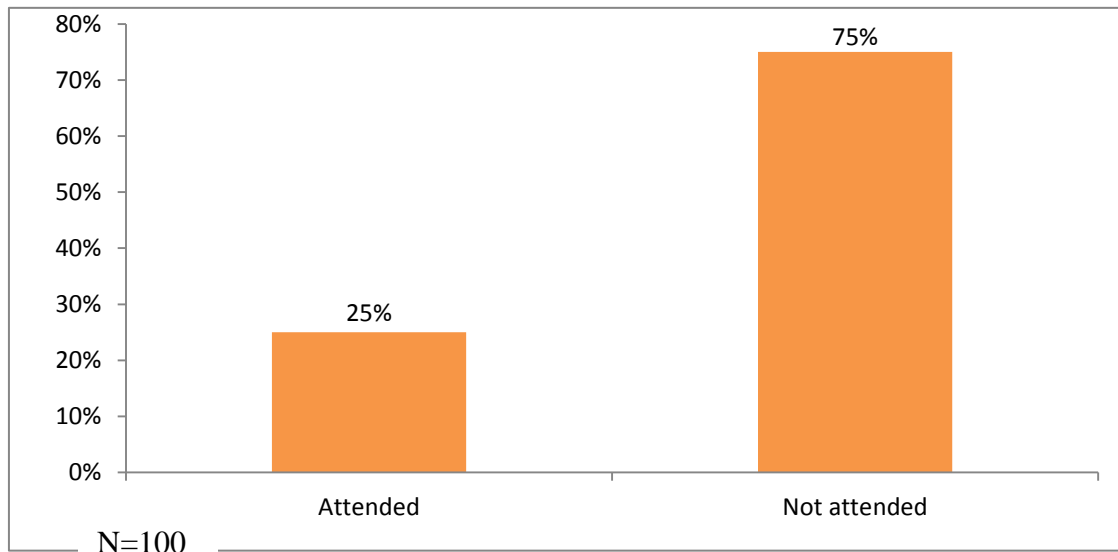
4.4.3. Influence of training on performance of women owned businesses

The influence of training was assessed in terms of attendance of entrepreneurial training over the last 5 years; number of trainings attended; the extent to which the training helped in improving business performance; and other sources of business information accessed. The findings were as discussed in the subsequent sub-sections.

4.4.3.1 Attendance to training on entrepreneurship over the last 5 years

The study sought to establish whether the respondents had attended any form of training on entrepreneurship over the last 5 years and the findings were as shown in Figure 4.15 below

Figure 4.15. Attendance to training on entrepreneurship over the last 5 years



According to the findings, majority of the respondents (75%) indicated that they had not attended any form of training on entrepreneurship over the last 5 years while 25% of the respondents indicated that they had attended any form of training on entrepreneurship over the last 5 years. The findings indicated that the types of training attended mainly focused on general principles of entrepreneurship with special focus on financing of businesses and customer relations. Further, the findings indicated that the trainings took less than one year and that majority of the respondents sponsored themselves for the training. This implied that majority of the women entrepreneurs lacked training on entrepreneurship meaning that they relied on their own personal experience to run their business enterprises and as such lacked professionalism in conducting their businesses.

This finding was in line with that of Kitching and Blackburn (2002) who noted that women have limited access to vocational and technical training. In fact, women on average have less

access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. As noted by Shelton (2006:294) order to improve the survival and performance of women-owned ventures, programmes should be implemented to assist women in selecting appropriate work-family management strategies because if work-family conflict is addressed, a potential stumbling block for women business owners will be removed and the effectiveness of other training programmes will be enhanced.

