

**FACTORS INFLUENCING THE PERFORMANCE OF FEMALE OWNED  
ENTERPRISES: A CASE OF BUSINESSES IN THE CENTRAL BUSINESS  
DISTRICT OF NAIROBI, KENYA**

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## DECLARATION

This research project is my original work and has not been presented for degree in any other University.

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## **DEDICATION**

This project is dedicated to my mother Lucy Gitonga, my father Stanley Gitonga for their continued support in my studies, my daughter Sharon Makena for her cooperation throughout the project period and my very close friend and mentor Michael Kamotho for his support, advice and motivation and to all those who supported in the completion of this project writing. Thank you for everything and God bless you abundantly

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## **ABBREVIATIONS AND ACRONYMS**

CBD	Central Business District
ESE	Entrepreneurial self-efficacy
GEM	Global Entrepreneurship Monitor
ILO	International Labour Organization
MSE	Micro and Small Enterprise
MSMEs	Micro Small and Medium and Enterprise
SME	Small and Medium Enterprises
SPSS	Statistical Package For Social Sciences
UA	Uncertainty Avoidance
US	United States

## ABSTRACT

The aim of this study was to establish factors influencing business performance of female owned enterprises in Kenya. Women being the backbone of economies in developing countries and specifically in Kenya, play a significant role to ensure their families' wellbeing. The study sought to determine how social networks, entrepreneurial orientation, training and development and financial resources influence the performance of women owned enterprises in Kenya. The design of this research was a descriptive survey research. The population of interest was 523 registered female entrepreneurs in Central Business District (CBD). Stratified random sampling technique was used to select 221 respondents. Primary data was obtained using self-administered questionnaires that will be administered using a drop and pick later method. The quantitative data in this research was analyzed by descriptive statistics such as frequencies, percentages, mean scores and standard deviations using statistical package for social sciences SPSS (V. 22.0). The qualitative data took an conceptual content analysis process. Pearson correlation analysis was used to establish the relationship between the identified independent and dependent variables. The data was then be presented using frequency tables. The study established that membership in women groups is very important for success of female owned enterprises since it helps women to access market information, capital for their business, market through the group's membership. The study also deduced that innovation in the businesses is key for the better performance of the enterprise. Majority of the businesses competes to be first in introducing new products and services and processes. It was found that female entrepreneurs in Nairobi Central Business District (CBD) often encourage incremental improvements in products and services. The study established that female entrepreneurs in Nairobi Central Business District (CBD) lead in associating with aggressive posturing relative to the competitors, strives to be a first mover to capture the benefits of pioneering, continually scans the market to predict future trends, generates first-mover advantages and that shape market direction through anticipating change. However, female entrepreneurs have not been trained in human resource management, planning, record management and marketing. The study concludes that entrepreneurial orientation had the greatest effect on performance of female owned enterprises in Kenya followed by social network, then access to financial resources while training and development had the least effect on the performance of female owned enterprises in Kenya. The study therefore recommends that The study recommends that the government and other women empowerment bodies should encourage women to join membership in women groups. By being in membership groups' women should be able to access market information, capital for their business and market. The study also recommends that female entrepreneurs in Nairobi Central Business District (CBD) should be committed to identifying new opportunities. They should also aim at allocating its resources to deal with an emerging opportunity or threat. The study finally recommends training session be organized for women entrepreneurs on formal business management skills such as marketing, human resource management, record management, problem solving and planning.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism. Transforming ideas into economic opportunities is the decisive issue of entrepreneurship. History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (Hisrich, 2011). The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development.

Globally, entrepreneurs are arguably the most important actors in the economy of any country being the creators of wealth and new jobs, the inventors of new products and services as well as the revolutionist of the society as a whole. Despite their importance, less attention is drawn to them hence little information is available in the global books about their motivation, emergence or performance. Generally, the world knows less about those who become entrepreneurs and their journey of performance. Women especially are one particular group understudied in the globe. Female entrepreneurs are less presented in the global columns of entrepreneurs (Marlow, 2009). Ignorance is the attributing factor to the blind spot that exists about entrepreneurs especially the female participants. In more gender egalitarian and innovation-driven regions such as North America, females are now just as likely (if not slightly more so) to be enrolled in post-secondary education in general and within previously male-dominated faculties, such as business, in particular (Statistics Canada, 2009; US Department of Education, 2010). This increases the chances of women to venture into careers that later serve as a benchmark to venture into the world of entrepreneurs.

