

**FACTORS INFLUENCING ESTABLISHMENT OF  
SMALL AND MEDIUM ENTERPRISES BY WOMEN  
IN LIKUYANI SUB-COUNTY, KAKAMEGA COUNTY,  
KENYA**

**BY**

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**DECLARATION**

This Research Project is my original work and has not been presented in any other University.

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This Research Project has been submitted for examination with my approval as University Supervisor.

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## **DEDICATION**

I dedicate this work to my father Mr & Mrs Simiyu: siblings; Raphael, Cyril and Julie; friends and all the women running their own businesses in Likuyani Sub-County and globally.

## ACKNOWLEDGEMENT

I avail myself this opportunity, with pleasure to follow the good tradition of recognizing all those who, in one way or the other, contributed to make my studies a success.

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## **ABBREVIATIONS AND ACRONYMS**

SPSS- Statistical Packages for Social Sciences.

NGOs- Non- governmental Organization

UN - United Nations.

AWEP- African Women's Entrepreneurship Program.

PSDS- Private Sector Development Strategy.

GEM- Global Entrepreneurship Monitor.

ILO- International Labour Organization.

GDP- Gross Domestic Product.

MFIs- Micro Finance Institution.

MSE- Micro and Small Enterprise.

FINCA- Foundation for International Community Assistance.

DFID- Department for International Development.

CIDA- Canadian International Development Agency.

GTPII- Growth and Transformation Plan.

AFDB-The African Development Bank

## ABSTRACT

The current constitution of Kenya provides a new window of opportunity to address SMEs related issues through regulatory and institutional reforms under a new, devolved governance system as well as the Micro and Small Enterprises Act 2012. Most of the women running SMEs in Likuyani Sub- County are married (63.81%) and this implies that they get support from their husband. This study investigated on the factors that influence establishment of Small and Micro enterprises owned by women in Likuyani Sub- County, Kakamega County. The study was guided by four objectives and questions derived from the objectives. They sought to establish the extent to which economic status of women, socio-cultural factors, environmental factors influenced the establishment of women in Small and Micro enterprises and the relationship between the women's level of education and performance of Small and Micro Enterprises in Likuyani Sub-County. The dependent variable of the study was the establishment of SMEs by women, while the independent variables were the economic factors, the education level, the socio-cultural and the environmental factors. Data was collected using descriptive survey. Both qualitative and quantitative data was collected. The theoretical framework that guided the study was the liberal feminist theory that is based on premise that women are facing overt discrimination from education or business experience. And social feminist theory is based on socialization process, such as; family setting, social values, norms, experience, education aspiration, and expectations. The target population was the women running the enterprise in Likuyani Sub-County with a sample size of 248 women, which was identified using the Krecjen and Morgan Table (1970). The three wards were identified using simple random sampling. The study grouped the population into strata. The study employed the use of questionnaire as the main tool of data collection. Data was analyzed using frequencies, percentages and presented on tables. Analyzed data was interpreted and conclusions drawn findings indicated, economic status of women account for 36.6% initiation, socio-cultural of women account for 34.4% of establishment of SMEs, education level account for 27.8% and thus environmental for account 31.3%.

The researcher recommends further research by targeting high profile women entrepreneurs who are knowledgeable, then the government to measures on how to train women on business skills, to mobilize funds so as to upgrade the infrastructure especially roads and lastly to make sure that SMEs Development Services are gender sensitive to consider the needs and interest of women.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

Women make up 50 per cent of the global population, 40 percent of the global workforce, yet only a few own about 1 percent of the world's wealth. Given the opportunity, women would invest most of their income into their families and communities, but unfortunately most women experience unnecessary barriers that limit their ability to fully participate in economic development. Women-owned entities in the formal sector represent approximately 37% of enterprises globally- a market worthy of attention by businesses and policy makers alike. While aggregated data is often challenging to find, the recent Global Entrepreneurship Monitor (GEM) found 126 million women starting or running businesses and 98 million operating established businesses. That's 224 million women impacting the global economy, this survey counts only 67 of the 188 countries recognized by the World Bank. These entrepreneurs cross the spectrum of micro to high growth- from supporting life to creating wealth.

In Africa, women are the backbone of communities and the continent's greatest potential to unlocking economic growth as they provide the majority of labor with the least amount of resources. In Tanzania, more than 95% of businesses are small enterprises. Together, they contribute about 35% of the country's Gross Domestic Product (GDP). There are currently in excess of a million entrepreneurs in Tanzania, running Small and Medium Enterprises (SMEs) responsible for generating up to 40% of the total employment. Reductions in the gender gaping

education, health, political participation, and economic inclusion will result in an increase in the continent's economic competitiveness. Through the African Women's Entrepreneurship Program (AWEP), the US. Department of States seeks to dismantle the obstacles to business opportunities and economic participation that African women face. Launched in July 2010, the initiative identifies and builds networks of women entrepreneurs across sub-Saharan Africa poised to transform their societies by owning, running, and operating small and medium enterprises, and by becoming voices for social advocacy in their communities (Xavier, Kelly, Kew, Herrington and Vordewulbecke, 2012). Global Entrepreneurship Monitor Report indicates that the rate of involvement of women and men in entrepreneurship in most Sub-Saharan Africa economies is almost equal. However, as compared to men, majority of women in most Sub-Saharan Africa countries are involved in the informal enterprises which tends to be overlooked in national statistics, government entrepreneurial support activities and framework of government regulation that support entrepreneurship. Thus, carefully designed specific action that support women entrepreneurial activities including the informal business is needed (Lee & Steams, 2012)

The East Africa Committee's Private Sector Development Strategy (PSDS) observes that the informal economy private sector activities accommodate majority of people in the region, especially the poor. Micro enterprises and activities in the informal economy represent the most important interference between the private sector and the poor. These include own-account work, home-based enterprise, street vending, etc. strategically, informal economic activities

have come to be regarded as a group of production units which fall under the housing sector as an incorporated enterprises owned by households.

In Kenya for instance, SME operation cut across almost all sectors of the economy and sustain majority of households. This was well recognized by the 2003, National Budget. David Mwiraria, the then Minister for Finance noted that "SME activities form a breeding ground for businesses and Employment, and provide one of the most prolific sources of employment. Their operation are more labour intensive than the larger manufacturers." The Kenyan government views entrepreneurship as a key engine for faster economic growth and also as focus towards more specific objectives in supporting women in the developing world (Kenya vision 2030, 2007). SMEs create about 85 percent of Kenya's employment (African Economic Outlook report, 2011). While the subsector constitutes close to 85 percent of employment, it only contributes about 20 percent of the total GDP. This implies dismal performance of the subsector. The development trajectory of the subsector thus requires a system which holistically fosters SME development.

The current constitutional framework and the new Micro and Small Enterprise Act 2012 (MSE Act, 2012) provide a window of opportunity through which the evolution of SMEs can be realized through the devolution framework. However, the impact of devolution on SMEs development depends on the architecture of the regulatory and institutional framework inclined to support SMEs in an economy (Kiggundu, 2000). It is thus imperative to appraise the regulatory and institutional framework for SMEs given the existing devolved government system in Kenya.

According to Second Medium Plan and Vision 2030 Micro and Small Enterprise development: The government will implement the MSE Act 2012 to ensure a vibrant Micro and Small Enterprise (MSE) sector for employment and wealth creation. MSE Baseline and informal sector surveys will be undertaken to provide accurate profile of the sector in terms of all its facets. In addition, MSE Centres of Excellence will be established in all counties for promoting product development and marketing of MSE products. The Centres will also avail common usage of equipments which are more often expensive for MSEs to procure and undertake incubation programs.

SMEs play a big role in the creation of jobs and county's the employment rate. The most evident public benefit of SME growth is the contribution made by SMEs to employment. Kakamega County is planning to construct more markets and modernize the existing ones to support this important aspect of vision 2030.

## **1.2 Statement of the Problem**

Entrepreneurship creates jobs among individuals and improve the standards of living among citizens (Kimani & Kombo, 2010). For instance, Haltiwanger, Jarmin & Miranda 2010) indicated that promoting entrepreneurial activities is a key policy agenda for enhancing employment, income opportunities and addressing poverty. Facilitation services such as infrastructure, regulation and legal environments are relevant to promote entrepreneurial activities and reduce unemployment (Ayyagari, Demirguc-kunt, Maksimovic, 2011). In developing countries emphasize has been given to labor policies to reduce limitation and improve production among the self-employed and small scale entrepreneurs



(Gindling & Newhouse, 2012). A large number of studies carried out in various countries have concluded that SMES plays a major role in job creation (Dobbs & Hamitton, 2007). Developing economies have started to focus on the crucial role that SMEs can play in their development (Maad; 2008). The economic, social, religious, cultural and psychological factors affect origination and success of women entrepreneurs (Habib, Roni, & Haque, 2005). The reasons and motivations for starting business or economic activities by the rural women are enormous. The greatest barrier facing women entrepreneurs in Kenya is access to finance because of requirements of collateral. In Kenya only 1% of women own property and that makes it very difficult for women to provide collateral for banks. Most women who venture into businesses in the rural areas and need financing lack the needed collateral to enable them secure bank loans. The burden of defendants has limited opportunities to make savings or undertake business expansion and diversification (Athanne 2011). The financial aspect of setting up a business are without doubt the biggest obstacles to women (Zororo 2011, Brush 1992). Women entrepreneurs often lack information about how to get a loan, lack the necessary collateral to obtain one or face discriminatory laws or practices related to finance and credit( Common wealth secretariat 2002) Finding the finance to get a new business going, or to grow an existing one is a difficult challenge. Further findings from the study of firm, the growth and development and financial constraints, firm age and social- cultural factors such as rules and shared values of the business, beliefs and religion, norms and business code of conduct (Beck, 2006)

Although environmental factors play an important role in the growth of small business, other factors should not be neglected. Gender and Economic Assessment in Kenya demonstrates that addressing gender barriers in Kenya could generate significant economic gender based inequalities education in Kenya could result in a one off increase of about 4.3% and sustained year on year increase of 2.0 to 3.5 % in GDP growth. According to World Bank research, if the Middle East and North African region had introduced the same policies as East Asia with regards to gender equality in access to education and employment, the GDP could have grown 0.7 percent faster per year during the 1990s. This demonstrates that addressing gender barriers in Kenya could generate significant economic growth for the country.