4.4.3.2 Number of trainings attended

The study sought to establish the number of trainings attended by those who had indicated to having been received any form of training on entrepreneurship over the last 5 years and the findings were as indicated in Table 4.5. below

Table 4.5. Number of trainings attended

	Number	Percent
1 st Training	22	88
2 nd Training	2	8
3 rd Training	1	4
Total	25	100

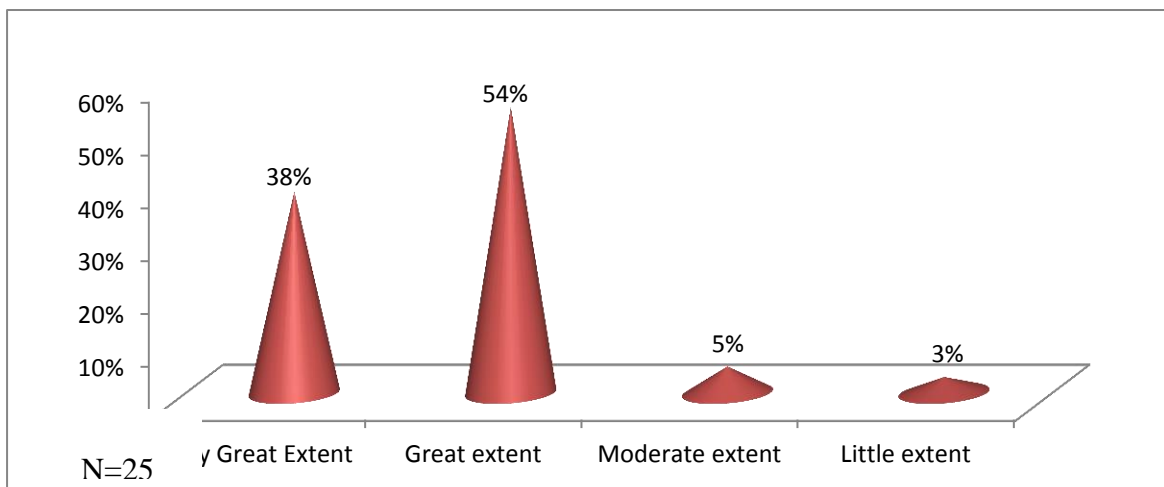
Of the 25 respondents who reported attending business training, majority (88%) indicated that they had attended a single training on entrepreneurship over the last 5 years, 8% of the respondents indicated that they had participated in 2 trainings while 4% of the respondents indicated that they had participated in 3 trainings on entrepreneurship over the last 5 years. This implied that there is a general lack of training on the women entrepreneurs on the subject of entrepreneurship. This further implied that women entrepreneurs relied on trial and error ways (personal experiences) to run their business entities and this was likely to lead to reduced efficiency and effectiveness in their business operation.

The findings were collaborated by Kitching and Blackburn (2002) who observed that women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education, which then form the basis of entrepreneurial skills.

4.4.3.3. Benefits of the training to business performance

The study sought to establish the extent to which the training attended have assisted in improving the respondents' business performance and the findings were as shown in Figure 4.16 below

Figure 4.16. The extent to which the training attended have assisted in improving the business performance