The International Labour Organisation (ILO) estimates that women entrepreneurs now account for a quarter to a third of all businesses in the formal economy worldwide (Nxopo, 2014). Governments look to entrepreneurship as a critical driver of growth and job creation. Entrepreneurship has been a male-dominated phenomenon, but time has changed the situation

and brought women as today's most memorable and inspirational entrepreneurs, even in traditionally male dominated sectors such as construction (Vinesh, 2014). According to Das (2009), women are increasingly turning to entrepreneurship as a way of coping with the 'glass ceiling' that seems to prevent them from reaching top managerial levels in organizations. Others have found that entrepreneurship provides them with greater satisfaction and flexibility (Akhilwaya & Havenga, 2012). Women are now very active both mentally and physically in terms of business ventures. Women have realised that they can do what men do, or even better than them in terms of business ventures (Singh, 2012).

In some high-income countries, such as South Korea, Norway, Ireland, the Netherlands and the United Kingdom, men are around twice likely to be entrepreneurially active than women. On the other hand, the study says, a narrower gender gap in entrepreneurship was reported in Australia, Belgium, Italy, Switzerland and the United States. As for attitudes towards entrepreneurship in the entrepreneurially inactive population, the report, (Global Entrepreneurship Monitor (GEM), (2012),) says male respondents were more aware of someone who had started a business in the last two years than their female counterparts. It can be said that men can find a higher number of start-up opportunities and be better equipped with the knowledge to start a new business than women because of their exposure to the business world.

According to a recent study released by the Global Entrepreneurship Monitor (GEM), (2012), an international research consortium which measures entrepreneurial activity of individuals in 59 countries, Pakistani men hold a more positive attitude towards entrepreneurship than their female counterparts. Similarly, the total early-stage entrepreneurial activity (TEA) rate – which is the sum of the nascent entrepreneurship rate and the new business-manager rate – of male entrepreneurs is more than four times that of the female entrepreneurs. The gender gap in the sub-Saharan African countries is significantly higher than countries with comparable economic conditions. Women are as ambitious as men, but they probably have a different set of priorities.

In Africa, there has been a slow growth in the large private sector enterprises and continuous retrenchment in public sector, leading to the realization that small-scale businesses are of great importance to the economy. In Nigeria and South Africa as with other developing countries, the entrepreneurial activities of SMEs serve as a means of revitalizing industries that are stagnant Thomas and Muller (2013), while they are regarded as a mechanism for improving income distribution, stimulation of economic growth and reshaping an economic

structure which is often highly dependent on the performance of the larger firms (Brush, 2010). In South Africa, the governments have to a certain degree, recognized the importance of developing a strong sector known as the Small, Medium and Micro Enterprise (SMME or MSMEs as they are referred to in SA), which could promote and achieve economic growth, wealth creation and creation of jobs. To this end, the governments have over the years focused on the development of individuals considered to be previously disadvantaged, especially female entrepreneurs. These female entrepreneurs are considered as late comers in the “game” of entrepreneurship and therefore thought to be lacking the adequate skills and competencies required to start and grow a business.

According to Marlow (2009), most African women are often under-utilized; therefore they seek to be self-employed in order to alleviate poverty, overcome unemployment issues as well as issues of gender bias in the work place. Nigerian women entrepreneurs are usually hindered by high level of illiteracy and lack of skills/ competencies. Carter (2013) that showed women with high self-efficacy and internal locus of control exhibited higher entrepreneurial behaviour than those with low self-efficacy and external locus of control.

In Kenya, women entrepreneurs are considered as an integral part of economic growth. Women who are active in entrepreneurship and SMEs enable them to effectively combine their productive and reproductive roles because the flexibility in hours of work which permit them to care for their children and also contribute substantially to economic growth (Barrett & Weinstein, 2006). This has made women to be regarded as the central focus of the economic development and public policy concern (Bonnell & Gold, 2009).

A Significant number of enterprises are owned by men (ILO, 2006). In other words, it was not common to see women-owned businesses worldwide especially in developing countries like Kenya. The idea and practice of women entrepreneurship is a recent phenomenon. Until the 1980's little was known about women entrepreneurship both in practice and research, which made its focus entirely on men. Scientific discourse about women's entrepreneurship and women owned and run organizations is just the development of 1980s (ILO, 2006).