The development of SMEs are flourishing variedly well in various countries in Africa; in South Africa, Mauritius and North Africa, these enterprises are doing well according to the UN. This could be attributed to fairly modern financial system and clear government policies in favor of the enterprises. While this is commendable, in other countries, the rise of SMEs with a considerable wing in the poor class has been hindered by political instability or overdependence on raw materials as the main engine of economic advancement. Like in the Democratic Republic of Congo, most SMEs went bankrupt in the 1990 as a result of the looting in 1993 and 1996 during the civil war. In Congo, Equatorial Guinea, Gabon and Chad, the dominance of SMES has slowed the emergence of non-oil businesses. Between the two extreme, Senegal ad Kenya have created conditions

for SMEs growth and establishment but are still held back by an inadequate financial system and lack of sound policy provision.

The study will seek to find out the factors influencing the establishment and success of women in Small and Medium Enterprises. This will aid to understand the reason as to why they SMEs start but do not pick up to the next level, and mitigation to be put in place to ensure their success. The Kenyan Government has good policies documented and the only problem is how to implement them to enable women explore more in their future plans.

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

The purpose of the study was to investigate factors influencing the establishment of Small and Medium Enterprises by women in Likuyani sub-County, Kakamega County, Kenya.

### **1.4 Objectives of the study**

- i) To establish the extent to which economic status of women influence initiation of Small and Micro Enterprises in Likuyani Sub- County.
- ii) To determine whether socio-cultural factors influence the establishment of Small and Micro Enterprises run by women in Likuyani Sub- County
- iii) To assess the influence of environmental factors on the establishment of Small and Micro Enterprises by women in Likuyani Sub- County.
- iv) To assess the relationship between women's level of education and performance of Small and Micro Enterprises in Likuyani Sub- County.

## **1.5 Research Questions**

- i.** To what extent does the economic status of women influence initiation of Small and Micro Enterprises in Likuyani Sub- County?
- ii.** How do socio-cultural factors influence the establishment of Small and Micro Enterprises in Likuyani Sub- County?
- iii.** To what extent do environmental factors influence the establishment of small and Micro Enterprises by women in Likuyani Sub-County?
- iv.** How does the level of education of women affect their performance in Small and Micro Enterprises in Likuyani Sub- County?

## **1.6 Significance of the study.**

Women participation in SMEs, play a vital role in the creation of wealth and employment in the country thus the study will enable the Government and other stakeholders to formulate policies that will improve the activities of women entrepreneurs . In the County Government of Kakamega, the research will be pertinent in formulating policies that are important for planning for Small and Micro Enterprise activities for women. The findings will reveal some of the bottlenecks that face the establishment of women enterprises and give suggestions of how improve the social and economic status of women to enhance their participation in economic development through SMES. The study will be valuable to women entrepreneurs and those anticipating to practice entrepreneurship as it will provide vital information about potential challenges they are likely to face and how they can be tackled. To academicians, scholars and researchers, the study will be a source of reference material for future research in

related fields of study. Knowledge of how various factors such as economic, socio-cultural, environmental and education determine women entrepreneurship in Kenya is important in fostering greater contribution of women in economic development of the country. The findings will be significant to financial institutions which offer grants and loans to women entrepreneurs by coming up with appropriate products for women in business.

### **1.7 Delimitations of the study**

The study was focused on women enterprises leaving out those owned by men. The study was delimited to the study area and only dealt with factors that influenced small businesses by women.

### **1.8 Limitations of the study**

Due to financial and time constraints the study only covered three wards; Nzoia, Sangø and Likuyani as opposed to the whole Likuyani Sub- Couty. The relatively low response rate could be attributed to some of the women having low levels of education mainly primary. To overcome this the researcher framed the questions in simple language that was easy to interpret and respond. In the course of this study some hindrances that were anticipated included majorly adverse weather conditions since it was conducted during the month of May that is characterized by long rains which limited movement during data collection .However, the researcher reached as many diverse respondents as possible within the three wards which mitigated the limitation.

## **1.9 Basic assumptions of the study.**

The researcher assumed that the data collected from the respondents will be valid and without bias. The researcher also assumed the social and political environment in the area of study will be favorable for data collection within the specified time frame.

## **1.10 Definitions of Significant Terms**

**Establishment:** The act of starting something especially by women on Small and Medium Enterprises.

**Enterprises:** Refers to a business undertaking whose capital exceeds Ksh. 30,000 and not more than Ksh150,000. It employs less than 50 persons.

**Micro enterprises:** A business operating on a very small scale, especially one with a sole proprietor and fewer than six employees and started by a small amount of capital. Most micro enterprises specialize in providing goods or services for their local areas.

**Socio- Cultural Factors:** Set of beliefs, customs, practices and behavior that exists within a population. Most of the socio-cultural factors can affect women in one way or the other in business.

**Economic Factors:** The economic realities facing women starting a business.

**Education level:** The level of education attained by women and how it affects the behavior and development of the enterprise.

**Women Entrepreneurs:** Women proprietors of small and medium enterprises.

### **1.11 Organization of the study.**

The research project has five sections. Chapter one covers the background of the study, statement of the problem statement, objectives, limitations and delimitations. It also cover the significance of the study and definition of key terms used in the study. Chapter two on the other hand provides the literature review. This covers related literature about the area of study, clearly giving evidence on the past studies done on the subject matter, the theory on which the study is based and the conceptual framework which explains the relationships between variables. Chapter three consists of research methodology which specifically covers the research design, target population, sample size and sampling procedure, data collection instruments and procedure, validity and reliability of the instruments, data analysis and presentation techniques and ethical issues. Chapter four consists of discussions on the findings of the study and chapter five consists of the summary of the study, conclusions and recommendations of the study

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This section reviews literature under different sub-topics according to the study objectives. These include: economic factors, socio-cultural factors, environmental factors and finally education factors which influence the establishment of SMES by women. The chapter also presents the summary of gaps in Literature. The chapter further presents the theoretical framework and the conceptual framework.

#### **2.2 The Concept of Women Entrepreneurship.**

Fischer (1993) states that most comparative studies among men and women entrepreneurs' performance are based on two theories: the liberal feminist and social feminist. Liberal feminist theory is based on the premise that women are facing overt discrimination in education and business experience (Fischer 1993; Watson, 2002). Social feminist theory is based on the socialization process, such as, family setting, social values, norms, experience, educational aspirations, and expectations (Fischer 1993; Learner, 1997). Fundamentally, social feminism views the genders as different but equal (Carter & Williams, 2003) and proposes that differences between women and men are due to unique socialization processes (Carter & Williams, 2003; Johnsen & McMahon, 2005). This explains the differences between males' and females' experiences from the earliest moments of life that result in fundamentally different ways of viewing the world (Fischer, 1993, p. 154).



More than 126 million women entrepreneurs were starting or running new businesses in 67 economies in 2012 (Global Report on Women and Entrepreneurship, GEM 2012). An estimated 48 million female entrepreneurs and 64 million female established business owners currently employ one or more people in their businesses; seven million female entrepreneurs and five million established business owners are expected to grow their ventures by at least six employees in five years. In every single economy, women have lower capability perceptions than men. In every region, women have on average, a greater level of fear of failure than men (Global report on Women and Entrepreneurship, GEM 2012). Today women entrepreneurs in Europe are only 30% of all entrepreneurs.

There has been a noticeable increase in the widespread emergence of SMEs in sub-Saharan Africa. The Global Entrepreneurship Monitor (GEM) on South Africa, Uganda, Angola, Ghana and Zambia suggests that the number of small established businesses is growing. For example; it is estimated that SMEs account for 70% of Ghana's gross domestic product (GDP) and 92% of its businesses. They also make up 91% of formalized businesses in South Africa and 70% of the manufacturing sector in Nigeria. SMEs not only contribute significantly to the economy but can also serve as an impetus for economic diversification through their development of new and unsaturated sectors of the economy. In addition, innovative and technology-based SMEs can provide an interesting platform for expanding outside of domestic borders, and entering intra-regional and international markets. In view of the increasing emergence of SMEs across sub-Saharan Africa and the significant potential that they hold, it is important to look

at what kind of support SMEs receive and their development, success and potential across the African continent.

The African Development Bank (AFDB) recently reported that only 20% of African SMEs had access to credit and that only 9% of investments SMEs make are funded by a bank. This stands in stark contrast to South America and the Caribbean where 44% of SMEs reported access to credit, and Europe where 23% of SMEs are financed through bank loans.

Lack of credit access places a heavy burden on entrepreneurs to raise large amounts of capital for business development themselves and make it hard for establishment of enterprises. Notwithstanding this difficulty, there are a number of indicators that suggest that the situation is improving. The AFDB report found that a number of banks in East Africa had a significant amount of clients in the SME sector and that all banks in Kenya and Zambia have created departments aimed at SMEs, while 75% of Tanzania's banks offer the same service. Meanwhile, over half of bank loans go out to SMEs though women experience collateral constraints.

### **2.3 Summary of Literature Review**

Feminist theory aimed to understand the nature of gender inequality. It examines women's social roles experience, interests, and feminist politics in a variety of fields. Themes explored in feminism include discrimination and stereotyping.

Studies show that women's involvement in entrepreneurial activities have significant impact on the economy, society at large and poverty reduction

(Misango, 2013). For instance, in the study on the economic role of women entrepreneurs in poverty reduction in Kenya, (Misango, 2013), concluded that women entrepreneurs play a major in poverty reduction in Kenya. (Zahra, 2013) also mentioned that women are half the population of the world and have to be active participants in the development process. In addition, (Che, Mohd, Shamsudin, Mohd & Mohammed 2012) argue that women entrepreneurial activities are essential in addressing world poverty. Further, (Alam, Jani & Omar, 2011) indicated that women entrepreneurial activities contribution to countries' economy have been gaining acceptance but no studies have adequately dealt specifically with factors that influence the establishment of SMEs run by women thus to fill this research gap the study will examine the factors that influence the establishment of SMEs run by women.