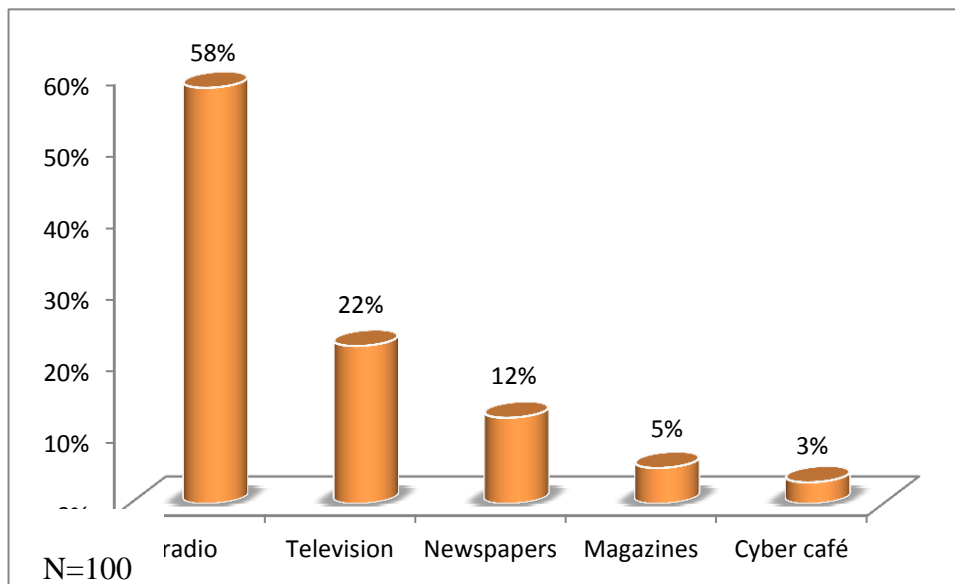
According to the findings, majority of the respondents (54%) indicated that attendance to training had assisted them in improving business performance to a great extent, 38% to a very great extent, 5% to a moderate extent while 3% of the respondents indicated that attendance to training had assisted them in improving business performance to a little extent. This implied that majority of the respondents who had attended trainings on entrepreneurship had been able to improve their business performance through the knowledge obtained from the trainings attended. This further implied that there is a positive correlation between the level of training on entrepreneurship and the performance of women owned businesses.

The findings were collaborated by Langowitz and Minniti (2007:341) who argued that mentoring is one method of providing support, which can be very effective as it addresses the specific problems faced by the individual entrepreneur. The support can include individual as well as group-based assistance directed at specific problems where mentors serve as role models. Langowitz and Minniti (2007:341) also found out that programmes aiming to improve perceptions of aspiring women entrepreneurs may lead to higher rates of business start-up and growth.

4.4.3.4 Other sources of information on business accessed

The study also sought to establish other sources of information on business accessed by the respondents and the findings were as shown in Figure 4.17 below

Figure 4.17. Other sources of information on business accessed



Of the 100 respondents, 58% of the respondents indicated that they used radio as their other sources of information relating to their business, 22% relied on television, 12% relied on newspapers, 5% relied on magazines while 3% of the respondents indicated that relied on the cyber cafes as their other sources of information relating to their business. This implied that the

majority of the women entrepreneurs considered the mass media, the print media and the internet as important sources of business information and training on entrepreneurship.

The findings were in line with Hitt and Reed (2000) who noted that higher levels of employee education and their abilities creativity were associated with innovation strategy. Chandler and Hanks (1994) also observed that it is expected that firms with a wide variety of resources would have a broader range of possible actions.

4.5 Performance of women owned businesses

The study sought to assess the performance of the women owned businesses. Performance was assessed in terms of: number of branches of the business, number of customers served on average daily and own assessment of the business performance. The findings were as discussed in the subsequent sub-sections.

4.5.1 Number of branches the business operates

The study sought to establish the number of branches the respondent’s business operates and the findings were as shown in Table 4.6.below

Table 4.6. Number of branches the business operates

	Number	%
Single	77	77
2-3	10	10
4-5	8	8
Over 5	5	5
Total	100	100

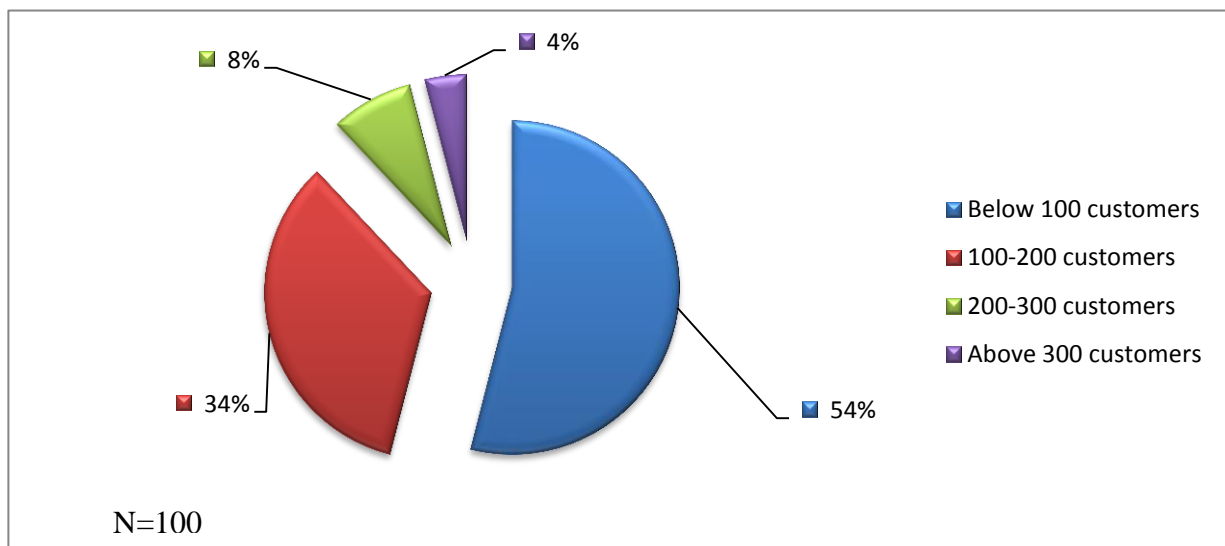
According to the findings, majority of the respondents (77%) had a single branch, 10% had 2-3 branches, 8% had 4-5 branches while 5% had over 5 branches. This implied that majority of the women entrepreneurs operated small business enterprises, which were less likely to grow owing to lack of branch network. It also implied that owing to their small size, their businesses were less profitable.

These findings were collaborated by Buttner and Moore (1997) who noted that women-owned businesses tend to be smaller and slower growing than their male-owned counterparts. The findings were also in line with McCormick (2001) who noted that significant differences exist in the performance of women's enterprises vis-à-vis those of Kenyan men in that their enterprises were smaller, less likely to grow, less profitable, and begin with less capital investment than those owned by men.

4. 5.2 Number of customers served on average in a day

The study sought to establish the number of customers the respondent's business served on average in a day and the findings were as shown in Figure 4.18. below

Figure 4.18 Number of customers served on average in a day



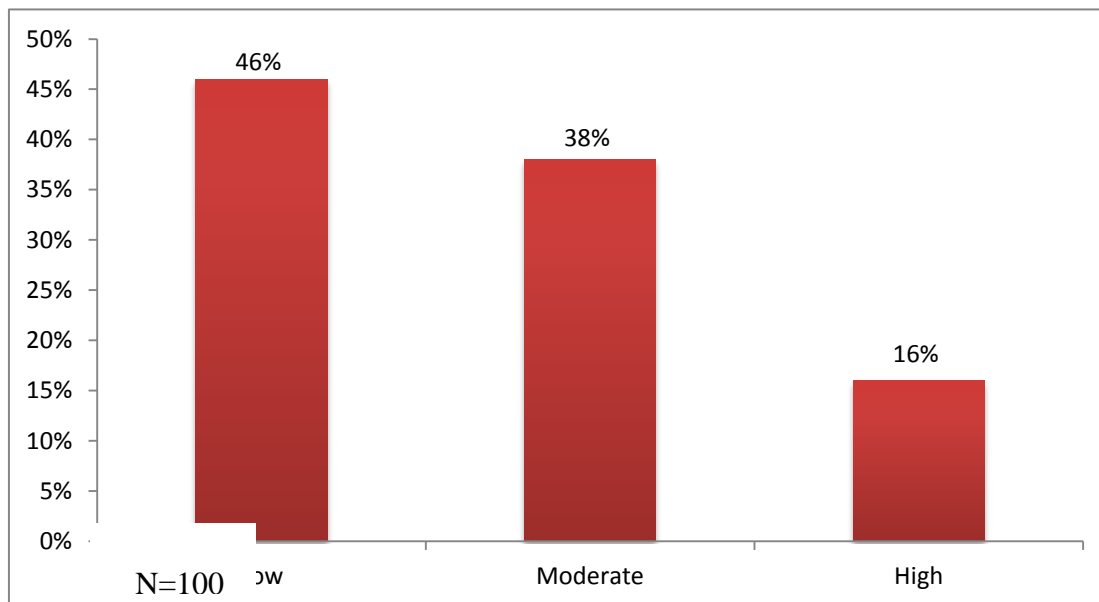
According to the findings, majority of the respondents (54%) served below 100 customers on average in a day, 34% served between 100 -200 customers, 8% served between 200-300 customers while 4% served above 300 customers on average in a day. This implied that majority of the women entrepreneurs run small sized business enterprises with few customers served on daily basis. This also implied that their businesses made less profit daily owing to the small number of customers served.