## **2.4 Factors Influencing Women Entrepreneurship**

Entrepreneurship has been considered as one of the key factors for the country's economic development (Raman, Anantharaman & Ramanathan, 2013). The factors influencing SMEs in Africa in decreasing order of intensity include: management, access to finance, infrastructure, government policy inconsistencies and bureaucracy, environmental factors, multiple taxes and levies, access to modern technology, unfair competition, marketing problems and non-availability of raw materials locally (Onugu, 2005).

In this newly emerging area of inquiry, several studies have explored the role that human capital play in opportunity identification (Davidsson & Honig, 2003; Ucbasaran, 2003). The human capital literature revolves around individual

knowledge and the application of such knowledge (Ulrich, 1998). Knowledge is an idiosyncratic resource that is unequally dispersed among individuals in a society (Hayek, 1945), and individuals are thought to identify opportunities because they possess uniquely different forms of knowledge or human capital (Venkataraman, 1997). Human capital theory (Becker, 1975) classifies human capital into two categories: general, and firm or industry specific (Becker, 1975; Buchholtz, Ribbens, & Houle, 2003). General human capital refers to knowledge and skills that are useful in more than one job or firm (Becker, 1975) and is usually measured by such items as formal education, age, prior work experiences, and prior entrepreneurial experience (e.g., Gimeno, Folta, Cooper, & Woo, 1997). Empirical research has shown that the ability to identify opportunities is related to such human capital variables as education, work experience and entrepreneurial experience (Davidsson & Honig, 2003), prior knowledge of customer problems (Shepherd & DeTienne, 2004), experiential knowledge (Dimov, 2003), and previous entrepreneurial experience (Ucbasaran, 2003). Ucbasaran found preliminary support for the notion that higher levels of general human capital will lead to the identification of a greater number of opportunities. Davidson and Honig (2003, p. 305) report a positive relationship between higher levels of human capital and nascent entrepreneurial activities. In contrast to general human capital, firm- and industry-specific human capital refers to the knowledge and skills (often accumulated on-the-job) that are useful primarily in a single firm (Barron et al., 1989; Becker, 1975) or a single industry (Buchholtz, 2003). Shane (2000) found three types of specific human capital that impact the ability to identify

opportunities: (1) prior knowledge of markets, (2) prior knowledge of ways to serve markets, and (3) prior knowledge of customer problems. Shepherd and DeTienne (2004, p. 91) established that "prior knowledge of customer problems leads to the identification of more opportunities and opportunities that are more innovative." Both of these studies indicate that knowledge specific to a given industry (Gimeno, Folta, Cooper & Woo, 1997) impacts on opportunity identification. Despite the fact that previous research has shown both general and specific human capital to be related to opportunity identification, we found no literature exploring the relationship between gender and opportunity identification. However, previous research indicates that men and women who start businesses possess different human capital at that point in time when businesses are started (Boden & Nucci, 2000; Changanti & Parasuraman, 1996; Srinivasan et al., 1994). (Fischer, 1993) indicate that at start-up, men have significantly higher levels of experience in managing employees, prior industry experience, and prior entrepreneurial experience. Multiple studies have shown that among business founders, men have significantly more years of industry experience (Carter & Williams, 2003; Changanti & Parasuraman, 1996; Cromie & Birley, 1991; Kalleberg & Leicht, 1991). In addition, several studies have shown that at start-up, men have more organizational and managerial experience than women (Boden & Nucci, 2000; Srinivasan et al., 1994). Kalleberg and Leicht (1991) found that men were more likely to be concurrently involved in more than one business venture. (Menzies, Diochon, & Gasse, 2004) report that although the amount of education

does not differ significantly between men and women, the major area of study does differ, with women more likely to be involved in health and natural sciences.

## **2.5 Influence of Economic Factors on Establishment Small And Micro Enterprise By Women**

Women-owned businesses are making a significant contribution to the Kenyan economy. Their businesses account for about one-half (48 percent) of all micro-, small-, and medium-sized enterprises (MSMEs), which contribute around 20 percent to Kenya's GDP. Of the 462,000 jobs created annually since 2000 in Kenya, 445,000 jobs have come from the informal sector, where 85 percent of women's businesses are found. This include collateral, finances and tough competition from men.

Most banking institutions demand collateral as one of the requirement for the access to credit facilities. This becomes a constraint to SMEømost of who may not own to capital assets to present as security against the loans. This reduces accessibility of these loans. Furthermore, most lending institutions are more inclined to lending large scale businesses who have higher success rate, and repayment rate. The small scale enterprises are relegated to micro finance institutions (MFIø) and ÷shylocksø whose lending requirements may further discourage them. Makokha (2006) adds that women entrepreneurs have financial social demands that compete with business capital, leading to a diversion of capital away from business needs. Kinyanjui (2006) records that some entrepreneurs felt that it was difficult to obtain loans as they had to show credit records and they did not fully understand the requirements getting and paying

loans. Loans from Kenya microfinance institutions tend to be limited in amount, have no grace period, are short term in design and carry very high interest rates. Consequently, most women entrepreneurs are likely to have multiple short-term loans to cater for both businesses and social needs. Studies have shown that loans to SME entrepreneurs only satisfy a fraction of their financial needs. Formal financial support is seen to be too expensive for many women entrepreneurs and hence they treat this as a last resort, (Stevenson & St-Onge, 2005). In Kenya, SMEs have continued to face challenges related to accessing credit. Commercial banks are still bargaining with the issue of collateral. Due to limited land ownership status in Kenya, entrepreneurs are unable to provide the necessary collateral needed for loan request. According to ILO report published in 2008: factors affecting Women Entrepreneurs in Micro and Small Enterprises in Kenya; women make up nearly half of all Small and Micro Enterprises owners and 40 percent of smallholder farm managers, yet they have less than 10 percent of the available credit and less than 1 percent of agricultural credit. Despite the fact that some provisions have been made towards gender mainstreaming, there is much more that could be put in place.

Within the most recent research there are signs that a consensus is beginning to emerge, at least within some of the issues. Women may be disadvantaged in their ability to raise startup finance. (Carter & Rosa, 1998). Also the guarantees required for external financing may be beyond the scope of most women's personal assets and credit track record. (Riding & Swift, 1990). Then, finance for the ongoing business may be less available for female owned firms than it is for

male enterprises, largely due to women's inability to penetrate informal financial networks. (Greene ,1999)

Lastly, women fear competition from their male counterparts. Men have their own way of running businesses. They also have other advantages that women do not have that make them offer women stiff competition. Some of this includes issues like, men can take greater risks, and they are more capable of using uncouth means such as bribery, corruption among others which women shy from. Whilst micro-enterprise are very often the source of innovation, they are also especially vulnerable to competition from counterparts who introduce new products or services, or improve their production processes, while women lack the resources to compete (International Journal of Business Administration vol.3, No.2; March 2012 published by Sciedu Press 117 respond rapidly).

Competition and information related factors are said to be the major challenge. Competition is seen in form of the size of market share in the rural setting. Most of these markets are not expanding and new competitors such as mini-super markets with wide varieties of products for those who were engaged in selling household products are emerging. To Jaiyeba (2010) this could be caused by lack of marketing skills. According to the findings by Fumo and Jabbuor (2011), competition is ranked the highest by youth entrepreneurs. This findings further identify three forms of competition as: the informal, competition from other enterprises in the same line and competition from foreign enterprises. This is further complemented by findings by Owino (2008) and Karanja (2008) that competition is a major problem encountered by MSE operators. In another study



of issues on MSE development in Ghana and South Africa, Abor & Quartey, (2010) also established that MSEs face greater external competition. The MSEs therefore need to expand market share to avoid overreliance on local markets (Onugu, 2005). However, the MSEs limited international marketing experience, poor quality Control and product standardization and little access to international partners, continue to impede MSEs expansion into international markets (Aryeetey, 1994; Wanjohi, 2010).

## **2.6 Influence of Socio- Cultural Factor On Establishment Of Small And Micro Enterprises By Women**

According to Weatherly (2011) and Felicia (2013), socio-cultural environment is described as an environment which consists of everything that is not contained within the economy or political system. It is a social-cultural system which is made up of collection of activities and relationships through which people engage in their personal and private lives which include population features, age, ethnicity, religion, values, attitude, lifestyles and associates (Weatherly, 2011). These environmentally relevant patterns of behavior lead to the creation of different cultural values in different societies, some of which influence the decision to create new businesses. Slovic (2000) concluded that socio-cultural factors could be key determinants of gender differences in risk perception. He also argues that the differences in risk perception could be linked to issues of power and influence or women's lack of access to them. Slovic (2000) argues that differences in perceptions and attitudes point towards the role of power, status,

alienation, trust, perceived government responsiveness and other sociopolitical factors in determining perception and acceptance of risk.ö

## **2.7 Influence of Environmental Factors on Establishment Of Small And Micro Enterprises By Women.**

The environment of an enterprise can be both physical and political. It consists of regulations, bureaucratic and judicial licensing structure, and a tax regime that create barriers to Small and Micro Entrepreneursø endeavors. Regulatory constraints also pose serious challenges to MSEs development (Kauffmann, 2005) and although wide-ranging structural reforms have led to some improvements, prospects for enterprise development remain to be addressed at the firm-level. Licensing and registration requirements, as well as high cost of settling legal claims, and excessive delays in court proceedings adversely affect MSEs operations (Wanjohi & Mugure, 2008). The licenses are too many and the cost too much. Being a woman seems to exaggerate that fact since most women are harassed by the city council officials. When they come to inspect the business premises. Moreover, women may be less likely to meet and negotiate bribes with the predominantly male council officials. Business licensing is an issue for many women entrepreneurs who perceive the process as lengthy and complex (Athanne, 2011). Bindra, (2006) adds that many Kenyan SMEs are covered by some formal registration, the cost of such registration is nominal but entrepreneurs find the procedures to be followed and information about offices to be visited for requisite forms and registration to be confusing. There is no òone- stop shopö which inform

an aspiring entrepreneurs what is required of him or her in terms of regulations to be followed for licensing.