This finding was collaborated by McCsormick (2001) who noted that significant differences exist in the performance of women’s enterprises vis-à-vis those of Kenyan men in that their enterprises were smaller, less likely to grow, less profitable, and begun with less capital investment than those owned by men.

4.5.3 Rating of one’s business performance

The study sought to establish how the respondents rated their business performance and the findings were as shown in Figure 4.19 below

Figure 4.19. Respondents’ rating of their business performance



According to the findings, majority of the respondents (46%) rated their business performance as low, 38% rated it as moderate while 16% rated their business performance as high. This implied that the performance of majority of the women entrepreneurs was poor and thus majority of the women entrepreneurs’ businesses made little profits and hence their reduced rate of growth, profitability and sustainability.

This finding was in line with Rosa et al. (1996) and Cliff (1998) who observed that studies comparing the performance of male- and female-owned firms consistently show businesses

headed by women tend to be smaller than those headed by men. These findings were also corroborated by Fischer (1992), Fischer et al. (1993) and Kalleberg and Leicht (1991) who noted that the lesser size of women-owned firms holds true regardless of whether size is measured by gross revenues, number of employees or profit levels. Du Rietz and Henrekson (2000) further noted that the perceived rate of growth of one's business is higher among male entrepreneurs than it is with fellow female counterparts.

4.6. Conclusion

The study suggests that majority of the women entrepreneurs operated small business enterprises, which were less likely to grow owing to lack of branch network. It also implied that owing to their small size, their businesses were less profitable. Performance of majority of the women entrepreneurs was poor and thus majority of the women entrepreneurs' businesses made little profits and hence their reduced rate of growth, profitability and sustainability.

The study suggested that majority of the women entrepreneurs' operated their businesses on small-scale basis as is the common feature with majority of the sole proprietorships. This further implied that majority of the women entrepreneurs' businesses were small in size, less likely to grow, less profitable and begin with less capital investment than those owned by men. Majority of the women entrepreneurs operated businesses that do not require huge initial capital as well as types of businesses perceived to have a female inclination. This types of businesses were also highly susceptible to market changes influenced by factors such as labor and fashion.

The study suggests that majority of the women entrepreneurs lacked access to credit facilities and thus they had inadequate finances with which to operate their businesses limiting the growth of their business enterprises. Majority of the women entrepreneurs lacked training on entrepreneurship meaning that they relied on their own personal experience to run their business enterprises and as such lacked professionalism in conducting their businesses. Majority of the women entrepreneurs were members of one or several self-help groups related to the running of their business.

CHAPTER FIVE

DISCUSSIONS, SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of findings, discussions, conclusion, and recommendations of the study in line with the objectives of the study. The research sought to examine women's participation in small and micro enterprises and the performance of their businesses in Gikomba Market.

5.2 Discussion of the findings

Based on the findings the study suggests that majority of the women entrepreneurs operated small business enterprises, which were less likely to grow owing to lack of branch network. It also implied that owing to their small size, their businesses were less profitable. These findings were collaborated by Buttner and Moore (1997) who noted that women-owned businesses tend to be smaller and slower growing than their male-owned counterparts. The findings were also in line with McCormick (2001) who noted that significant differences exist in the performance of women's enterprises vis-à-vis those of Kenyan men in that their enterprises were smaller, less likely to grow, less profitable, and begin with less capital investment than those owned by men. The study further suggested that the performance of majority of the women entrepreneurs was poor and thus majority of the women entrepreneurs' businesses made little profits and hence their reduced rate of growth, profitability and sustainability. This finding was in line with Rosa et al. (1996) and Cliff (1998) who observed that studies comparing the performance of male- and female-owned firms consistently show businesses headed by women tend to be smaller than those headed by men. These findings were also collaborated by Fischer (1992), Fischer et al. (1993) and Kalleberg and Leicht (1991) who noted that the lesser size of women-owned firms holds true regardless of whether size is measured by gross revenues, number of employees or profit levels. Du Rietz and Henrekson (2000) further noted that the perceived rate

of growth of one's business is higher among male entrepreneurs than it is with fellow female counterparts.

The study suggested that majority of the women entrepreneurs' operated their businesses on small-scale basis as is the common feature with majority of the sole proprietorships. This further implied that majority of the women entrepreneurs' businesses were small in size, less likely to grow, less profitable and begin with less capital investment than those owned by men. The findings were in line with Gakure (2003) who noted that majority of the women owned business enterprises were small sized firms usually within the informal sector commonly referred to as Jua Kali. He noted that these women, who were the majority (within the first segment and second segment) usually start very small enterprises, most likely only employ themselves, employ a few family members or even employ 6-10 employees and operate from a home base, legitimate business premises or operate from a Jua Kali shed. He further noted that their enterprises have limited potential for growth.

The findings of the study suggest that majority of the women entrepreneurs operated businesses that do not require huge initial capital as well as types of businesses perceived to have a female inclination. This types of businesses were also highly susceptible to market changes influenced by factors such as labor and fashion. The findings were in line with those of McCormick (2001) who noted that significant differences exist in the performance of women's enterprises vis-à-vis those of Kenyan men. Their enterprises were smaller, less likely to grow, less profitable and begin with less capital investment than those owned by men. Not only is there a great deal of gender segregation by sector (with women dominating in food processing, beer brewing, hairdressing, dressmaking, and retail of second-hand clothing while men dominate in metalwork, carpentry, vehicle repair, shoe making, construction and transport), but women and men also operate from different locations.

The finding of the study suggests that majority of the women entrepreneurs lacked access to credit facilities and thus they had inadequate finances with which to operate their businesses limiting the growth of their business enterprises. The findings were collaborated by

International Labour Organization (2004) which identified lack of financial resources as one of the major constraints faced by women entrepreneurs.

The findings further suggested that majority of the women entrepreneurs were members of one or several self-help groups related to the running of their business. This is in contrast with Penrose (1998) who noted that few women were invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or subsectors and of women as individuals within any given sector. As an example of this, he noted that at a recent SME Trade Fair in a country in Asia where it has been estimated that women operate around half of all SMEs, less than 20 women were registered among the approximately 250 participants, and most of those were civil servants rather than businesspersons.

The findings of the study suggested that majority of the women entrepreneurs lacked training on entrepreneurship meaning that they relied on their own personal experience to run their business enterprises and as such lacked professionalism in conducting their businesses. This finding was in line with that of Kitching and Blackburn (2002) who noted that women have limited access to vocational and technical training. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. As noted by Shelton (2006:294) order to improve the survival and performance of women-owned ventures, programmes should be implemented to assist women in selecting appropriate work-family management strategies because if work-family conflict is addressed, a potential stumbling block for women business owners will be removed and the effectiveness of other training programmes will be enhanced.

5.2 Summary of the findings

The study established that majority (76%) of the women entrepreneurs were aged 30-49 years. Therefore, they were young and energetic in managing their business owing to their youthful age. In addition, they were at their prime age of reproduction, which acted as motivation to run their business enterprises so as to provide for their families.