Natural resources are an important factor. In many countries, shortages of raw materials can affect setting up businesses. Air pollution chokes many of the world's cities, while water shortages are already a big problem in many parts of the world. Ejembi & Ogiji (2007, p. 7) have found that poor infrastructure (location) hampers small business growth. Poor infrastructure includes bad roads, inadequate water supplies and erratic electricity supply. (Chong 2008, p. 469) explain that a lack of information and communication technology can lower customer satisfaction and seriously limit growth in small businesses. (Bowen 2009, p. 16) agree that infrastructure, as it relates to the provision of access roads, adequate power, water, sewerage and telecommunication services, poses a serious challenge to small businesses. Mboniyane & Ladzani (2011) found out that MSEs had to contend with potholes, dust and sewerage close to their businesses or on their business premises and that the MSE operators were never informed about disruptions in electricity or water supply that would jeopardize their businesses. (Soini & Veseli, 2011) also observed that the location of your business must be accessible to the customer base and should be built to ensure efficient accessibility for future clients. According to these author, when choosing a business location, the business owners must take into account the cost of moving or establishing their business in the location. The labour costs, transport, proximity to suppliers, workforce disruption, language factors, land exchange factors. According to (Keith, 2013), the location of a business can also affect its success and

productivity by extracting financial costs. Availability of efficient physical infrastructure is a major determinant of production costs, production quality and timely response to market requirements. These are key aspects of growth and expansion of any sector. Physical infrastructure ó business workspace, water supply, sewerage facilities, roads, postal and telecommunication services, and electricity ó has been identified as one of the most critical constraints in the development of MSE in Kenya. Major infrastructure problems revolve around access to suitable business premises, and connection to basic utilities. All these combine to make unfavorable environment, which affect decisions on investment, adoption of new technologies, quality improvement, and long-term plans for expansion. Fuel is yet another environmental factor that impacts on enterprises. Most countries in Southern Africa such as Botswana, Zimbabwe, Zambia and Malawi have the greater percentage of their populations living in rural areas especially women. Entrepreneurs who set up enterprises in rural areas have to contend with serious transport problems. This is because prices for petrol and diesel continue to escalate. In turn, the prices of commodities inevitably go up, and these is passed on to rural consumers, who are largely poor and can ill afford the high prices.

## **2.8 Relationship between the women’s level of education and performance of small and micro enterprises**

Most literature refers to entrepreneurial training as opportunities for work related experiences that is applied in decision making. Entrepreneurial literature shows

existence of a positive correlation between education and business creation (Luthje & Frank, 2002; Charney & Libecap, 2000).

Osirimi (2000:25) cited similar results that high levels of educational attainment led to successful entrepreneurship. Further studies have also noted that expanding businesses have had managers who had tertiary and professional qualifications (Gudgin, Brunsjkill & Forthergill, 2006), this however might not be a sufficient condition for success (Lloyd & Dicken, 1982 )

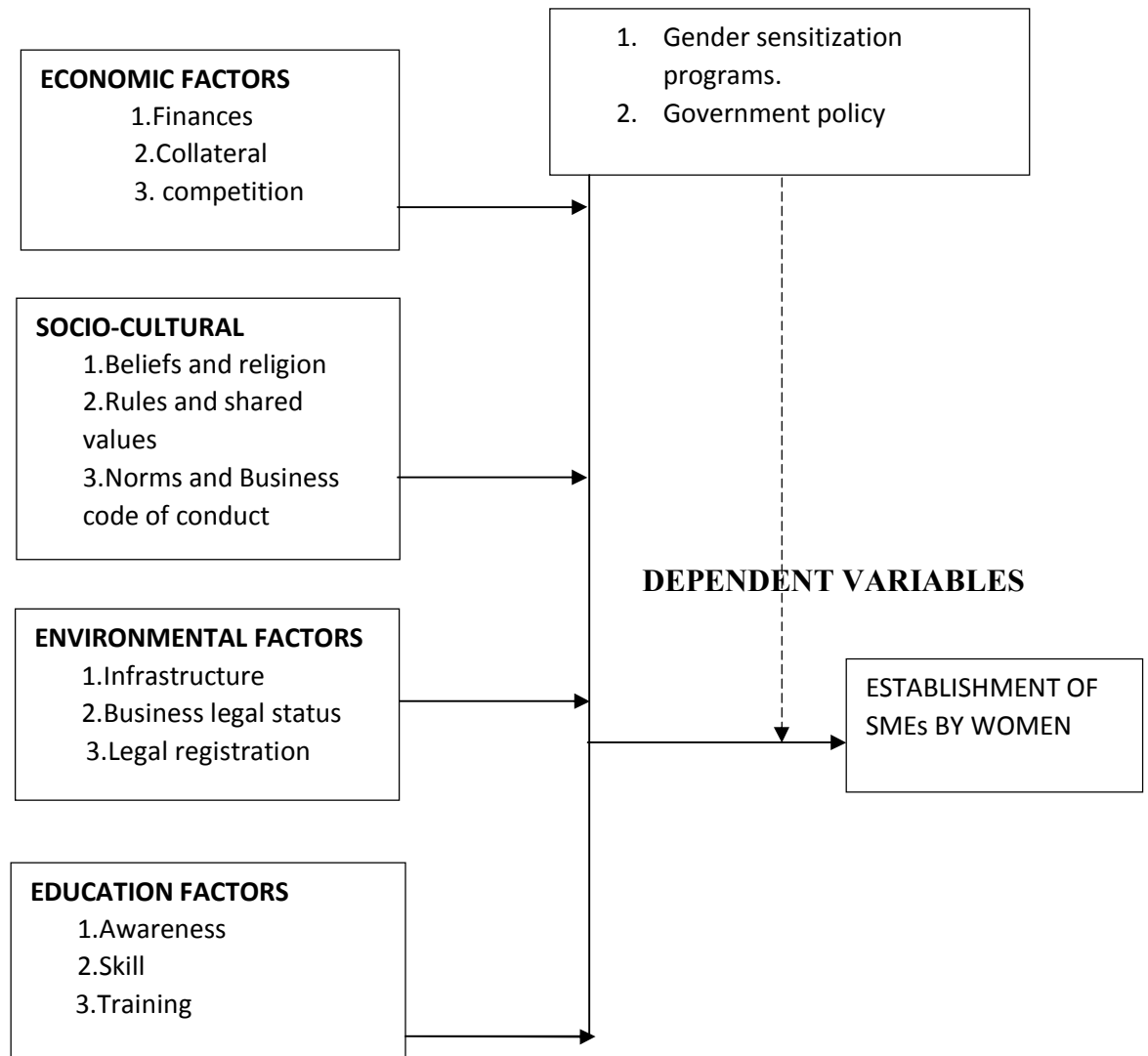
Researchers on entrepreneurship use theories to explain the role of education and training in the performance and growth of enterprises. (Roomi, Harrison & Beaumont-Kerridge 2009; Grizzell, 2003) used motivation theory to explain that human needs can be shaped by training and that social and psychological motives significantly influence growth seeking behavior. (Kessy & Temu 2010) list outcomes they believe is the result of motivation; such as completion of challenging tasks, having control of one's own jobs, learning new skills, creating more opportunities for enterprises and upward movement of enterprise activities. Further, (Becker, 1964) posits that in addition to personal motivation, investment in human capital (education, training and skills) lead to higher productivity and hence higher wages and higher employment rates. Studies by University of Arizona and New York University corroborate this finding and reveal that people who received entrepreneurial education perform better at running their own business but are not better at startup. The literature also shows trained entrepreneurs are higher on record keeping and sales but not higher on profit. Similarly, (Peterman & Kennedy, 2003) found that attendance at an

entrepreneurial program has positive effect on both the desirability and feasibility of starting a business. (Kessy & Temu 2010) examined the impact of training on entrepreneurs in Tanzania and concluded that recipients of business training have higher levels of assets and revenue compared to enterprise owned by non-recipients of training. (Edgcomb, 2002) too notes that training has significant impact on participant's characteristics and final participant's outcome. On the other hand, (Stoney, 1994) argues that there is very little empirical proof of the positive impact of education on entrepreneurship and entrepreneurial success. However, a women training project in Peru according to, (World Job & Food Bank, 2001) showed that the training enabled women to increase their self-esteem and confidence. It encouraged women to reflect on their own experiences, assess their needs and developed individual and group goals. Such trainings could be replicated for other women to increase self-esteem because their position in society is significantly eroded by prejudice. Stevenson & St. Onge(2005) propose trainings to target growth, marketing development opportunity identification and quality, marketing/promotional skills and deal with credit institutions, borrowing mechanism and negotiating strategies.

## 2.9 Conceptual Framework

### Independent Variables

### Extraneous Variables



**Figure 1: Conceptual Framework**

The conceptual framework presented in Fig 1 shows the relationships between independent and dependent variables. The framework shows the influence of economic factors on establishment of women owned SMEs. It also shows the influence of socio-cultural factors on establishment of women owned SMEs

influence of environmental factors on establishment of women owned SMEs as well as the relationship between education level and performance of women owned SMEs.

Women are less active and risk passive thus not willing to take the risk of venturing into business as compared to their male counterparts who are more aggressive. The government does not grant any incentives to women to encourage them generate business ideas and establish businesses. Management of the business is a technical aspect of organizing and monitoring activities of the business. Both time and funds should be monitored well to make the business a success. Women trying to venture into business face shortage of resources such as funding to meet their expenses. These include limitation in raw materials, financial resources, labour and expertise. Government and other business regulating bodies also instill other stiff requirements such as licenses and certificates of registration of businesses that make women shy away from entrepreneurship. Contrary to men, women play a major role in the society whereby they are held up with so many Work life balance that they develop a conflict of roles trying to venture into entrepreneurship. Government and other business regulating bodies also instill other stiff requirements such as licenses and certificates of registration of businesses that make women shy away from entrepreneurship.



## **2.10 Gap in Literature Review**

A lot of research has been carried out internationally, regionally and locally reviewing small and micro enterprises. Most of these research concentrated on businesses in the cities and urban Centres. There is scarcity of literature touching on the rural traders. Therefore, the proposed study focused on factors that influence establishment of rural enterprises. Similar studies have focused on the challenges faced by SME but this study concentrated on what influences their establishment. This study concentrated mainly on the factors that influence the establishment of SMEs by women in Likuyani Sub- County, Kakamega County, Kenya.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter contained issues on research methodology. It described the research design which details the nature of research that is being conducted; the target population and the procedure of sampling for the required population and the methods of data collection. It goes further to discuss the validity and reliability of the instruments of research methods of data analysis and the operational definition of variables.