The study also found out that majority (60%) of the women entrepreneurs was married. Therefore, majority of the women entrepreneurs were breadwinners in their families which obligated them to divert part of their business proceeds to meet family obligations. This reduced the amounts of funds available to them for re-investment into their businesses limiting the businesses' growth. In addition, the women entrepreneurs committed their time to meet family chores, which in turn reduced the time in their business operations.

The study also established that majority (74%) of the respondents had 2-5 children. This imposed a huge responsibility on the women entrepreneurs of rearing the young children and this reduced the time they had for running their businesses and which negatively influenced on the performance of their businesses.

The study also established that most of the respondents (44%) had O-Levels while another 20% had Upper Primary level education. Therefore, majority of the women entrepreneurs lack a sound academic background and as such do not run their businesses professionally. This negatively affected their business performance, profitability and sustainability.

The study also established that majority of the respondents (62%) had no other current occupation other than their business. Therefore, majority of the women entrepreneurs lacked an alternative source of income apart from their businesses. This means that their businesses' growth is impeded as the business income is used in helping the women meet their other needs outside the business itself.

5.3 Conclusion

The study suggests that majority of the women entrepreneurs were youthful, dynamic and energetic when they were starting their businesses. Thus, they had the energies to fully commit to the running of their business entities. The study also suggests that majority of the women entrepreneurs' operated sole proprietorship businesses. Thus majority of the women entrepreneurs' businesses were small, less likely to grow, less profitable and began with less capital investment than those owned by men. The study also suggests that majority of the

women entrepreneurs operated dynamic businesses. Thus, their businesses' low viability, sustainability and profitability led them to constantly change the type of business that they run.

The study suggests that majority of the women entrepreneurs lacked access to credit facilities. Thus, they had inadequate finances with which to operate their businesses limiting the growth of their business enterprises. The study also suggests that the acquired credit was mainly used for expansion of their businesses or as startup capital for their businesses. Thus, availability of credit helped to grow the women owned business enterprises. The study also suggests that majority of the women entrepreneurs' businesses lacked the capacity to acquire and be able to serve loans either from their social groups or from financial institutions owing to their small sizes and low profits. Thus, their businesses' growth was limited by their inability to take advantage of available credit facilities. The study also suggests that high interest rates, the need for collateral, stringent credit requirements, short repayment periods and insufficient funds are some of the key problems associated with credit and this inhibited their ability to benefit from the acquisition of credit facilities.

The study suggests that majority of the women entrepreneurs did not attend to any form of training on entrepreneurship meaning they lacked necessary entrepreneurship training required for effective operation of a business enterprise. Thus, majority of the women entrepreneurs relied on their own personal experience to run their businesses and as such lacked professionalism in conducting their businesses. The study further suggests that majority of the women entrepreneurs operated sole proprietorship form of business. Thus, majority of the women entrepreneurs' run small-scale businesses implying less profits and consequently less growth. The study also suggests that majority of the women entrepreneurs operated businesses that do not require huge initial capital as well as businesses perceived to have a female inclination. Thus, their businesses lacked a huge capital base required for business growth. The study also suggests that majority of the women entrepreneurs that had attended training on entrepreneurship, had applied the acquired knowledge to improve their business performance. Thus, there is a positive correlation between the level of training on entrepreneurship and the performance of women owned businesses. The study also suggests that majority of the women

entrepreneurs relied on radio and mass media as other sources of information. Thus, they were keen on obtaining information that would help them to improve their business enterprises.

5.4 Recommendations

- a. The fact that majority of the women entrepreneurs run small sized business enterprises with single branches. Women entrepreneurs should thus seek ways of expanding their businesses by opening new branches in other areas so as they can increase their market coverage and take advantage of untapped markets.
- b. Based on the study findings, majority of the women entrepreneurs lacked access to credit facilities and therefore the government should intervene by formulating favorable credit policies that support the growth of small and micro business enterprises.
- c. From the findings, some of the women entrepreneurs are not members of self help groups. Hence, women entrepreneurs should come together and form business social networks for purposes of pooling their financial resources together and hence forming an easier and cheaper source of credit for their businesses.
- d. Majority of the women entrepreneurs lacked training on entrepreneurship. Thus, women entrepreneurs should participate on trainings on entrepreneurship, sponsored by the government, as this would offer them more knowledge and skills on how to deal with any market changes and strategic positioning in their markets.
- e. From the findings, majority of the women entrepreneurs operate sole proprietorships. Thus, women entrepreneurs should work to grow their businesses from sole proprietorship to partnerships for them to take advantage of increased finance sources, larger markets, better expertise, and reduced business risks.

5.5 Areas of further studies

Since this study explored women's participation in small and micro enterprises in performance of their business in Gikomba market Kenya, similar studies can be performed to evaluate the

women's participation in small and micro enterprises in performance of their business in other parts of the country for comparison purposes and to allow for the generalization of findings on women's participation in small and micro enterprises in performance of their business in Kenya

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APPENDIX I

QUESTIONNAIRE FOR ENTREPRENEURS

My name is Margaret Mokeira Otuke, a postgraduate student at University of Nairobi pursuing Masters Rural sociology and community development. I am conducting a study on women’s participation in small and micro enterprises in performance of their business in Gikomba market, Kenya. With your honest answers, the interested stakeholders will have the right information to plan the way forward. You are hereby guaranteed that the information you give will be treated with absolute confidentiality.

1. Area of business location.....

Characteristics of women entrepreneurs

2. What is the name of your business..... (optional)

3. How old are you?

Below 29 30-39 40-49

50-59 Above 60

4. Marital Status

Single

Married

Separated/ Divorced

Widow

5. Number of children

.....

6. What Educational background do you have?

None

Lower Primary (1-4)

Upper Primary (5-8)

Secondary School

College /Diploma

Degree

7. If you hold diploma/degree which field

8. Current occupation other than this business

9. Past Occupations

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

2: Access to Credit and other Support Services

10. Have you acquired credit for your business over the past 5 years?

Yes No

If yes indicate;

Loan	Amount of Credit	Years Acquired	Lending Institution	Level of repayment
1 st Loan				
2 nd Loan				
3 rd Loan				
4 th Loan				
5 th Loan				

11. What did you use the credit for?

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

12. In what ways has the credit helped your business

.....
.....

13. What problems (if any) have you faced regarding the credit

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

3: Training and Access to information in business.

14. Have you ever attended any form of training on entrepreneurship over the last 5 years?

Yes [] no []

If yes, indicate?

.....
.....

If yes indicate;

Loan	Type(s)	Years	Sponsoring Institution
1 st Training			
2 nd Training			
3 rd Training			

15. To what extent has the training that you have participated in assisted you in improving the performance of your business?

Very great extent [] great extent [] moderate extent [] low extent []

Very low extent []

Which other sources of information on business have you accessed:

sources of information	Yes	No
cyber café		
Radio		
Magazine		
Radio		

Any other

.....
.....

4: Membership and Support by women groups.

16. Are you a member of any social network/social groups related to the running of your business?

Yes [] no []

If yes which ones?

Group/ Network	Year Joined	Activities	Support Received
1			
2			
3			
4			

17. What are the activities carried out in the women groups /social groups?

.....

.....

.....

18. In which ways has the support you have received from the groups/ networks assisted you in improving the performance of your business?

.....

.....

.....

5. Types of business

19. How old were you when you started the business

.....

20. What is the mode of your business enterprise

Sole proprietor business

Partnership business

Other specify.....

21. Specify the Type of business

Business	
Grocery	
Hardware	
Electronic	
Clothing/ boutique	
Restaurant	
Other Specify	

22. Have you ever changed the type of business over the past five years

Yes no

If yes, from which to which

Year	Former business	Changed to
1		
2		
3		
4		
5		

23. Why did you change?

.....

.....

.....

6. Business performance

24. How many branches does the business operate in?

.....

25. On average, how many customers do you serve in a day?

.....

How can you rate your business performance?

Low

Moderate

High

THANK YOU FOR YOUR TIME AND PARTICIPATION