#### **3.2 Research Design**

This study used descriptive research design. Furthermore, it provided information about the characteristics, experiences, attitudes, perceptions and opinion in order to generalize the findings to a population that the sample is intended to represent. This study used both qualitative and quantitative approaches in collecting and analyzing data. The approach was chosen because it focused on natural settings and so allowed the respondents to express themselves freely.

Qualitative methods provide in-depth explanations while quantitative provide the hard data needed to meet the required objectives and to test hypothesis (Mugenda , 1999).

#### **3.3 Target Population**

Target population of the study was 700 SMEs owned by women in Likuyani Sub-County. A document obtained from the Kakamega County revealed that there

were 700 women in SMEs spread across. The study sample was obtained taken from Nzoia, Sangø and Likuyani wards which are rural setting. The Sub- County had 700 registered women SMEs. This formed the accessible population of the study.

### **3.4 Sample Size and Sampling Procedures.**

Sample size was determined by use of Krejcie and Morgan Table (1970) .

Simple random sampling technique was used to select the sample. The study grouped the population into strata and then used simple random sampling to select from the target population. Whereas Likuyani Sub-County composed of several women entrepreneurs engaging business the targets was only women in small and medium businesses. The selected sample size was 248 women running businesses in Likuyani Sub-County.

### **3.5 Research Instruments**

#### **3.5.1 Questionnaire.**

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Questionnaires are commonly used to obtain crucial information about a population. Each item in the questionnaire is developed to address a specific objective and research question posed for gathering information from respondents (Newman, 2006). The use of questionnaires saves time and the findings are presented in paper format there is no opportunity for bias.

### **3.6 Reliability of Instruments**

#### **3.6.1 Instrument Reliability**

Reliability is a measure of the degree to which research instrument yields consistent results or data after repeated trials. It is influenced by random error. As random error increases, reliability decreases. Errors may arise from inaccurate coding, ambiguous by the researcher to the subjects, interviewer's fatigue, interviewer's bias etc. Random error will always exist regardless of the procedures used in a study. Specifically, reliability aids in the design and evaluation of sum scales, that is, scales that are made up of multiple individual measurements. This was important in finding out any deficiencies in the questionnaires and rectifying them before the actual questionnaires were issued. The data collected during the pilot study was analyzed with an aim of testing the researcher instruments to be used as well as the researcher questions to determine whether they achieved the deserved objectives of the study.

#### **3.6.2 Validity of Instruments**

Validity refers to whether the questionnaire or survey measures what it intends to survey measures or it is the degree to which results obtained from the analysis of the data actually presents the phenomenon under study as accurately as possible. The questionnaires usually help to collect the needed information for they were valid (Hopkins 2000). Validity is the accuracy and meaningfulness of inferences, which are based on the research results. The instruments were scrutinized by my supervisors to determine whether the instruments adequately address the

objectives of the study. Validity of the instruments was established during the pilot study.

### **3.7 Piloting**

Piloting was done using the test retest method questionnaires before the actual data collection. Four women between the ages of 30-39 were selected from the sample through simple random sampling. In total 20 women were studied during the piloting study. Piloting was done to identify flaws and ambiguities and make improvements to the research instrument and also to find out if the questionnaires were clear to the respondents. Some of the unclear questions were restructured and others that were not necessary were deleted. This also helped the researcher to establish the validity and reliability of the researcher instruments. Piloting of the study was carried out on Small and Medium Enterprises by women in Likuyani Sub- County. According to Mugenda and Mugenda (1999) 10 percent of the sample was appropriate for piloting.

### **3.8 Data Collection Procedure**

This refers to the series of events to be followed during the data collecting process. In this research study, the researcher first collected an introductory letter from the University of Nairobi and booked appointments with women Entrepreneurs of the various enterprises before making a formal visit on the respective day of the appointment. The researcher made a request to be allowed to conduct the study in the selected Likuyani Sub-County. Questionnaires were issued to the study sample by the researcher by the research assistants. The study

applied a series of data collection tactics that included structured, closed and open ended questions to collect primary data. Secondary was collected from journals, articles, websites, and other relevant sources.

### **3.9 Data Analysis Techniques**

The data was analyzed using descriptive statistical methods including the means, mode and median and the findings presented on frequency tables and percentages. Data analysis is the process of bringing order, structure and meaning to the information collected (Mugenda and Mugenda, 2003). Numerical values were assigned to responses in the questionnaires to represent measurement of variables. The study sought to identify the factors influencing women establishment in Small and Micro Enterprises by women in Likuyani Sub- County, Kakamega County.

### **3.10 Ethical Issues**

Ethical issues pertain to the manner in which the researcher handles the respondents. The respondents' identity was anonymous and they were made to understand the purpose of the research. They were requested not to write their names on the questionnaires. The respondents were assured that information obtained from them will be confidential and would only be used for the intended purpose. The researcher obtained research authorization from the relevant government body to ensure legal compliance in the research process. The researcher therefore ensured that data is collected with due regard to ethical consideration. All citations were referenced to conform to the ethical reporting of researcher results (APA, 2009).

### 3.11 Operational Definition of Variables

The dependent variable for the study was establishment of women SMEs while the independent variables were economic factors, socio-cultural factors, environmental factors and the level of education.

Objectives	Variables	Indicators	Measurements	Measuring scale	Research design	Type analysis
Objective 1 To establish the extent to which economic status of women influence initiation of Small and Micro Enterprises in Likuyani Sub-County.	Independent variables Economic factors.	Financial collateral competition	women Small and Medium Enterprises	Nominal	Questionnaires and document analysis	Description
Objective 2 To determine whether socio-cultural factors influence the establishment of Small and Micro Enterprises run by women in Likuyani Sub- County.	Independent variables socio-cultural	-beliefs & religion -rules & shared values norms and business code of conduct	-rate of establishment of SMEs by women	Ordinal	Questionnaires	Description
Objectives 3 To assess the influence of environmental factors on the establishment of Small and Micro Enterprises in Likuyani Sub-County.	Independent Variables - environmental factors.	- infrastructure -business legal status -legal registration	-rate of establishment of SMEs by women	-Nominal	Questionnaire	Description
Objective 4 To assess the relationship between the women's level	Independent variables -Education level	-awareness -skills -trainings	Rate of establishment of SMEs by women	Nominal	Questionnaire	Description

of education  
and  
performance  
of Small and  
Micro  
Enterprises in  
Likuyani Sub-  
County

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## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND INTERPRETATION**

#### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The main objective of the study was to examine the factors that influence the establishment of Small and Micro enterprises run by women in Likuyani Sub-County. Qualitative data was analyzed through quantitative analysis. Frequency tables and percentages were used to present the data. The questionnaires were administered and collected at a later date to allow the respondents to fill the questionnaires at their own time. Once the respondents responded to the questionnaire data was coded and analyzed using SPSS.

##### **4.1.1 Response Rate**

The study targeted 248 respondents in collecting data with regard to factors that affecting the establishment of businesses run by women in Likuyani Sub- County. From the study 210 respondents out of the 248 sample respondents filled-in and returned the questionnaires resulting to a response rate of 84.68%. This response rates was sufficient and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good and a response rate of 70% and over is excellent. This reasonable response rate was due to extra efforts that were made via personal calls and visits to remind the respondent to fill-in and return the questionnaires.

## 4.2 Demographic Information

This section represents the demographic characteristics of the respondents. They include; marital status, level of education, type of business, running of business, and other occupations of the respondents apart from the business.

**Table 4.1 Demographic information of women entrepreneurs.**

**n=210**

<b>Section</b>	<b>Frequency</b>	<b>Percentage%</b>
<b>Marital status</b>		
Married	134	63.81
Single	22	10.48
Widowed	54	25.71
<b>Age (Years)</b>		
20-29	17	8.10
30-39	102	48.57
40-49	61	29.05
50-59	25	11.90
Over 60	05	2.38
<b>Who runs this business on a day-to day basis?</b>		
Self	27	12.86
Self and Family	181	86.19
Family Member(s)	02	0.95
Non-Family Employees	00	0.00

*Source Research data 2015*

The study sought to find out the marital status of women. According to the findings illustrated in above tables, (63.81%) of the women were married,

(10.48%) of the women were single, (25.71%) of the women were widowed. This implies that most of the business women in Likuyani Sub-County were married and they were supported by their husbands compared to those who were widowed and single. (48.57%) of the women were aged between 30-39 years. The distribution of the ages of the women show that majority were in their middle ages within which many people are actively involved in establishing SMEs. From the table above, (12.86%) women ran their business alone, (86.19%) of the enterprises were self and family enterprises while (0.95%) of the enterprise were carried out by family member(s). This reveals that most women (86.19%), need support from the family, especially from their husbands so as to run their business.

#### **4.3 Factors influencing establishment of SME by Women entrepreneurs.**

Most of the SME are run by women who face a number of challenges such as inadequate capital; lack of business management skills such as planning, time management, and financial skills; inability or difficulty in repaying loans; shrinking markets and increased competition especially from men counterparts; debt collection; management of their own businesses and fraud. There is also poor infrastructure, policy implementation gaps and the location of the business.

#### **4.4 Influence of economic factors on the establishment of SMEs by women.**

Economic factors are a set of basic factors that affects the establishment and development of the business. The main economic factors include; inaccessibility to loans or difficulty in repaying them, high interest rates, employee management and costs. There are less finances for women to carry out their business as

compared to their male counterparts and this impedes from them to entering and competing in new markets.

**Table 4.2: Influence of Economic Factors on the establishment of SMEs by women. n=210**

<b>Section</b>	<b>Frequency</b>	<b>Percentage%</b>
<b>Are there any challenges that this business currently faces?</b>		
Yes	199	94.76
No	11	5.24
<b>Challenges</b>		
Inadequate capital	67	33.67
Lack of accounting skills	46	23.12
Inaccessibility/difficulty in repaying loan	12	6.03
Shrinking markets/increased competition	41	20.60
Debt collection	6	3.02
Fraud	17	8.54
Employment management	10	5.03
<b>Assistance Received</b>		
Yes	20	10.05
No	176	89.95

***Source Research 2015***

**n=20**

<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Kind of Assistance</b>		
<b>Training service</b>	<b>11</b>	<b>0.55</b>
<b>Access to credit</b>	<b>0</b>	<b>0</b>
<b>Rescheduling of the loan</b>	<b>09</b>	<b>0.45</b>
<b>Provision of market information</b>	<b>00</b>	<b>00</b>
<b>Business work/ work life</b>	<b>00</b>	<b>00</b>

*Source Research 2015*

**n=199**

<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Overcoming of obstacles</b>		
<b>Dealing with trustworthy customers</b>	<b>141</b>	<b>67.14</b>
<b>Minimized debts</b>	<b>58</b>	<b>29.15</b>

**n=210**

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<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
Have you ever borrowed money from a financial institution?		
<b>Yes</b>	<b>132</b>	<b>62.86</b>
<b>No</b>	<b>78</b>	<b>37.14</b>

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*Source Research 2015*

**n=78**

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<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Reasons for not borrowing money from bank</b>		
We do not like bank loan	2	2.56
Lack of information about bank loans	15	19.23
Interest rates are too high	19	24.36
No security/collateral to pledge	32	41.03
Unavailability of banks in the area	10	12.82

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*Source Research 2015*

**n=210**

<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
<b>What is the main challenge in accessing bank loans?</b>		
<b>No security to pledge</b>	<b>118</b>	<b>56.19</b>
<b>Too small equity base</b>	<b>32</b>	<b>15.24</b>
<b>No gaurantors</b>	<b>02</b>	<b>0.95</b>
<b>No/ poor/ proposal or business plan</b>	<b>11</b>	<b>5.24</b>
<b>Lack of regular income</b>	<b>47</b>	<b>22.38</b>

*Source Research 2015.*

The statements below relate to the influence of business competition on establishment of SMEs owned by women. Indicate your feeling about each of the options (SA) Strongly Agree, (A) Agree, (U) Undecided, (D) Disagree, (SD) Strongly Disagree

<b>NO</b>	<b>STATEMENT</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
<b>1.</b>	Many women are operating business on the same line(same kind of business)	121	<b>40</b>	<b>05</b>	<b>20</b>	<b>24</b>
<b>2.</b>	Many women are experience competition from men especially ideas and skills.	198	<b>07</b>	<b>00</b>	<b>02</b>	<b>03</b>

The table shows (94.76%) of the women feel that most women entrepreneurs do encounter challenges as they carry out their businesses which affect the growth of their enterprises. The challenges encountered include inadequate capital (33.67%), lack of accounting skills (23.12 %). Inaccessibility/ difficulty in repaying loan (6.03 %), shrinking markets/increased competition (20.60%), debt competition (3.02%), fraud (8.54%) and employee management (5.03 %).It can be seen that most women entrepreneurs did not have enough funds to run their enterprises. Studies have shown that, formal financial support is seen to be too



expensive for many women entrepreneurs and hence they treat this as a last resort, (Stevenson & St-Onge, 2005).

Majority of the respondents did not receive any assistance (89.93%). Only (10.05%) had received assistance. In addition, majority were affected when they did not get enough support or assistance and this hindered them from growing their enterprises.

The (10.05%) women who had received assistance (0.45%) had rescheduled the loan and (0.55%) in training services. This indicate that the rate of those women being assisted to access and reschedule loans is still low and those that had received training was also low. This could be one of the reasons why women entrepreneurs do not major and enter into the new markets. Some women do try to overcome the obstacles because they are the breadwinners of their families. To maintain their businesses so that they can sustain them for some time, they do try to deal with trustworthy customers (67.14%) while (32.86%) minimized on debts to overcome the obstacles.

In addition, (62.86%) of the women, have enough capital to run their enterprises. Studies have shown that, women may be disadvantaged in their ability to raise startup finance. (Carter & Rosa, 1998). Also the guarantees required for external financing may be beyond the scope of most women's personal assets and credit track record (Riding & Swift, 1990).

Most of the women, got funds from their small savings from the banks or from the loan provider (26.67%), while (29.05%) get from local community group to

enable them run their business. Raising capital is the primary barrier that women face since early age. The small savings are crucial for business entrepreneurs who have very limited or no personal assets. Also most of the women admitted that they did experience competition (87.05%) especially from men, then (10.95%) said that they not do experience any competition. The kind of competition the women received from men was, pro-male bias (65.24%) and also ideas and skills (34.76%). Women feared competition from their male counterparts. Men have their own way of running businesses. They also have other advantages that women do not have that make them offer women stiff competition. For instance men can take greater risks, and they are more capable of using uncouth means such as bribery, corruption among other which women shy from. Whilst micro-enterprise are very often the source of innovation, they are also vulnerable to competition from counterparts who introduce new products or services, or improve their production processes, while women lack the resources to compete.

The researcher further assessed the influence of economic factors on women enterprises using simple regression and presented the findings on Table 4.2 below

**Table 4.2: Influence of Economic Factors on establishment of SMEs by women**

**MODEL SUMMARY**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.602 <sup>a</sup>	.363	.360	.55855

**a. Predictors: (Constant), Economic status of women**

**Coefficients<sup>a</sup>**

Model	Unstandardized	Standardized		t	Sig.
		Coefficients	Coefficients		
	B	Std. Error	Beta		
(Constant)	1.119	.205	5.462		.000 <sup>h</sup>
Economic status of	.609	.055	.602	11.112	.000

**women**

The mean of Initiation of SMEs was correlated with the mean of economic status of the women and the value of beta that was generation the results was =0.602 at p=0.01. however, the value of beta is positive, which implies that economic status of the women to a greater extent affect the initiation of Small Micro Enterprise in Likuyani sub- County. From results, economic status of women account for 36.6% of initiation of SMEs ( $r^2=0.262$ )

#### **4.5 Influence of socio-cultural factors on the establishment of SMEs by women**

Socio-factors are things that affect lifestyle; such as religion, wealth or family. While cultural factors are customs, lifestyles and values that characterize a society. Some examples are religion, attitudes, economic status, class, language, politics and law, beliefs and traditions that are held by a certain community or a nation. Table 4.3 shows influence of socio-cultural factors on the establishment of SMEs by women.

**Table 4.3 n=210**

<b>Section</b>	<b>Frequency</b>	
<b>Percentage</b>		
<b>Being a woman entrepreneur, do you feel that your gender affects the establishment of your enterprise?</b>		
Yes	202	96.19
No	08	3.81

*Source: Research data 2015*

Indicate your feelings about each of the following statements on any of the opinions SA- Strongly, A- Agree, U- Undecided, D- Disagree, SD- Strongly Disagree.

<b>NO</b>	<b>STATEMENT</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
1	Gender inequality is shown by women's insufficient access to position of decision-making power and authority.	147	09	23	14	17
2	Women are able to cope with the dual responsibility and demands of family and business	162	26	05	11	06
3	Women exclusion from formal networks limits their ability to advance in business.	102	58	28	08	14

Based on your experiences in running the business so far and the actual condition of the business, please indicate your Opinion regarding each statement. SA- Strongly, A- Agree, U- Undecided, D- Disagree, SD- Strongly Disagree.

<b>NO</b>	<b>STATEMENT</b>	<b>SA</b>	<b>A</b>	<b>U</b>	<b>D</b>	<b>SD</b>
1.	Religious beliefs affect or determine how women conduct business	16	14	35	69	76
2.	Family can affect how women run their business.	13	19	27	58	93

According to the findings illustrated in table above, (79.05%) of the women indicated that gender did not affect the establishment of the business. This indicate that women can do better in enterprise if only they are given a chance and are interested in the entrepreneurial field. In addition, (20.95%) indicted that gender affected the establishment of business because as women, they have many responsibilities to take care of like their families. Family and community responsibilities take a lot of womenø time that could be applied in improving their income generating efforts.

The women indicated that religious beliefs (91.43%), did not determine how they conducted business. While (8.57%) said that religious beliefs determined how they conducted their business. Culture is a product of religion and religion is the foundation of our beliefs. Some religious practices are detrimental to entrepreneurial growth and this slows down the business. Some verses in the Bible and even the Quran have been misconstrued to imply that women should be submissive to their husbands and should not own a business enterprise nor inherit their parentsø property. Many families both in Christian and Muslim world prefer

their sons to run their businesses and ignored their daughters and this has sidelined women in the entrepreneurial world. The extent of religious diversity and competition are thought to depend on how the government regulates the market for religion. The existence of an established state church is viewed as a source of a low degree of religious pluralism and therefore, of low participation in organized religion. It has been argued that religion is a source of compensation for persons suffering from economic or social deprivation.

The study also sought to find out whether extended family affected how women ran their businesses. From the findings (96.67%) of the women indicated that extended family~~s~~ did not affect how women ran business. This is because they had managed to separate business from family. In addition 33% of the women indicated that extended family affected how women ran their business.

The study also used simple regression analysis beta (  $\beta$  ), to establish the extent of the influence. The question was tested at 0.05% significance level, with 95% confidence, which is accepted in social research work. The mean of economic status was correlated with the mean of initiation of Small and Micro Enterprises in Likuyani Sub-County. The results were as presented below;

**Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
<b>1</b>	<b>.586</b>	<b>.344</b>	<b>.341</b>	<b>.56674</b>

**a. predictors: (Constant), social cultural factors**

**Coefficients**

<b>Model</b>	<b>Unstandardized</b>	<b>Standardized t</b>	<b>Sig.</b>
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**Coefficients**

**Coefficients**

<b>B</b>	<b>Std.Error</b>	<b>Beta</b>
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	<b>(Constant)</b>	<b>1.238</b>	<b>.202</b>	<b>6.119</b>	<b>.000</b>
<b>1</b>	<b>Socio-cultural</b>	<b>.570</b>	<b>.053</b>	<b>.586</b>	<b>10.663 .000</b>

**A. Dependent Variable: Establishment of SMEs**

**Source: Research data 2015**

The study used the correlation r (beta, ) to answer the question. The test criteria was set such that the study establishes either negative or positive influence if the value of beta,  $\neq 0$ . From the results, mean of establishment of SMEs was correlated with the mean of social-cultural stat



us of the women and the value of beta that was generated from the results was =0.586 at p=0.01. These means that socio-cultural values positively influence the establishment of SMEs. From the results, socio-cultural status of women account for 34.4% of establishment of SME

#### **4.6 Influence of environmental factors on the establishment of SMEs by women**

Environmental factors are known characteristics in an environment that impact the survival, operations, and growth of a business. This identifiable elements exists as physical, cultural, demographic, economic, political, regulatory, or technological characteristics.

**Table 4.4: Influence of environmental factors on the establishment of SMEs by women**

**n=166**

<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Licenses payment</b>		
Yes	166	79.05
No	44	20.95
<b>Amount</b>		
Less than Ksh. 4,999	00	00
Ksh 5,000 Ksh 9,999	154	92.77
Ksh. 10,000 Ksh 19,999	12	7.23
<b>Period of processing License</b>		
1 day	00	00
2-5 day	89	53.61

1 week	43	25.90
2-3 week	34	20.48
1 month and above	00	00

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**n=210**

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<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
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**Effects of roads on business**

Yes	205	97.62
No	5	2.38

**Effects of location on business**

Yes	193	91.90
No	17	8.10

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The findings indicated that (79.05%) of the women pay license fee while (20.95%) did not pay license fee. Studies have shown that, business licensing is an issue for many women entrepreneurs who perceive the process as lengthy and complex according to (Athanne, 2011).

The respondents indicated that (53.61%) took between 2-5 days to get a license, while (25.90%) took 1 week and (20.48%) took 2-3 week. In addition, (97.62%) showed that poor road networks affected the establishment of businesses. Majority of the women, (91.90%) indicated that their businesses were affected by location,

while (8.10%) indicated that they were not affected by location. Their responsibility for child care, limited their mobility and obliged them to generate income in a less conducive environment for business. Studies have also shown that, (Soini & Veseli, 2011) observed that the location of business must be accessible to the customer base and should be built to ensure efficient accessibility for future clients. Soini & Veseli (2011) agrees with Keith (2013) on how location of a business can affect its success and productivity by extracting financial costs, production quality and timely response to market requirement.

The researcher further used simple regression analysis beta ( ), to establish the extent of influence environmental factors on women establishment of SMEs. The results are as presented below

**Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	
1	.560	.313	.310	.56762	
<b>a. Predictors: (Constant), Environmental factors</b>					
<b>Model</b>		<b>Coefficient</b>			<b>Sig.</b>
		<b>Unstandardized Coefficients</b>	<b>Standardized Coefficients</b>	<b>t</b>	
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>	
	<b>(Constant)</b>	1.308	.212	6.162	.000
1	<b>Socio-cultural</b>	.056	.560	.586	9.945 .000
<b>a. Dependent Variable: Establishment of SMEs</b>					

*Source: Research data 2015*

The test criteria was set such that the study establishes either negative or positive influence if the value of beta,  $\beta$ . From the results, mean of establishment of SMEs was correlated with the mean of social-cultural status of the women and the value of beta that was generated from the results was  $\beta = 0.56$  at  $p=0.01$ . These means that socio-cultural values positively influenced the establishment of SMEs. From the results, socio-cultural status of women account for 31.3% of establishment of SMEs.

#### **4.7 Relationship between the women' level of education and performance of SMEs**

Education is the act or process of imparting or acquiring general knowledge, developing the powers of reasoning and judgment and preparing oneself or others intellectually for mature life.

**Table 4.5: Relationship between the women’ level of education and performance of SMEs**

**n=210**

<b>Section</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Access to any form of business training service</b>		
Yes	11	5.24
No	199	94.76
<b>Impact rate of skills on establishment of business</b>		
Low	00	0.0
Moderate	00	0.0
High	11	5.24
Not Aware	199	94.76
<b>Lack of business skills.</b>		
Yes	199	94.76
No	11	5.24
<b>What if the women got business management skill?</b>		
Diversification of business	57	27.14
Understand business location	44	20.95
Better returns	35	16.67
Utilization of funds	29	13.81
Maximize on the available markets	45	21.43

From the table above (94.76%) of the women lack business skills. This explains why women SMEs are not doing as well as their male counterparts as they seem to be lacking the necessary training adequate business skills are invaluable for the establishment and growth of business.

Few (5.24%) of the women indicated that they had accessed some form of business training which indicates that most of the women entrepreneurs were not skilled which is likely to affect their competence in entrepreneurship. Edgcomb (2002) also notes that training has significant impact on the participant's characteristics and final participant's outcome.

The women indicated that if by chance they are given an opportunity in undertaking business management courses then they could diversify their businesses. (27.14%) of the respondents felt that they would understand the business location (20.95%) said that they will get better returns (16.67%) indicated that they would will utilize funds well and (13.81%) indicated that they would maximize on the available markets . This is because most women fail to grow their business due lack of managerial skills and they seldom operate their business and treat it as a family affair. Perhaps this is rooted in their motivational inspiration from starting the venture to just generating income for sustenance of the family needs. Entrepreneurial literature shows existence of a positive correlation between education and business creation according to (Luthje & Fran2002; Charney & Libecap, 2000)

The researcher further analyzed the findings using simple regression to show the relationship between the level of education of women and the performance of their SMEs and the results shown on the table below;

### Model Summary

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Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.527	.278	.275	.60279

**a. Predictors: (Constant), Education level**

#### Coefficients

Model	Unstandardized Coefficients B	Standardized Coefficients Std. Error Beta	t	Sig.		
1						
	(Constant)	1.354	.229	5.904	.000	
	Educational level	.538	.059	.527	9.138	.000

**a. Dependent Variables: Performance of SMEs**

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*Source: Research data 2015*

From the results, mean of educational level was correlated with the mean of performance of SMEs from the results was  $r = 0.313$  at  $p=0.001$ . These means that education level positively affects performance of SMEs. From the results, the education level of women account for 27.8% of establishment of SMEs.

## **CHAPTER FIVE**

### **SUMMARY OF THE FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter provides a summary of the findings, conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate the factors that influence the establishment of Small and Micro Enterprise in Likuyani Sub- County namely economic factors, socio-cultural factors, environmental factors and women's level of education in Likuyani Sub-County.

#### **5.2 Summary of the Findings**

The study aimed at determining the extent to which economic status affected the establishment of businesses run by women, determining the effects of socio-cultural factors, assessing the impact of environmental factors establishing the influence of the educational level of women on performance SMEs by women. The study found that (63.8%) of the women were married and being supported by their husbands as compared (10.48%) who were single. (25.71%) of the women entrepreneurs were widowed.

Further finding show that (86.19%) of the women run business by themselves and their families. In addition, (33.67%) of the women did not have enough capital to establish their enterprises while (29.05%) they got community Based organizations group and they said that they would appreciate if they got financial



boost from financial institutions on fair lending terms. In addition, (79.05%) of the women indicated that gender did not affect the establishment of business while (20.95%) indicated that they were affected by gender. The findings further showed that the profits from businesses were used to serve the needs of the families and this affected growth of their enterprises as they could not reinvest their profits in their business and this hindered expansion

Moreover, (94.76%) indicated that they had no form of training in business management courses in terms of time management, planning skills and financial management, and this affected the establishment and expansion of their business. In addition, (95.71%) of the women indicated that religious beliefs did not affect or determine how they conducted business. Moreover, 96.67% of the women indicated that immediate or extended family did not affect how they ran their businesses. This was because they had managed to separate business from extended family. The study established that (94.76%) of the women had no business skills. In addition, (94.76%) of the women indicated that undertaking business management courses would improve the way they managed their enterprises. (27.14%) understood business location (20.95%) got better returns (16.67%) utilized funds (13.81%) and maximized on the available markets.

### **5.3 Discussion of the findings**

The study found that women SMEs made up the majority of the entrepreneurs in Likuyani Sub- County. Women entrepreneurs faced a number of challenges such as inadequate capital, lack of skills, inaccessibility, competition especially from men, debt collection, fraud, employee management, poor infrastructure, poor

access to market information, finances, poor linkages with support services, gaps between policy and its implementation.

### **5.3.1 Influence of economic factors on the establishment of small and micro enterprise by women.**

It is an uphill for women to raise start up finances and secure a small business loan due to plausible issues when dealing with financial institutions. The required collateral for financing are limited to women's capacity because they experience problems like discrimination. Women experience problems in repaying loans and collecting debts. Unfamiliarity with the external world and lack of ease in moving around also hampers women when it comes to dealing with a multiplicity of agencies in setting up or running a business. They are either illiterate on how to access financial aid. The process of obtaining loans involves a lot of paper work which discourages women to borrow finances from lending institutions.

### **5.3.2 Influence of socio-cultural factors on the establishment of small and micro enterprise by women.**

Women entrepreneurs have to cope with stereotypic attitudes towards them on a daily basis. Entrepreneurship is still considered a male-dominated field, and it may be difficult to surpass these conventional views. There is an obstacle combining family work and the other social roles which women play that influence the amount of time spent in the business. Women usually encounter social barriers at the family which affect the development of human and social capital, different

from their male counterparts. The workload associated with being a small business manager is also not easily combined with taking care of children and a family.

### **5:3:3 Influence of environmental factors on small and micro enterprise by women.**

The study found out that, most of the respondents paid for their licenses especially those that had registered their businesses. Most of the respondents who paid their licenses, paid between kshs 5,000 ókshs 9,999, and the process took 2-5. In addition most of the respondents were affected by poor roads and location especially when transporting good or products. Most of the respondents did not have skills to run their business and due to that they did not understand their customers well and location of their business. This affected the development of their businesses. Likuyani Sub-County being in a rural setting, it has poor roads that hinder most of the women from participating well in their business.

### **5:3:4 Relationship between the women's level of education and the performance of small and micro enterprise.**

In most cases, most of the women entrepreneurs turned to business after they had pursued Secondary Education Certificate but then, the ability to enter into new markets needs expertise knowledge, business and networking skills. Most women entrepreneurs in Likuyani Sub-County often lack access to training and experience on how to competently participate in a male dominated market sector.

The study found that women entrepreneurs in Likuyani Sub-County did not have business training services hence they lacked basic skills in business management.

The study therefore advocates for women education through seminars to help them obtain enough skills and operate their business well especially in record keeping.

#### **5.4 Conclusion**

The study concludes that the major threat facing women entrepreneurs is access to capital. Financial institutions should implement an easier method for women to access funds easily. Guarantees and collateral required for external financing sometimes are beyond the ability of most women's personal assets and credit track record. On the other hand lack of information on how to access funds to boost the business is also a major factor. There is a lot of dependency on either husbands or men to provide assistance in idea implementation and capital to start businesses. Therefore, advocating for women education through seminars would enlighten them and enable women to acquire the right skills in business management. Gender affects the establishment of business to some extent though women do better if given a chance and a supportive environment. Religious beliefs did not affect or determine how women conducted their business. Most women often lack access to training especially on how to aggressively market their products and services. It is thus important for women to participate in training in business related courses to acquire sufficient information on the available financial institutions from which they could borrow capital as well as skills in managing businesses.

## **5.5 Recommendations**

From the study findings and conclusions the study recommends that:

- 1). Further research be done in this area focusing on by targeting high profile women entrepreneurs as opposed to the rural poor women.
- 2) The government especially the County Government to formulate policies on how to train women entrepreneurs on business management skills. Women should be socialized from a tender age to balance work and family cores. This will help them be able to combine domestic chores and enterprise.
- 3) The Kakamega County Government should mobilize funds towards upgrading and development of infrastructure especially road networks which are dilapidated and sometimes inaccessible during rainy weather.
- 4) Government bodies should make sure that SMEs Development Services are gender sensitive to consider the needs and the interest of women. This can be done by ensuring there is no discrimination between women and men while giving loans. The government should ensure that they fund women SMEs by giving them cheap loans not only in groups but also individually.

## **5.6 Suggestions for further research**

1. Factors that influence the establishment of businesses by educated women.
2. Factors that influence the establishment of businesses run by men.
3. Factors that influence the establishment of businesses run by youths.
4. Challenges facing youth and women entrepreneurs in Kenya

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## APPENDIX 1: TRANSMITTAL LETTER

URSULA SIMIYU,

P. O. Box 230,

MOIØSBRIDGE.

TO WHOM IT MAY CONCERN.

Dear Madam,

RE: REQUEST FOR INFOROMATION FOR AN ACADEMIC RESEARCH  
PROJECT

I am a student at the University of Nairobi and currently pursuing a MasterØs Degree in Project Planning and Management. As a requirement for partial fulfillment for an award of the MasterØs Degree, I am carrying out an academic research project on the Factors that Influence the Establishment of Small and Micro Enterprises by Women in Likuyani Sub -County.

Given that you are running an enterprise in Likuyani Sub -County, I believe you have vital information relevant to my research project. To achieve this objective, I kindly request your assistance in completing the attached copy questionnaire. All the information that will be collected will be held with strict confidentiality and will be used for academic purposes only.

I look forward to your very vital response.

Yours sincerely,

Ursula Simiyu.

## **APPENDIX 2: WOMEN ENTREPRENEURS QUESTIONNAIRE**

This set of questions is intended to get the factors influencing establishment of Small and Micro Enterprises by women entrepreneurs in Likuyani Sub-County. 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 utter confidentiality.

### **Section A: profile of the respondents**

1. Marital status

Married [ ]

Single [ ]

Widowed [ ]

2. Age (Years)

20-29 [ ]

30-39 [ ]

40-49 [ ]

50-59 [ ]

Over60 [ ]

3. Who runs this business on a day-to day basis?

Self [ ]

Self and Family [ ]



Family Member(s) [ ]

Non-Family Employees [ ]

**SECTION B: ECONOMIC STATUS**

1. (a) Are there any challenges that this business currently faces?

Yes [ ]

No [ ]

(b) If YES in (1a) above, which ones?

Inadequate capital [ ]

Lack of accounting skills [ ]

Inaccessibility/difficulty in repaying loan [ ]

Shrinking markets/increased competition [ ]

Debt collection [ ]

Fraud [ ]

Employment management [ ]

2. Have you received any assistance to help you mitigate these challenges?

Yes [ ]

No [ ]

If YES (2) which type of help have you received

Training service [ ]

Access to credit [ ]

Rescheduling of the loan [ ]

Provision of market information [ ]

Business work/ work life [ ]

3. How do you overcome the obstacles?

(Tick all that apply)

Dealing with trustworthy customers [ ]

Minimized debts [ ]

4. (a) Has your enterprise ever tried to borrow money from a bank?

Yes [ ]

No [ ]

(b) If NO in question (1a) above, what are the reason?

(Tick all that apply)

We do not like bank loan [ ]

Lack of information about bank loans [ ]

Interest rates are too high [ ]

No security/collateral to pledge [ ]

Unavailability of banks in the area [ ]

5. In your opinion, what is the main challenge in accessing bank loans?

No security to pledge [ ]

Too small equity base [ ]

No grantors [ ]

No/ poor/ proposal/business plan [ ]

Lack of regular income [ ]

6. The statements below relate to the influence of business competition on establishment of SMEs owned by women. Indicate your feeling about each on any of the options (SA) Strongly Agree, (A) Agree, (U) Undecided, (D) Disagree, (SD) Strongly Agree

NO	STATEMENT	SA	A	U	D	SD
1.	Many women are operating business on the same line(same kind of business)					
2.	Many women are experiencing competition from men especially ideas and skills.					

---

**SECTION C: SOCIO-CULTURAL FACTORS**

1. Being a woman entrepreneur, do you feel that your gender affects the establishment of your enterprise?

Yes [ ]

No [ ]

Indicate your feeling about each of the following statement on any of the opinions

SA- Strongly, A- Agree, U- Undecided, D- Disagree, SD- Strongly Disagree.

NO	STATEMENT	SA	A	U	D	SD
1	Gender inequality is shown by women's insufficient access to position of decision-making power and authority in the ceiling.					
2	Women are able to cope with the dual responsibility and demands of family and business					
3	Women exclusion from formal networks limits their ability to advance in business.					

2. Based on your experiences in running the business so far and the actual condition of the business, please indicate your Opinion regarding each statement.

SA- Strongly, A- Agree, U- Undecided, D- Disagree, SD- Strongly Disagree.

NO	STATEMENT	SA	A	U	D	SD
1.	Religion beliefs affect or determine how women conduct business.					
2.	Family can affect how women run their business					

**SECTION D: ENVIRONMENTAL FACTORS.**

1. Did you pay any licenses fee within the last 12 months?

Yes [ ]

No [ ]

2. How long did the licensing take?

1 Day [ ]

2-5 Days [ ]

1 week [ ]

2-3 weeks [ ]

1 month and above [ ]

3. The statements below relate to the effects of roads and location on establishment of SMEs owned by women. Indicate your feeling about each on any of the options (SA) Strongly Agree, (A) Agree, (U) Undecided, (D) Disagree, (SD) Strongly Agree

NO	STATEMENT	SA	A	U	D	SD
1.	Roads affect the transportation of products to the market.					
2.	Location affect business					

#### SECTION D: EDUCATION FACTORS

1. What is your level of education?

Certificate [ ]

Diploma [ ]

Degree [ ]

2. Have you attended any entrepreneurship training since you started your business? (Tick appropriately)

Yes, [ ]

No [ ]

3. If yes, which area/s were you trained on? (Tick appropriately as many options as possible)

Business Planning [ ]

Financial Management [ ]

Time Management [ ]

Customer Relation [ ]

Marketing [ ]

4. What was the duration of your training? Please tick appropriately

Less than 1 week [ ]

1 ó 2 Weeks [ ]

3 ó 4 Weeks [ ]

More than 4 weeks [ ]

4. The statements below relate to the effect of entrepreneurship training on establishment of SME owned BY WOMEN. Supplied also are five options

corresponding to these statements: SA= Strongly agree, A= Agree, U=Undecided, D=Disagree, and SD=Strongly Disagree.

Please tick the option that best suits your opinion on the statement given

NO	STATEMENT	SA	A	U	D	SD
1	Increase number of entrepreneurship trainings improves establishment of SMEs owned by women.					
2	The duration of training affects the establishment of SMEs owned by women.					
3	Number of topics covered in Business Management affect the establishment of SMEs owned by women.					



APPENDIX 3

APPENDIX III: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:  
MISS. URSULA NELIMA SIMIYU  
of UNIVERSITY OF NAIROBI, 230-30202  
MOIS BRIDGE, has been permitted to  
conduct research in Kakamega County

Permit No : NACOSTI/P/15/2466/7206  
Date Of Issue : 27th August,2015  
Fee Received :Ksh 1,000

on the topic: **FACTORS INFLUENCING  
THE ESTABLISHMENT OF SMALL AND  
MEDIUM ENTERPRISES BY WOMEN IN  
LIKUYANI SUB-COUNTY, KAKAMEGA  
COUNTY, KENYA**

for the period ending:  
**11th December,2015**

.....  
**Applicant's  
Signature**



*Priscilla*  
.....  
**Director General  
National Commission for Science,  
Technology & Innovation**

**CONDITIONS**

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.



**REPUBLIC OF KENYA**



**National Commission for Science,  
Technology and Innovation**

**RESEARCH CLEARANCE  
PERMIT**

Serial No. A

**6393**

CONDITIONS: see back page

## APPENDIX 4

### LETTER OF AUTHORITY



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

Telephone: +254-20-2213471,  
2241349, 310571, 2219420  
Fax: +254-20-318245, 318249  
Email: secretary@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

9<sup>th</sup> Floor, Uthuli House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No.

Date:

27<sup>th</sup> August, 2015

**NACOSTI/P/15/2466/7206**


Ursula Nelima Simiyu  
University of Nairobi  
P.O. Box 30197-00100  
**NAIROBI.**

**RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on "*Factors influencing the establishment of Small and Medium Enterprises by women in Likuyani Sub-County, Kakamega County, Kenya.*" I am pleased to inform you that you have been authorized to undertake research in **Kakamega County** for a period ending **11<sup>th</sup> December, 2015.**

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

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

  
**SAID HUSSEIN**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Kakamega County.

The County Director of Education  
Kakamega County.

## APPENDIX 5

### KREICJIE AND MORGAN TABLE FOR FINDING SAMPLE SIZE

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970