The role of Women Entrepreneurs needs to be considered in the economic development of the nation for various reasons. They have been recognized during the last decade as an important untapped source of economic growth. Women Entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to

management, organization and business problems as well as to the exploitation of Women Entrepreneurial opportunities (Barrett, 2008). Women Entrepreneurship has been largely neglected both in society and in the social sciences. Not only have women lower participation rates in Women Entrepreneurship than men they also generally choose to start and manage firms in different industries than men tend to do (Miner and Haunschild, 2011).

The underlying challenges behind this market failure needs to be addressed by policy makers so that the economic potential of this group can be fully utilized, especially in line with Vision 2030, the Kenya's new economic blue print that recognizes and anchors entrepreneurship within the economic pillar. Although women's access to financial services has increased substantially in the past 10 years, their ability to benefit from this access is often still limited by the disadvantages they experience because of their gender. In spite of the large number of institutions serving exclusively or predominantly women while maintaining high levels of financial sustainability, some people argue that institutions that place a priority on serving women also have a tendency to place social goals ahead of efficiency, leading to poorer financial performance.

## **1.2 Statement of the Problem**

The small and micro enterprises (SMEs) play an important role in the Kenyan Economy. According to the Economic Survey (2014), the sector contributed over 56 percent of new jobs created in the year 2014. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2015). According to Amyx (2011), one of the most significant challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often larger companies are selected and given business for their clout in the industry and name recognition alone. Women owned businesses are known for their low start up and working capital (Siwadi etal 2011). The GEM (2012) noted that under normal circumstances women's enterprises have low growth rate and limited potential partially due to the type of business activities they run. The question then is, apart from financial problems and low growth what other challenges face the women entrepreneurs in Kenya?

In Kenya, there is lack of appropriate technology available to women entrepreneurs and also general lack of an entrepreneurial culture in Kenya and, more particularly, for potential and operating women owner/managers of SMEs. Competing financial needs between family and business becomes one of the major constraints to enterprise growth the little income earned from the business is sometimes used for what appears to be urgent family requirements (Alila et al., 2014).

Further, despite the considerable Kenyan government support and support of bodies interested in promoting gender equality in all areas (business included), many female-owned businesses still fail. Various reports show that many women led businesses enter and exit these markets every year with a turnover rate of about 32% per annum (Organisation for Economic Co-operation and Development, 2015). Consequently, even though billions of dollars have been allocated to support these women owned SMEs by way of government funding, training, grants and consultative support services, the failure rates of these women operated businesses remains high (Noor 2010). Further, in spite the efforts made by the government and financial institutions to empower women financially, there is still little or stagnated growth of the women enterprises in Kenya. The purpose for the study was therefore to explore the problems facing women entrepreneurs within the central business district in Nairobi.

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

The purpose of this study was to explore the factors influencing the performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi.

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

Specifically, it was intended to assess:

1. How social networks influences business performance of female owned enterprises in Kenya.
2. How the entrepreneurial orientation influence business performance of female owned enterprises in Kenya.
3. How training and development influence the performance of women owned enterprises in Kenya



4. How access to financial resources influence performance of women owned enterprises in Kenya

### **1.5 Research Questions**

The study sought answers to the following research questions:

- i. How do social networks influence business performance of female owned enterprises in Kenya?
- ii. To what extent does entrepreneurial orientation influence business performance of female owned enterprises in Kenya?
- iii. What is the influence of training and development on the performance of women owned enterprises in Kenya?
- iv. How does access to financial resources influence performance of women owned enterprises in Kenya

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

The purpose of this study is to contribute to the literature on gender entrepreneurship in several ways. First of all, this study advocates that the central focus of critical factors that affect women entrepreneurial performance should be on the human and social capital of the entrepreneur and also on the access to financial resources. To this end, this study proposes a competency approach to understanding gender entrepreneurial performance.

Moreover, this particular study will help understand how and why career women make the switch from employment to self-employment and investigating whether prior experience is a key factor in the choice of entrepreneurial venture and what impact it has on the performance or performance of their venture. The outcomes of the study should be to act as a pointer to women venturing out to start their own enterprises.

Theoretically, this study has the potential of adding a new knowledge to the field of gender entrepreneurship. Specifically, it seeks to identify and understand the important contribution of human and social capital for women entrepreneurs operating in Kenya. To this end, this study will provide insights into female entrepreneurial competencies that are more tailored towards experience thereby providing a clearer picture of gender entrepreneurial competencies globally or region specific.

The results of this study will be important to those who are willing to do the research and those that will understand the role of MSEs in poverty alleviation and job creation. The research will provide MSEs with relevant information to enable them formulate policies, strategies to aid in their performance. For policy makers, it will provide a guide on the possible outcomes of a similar project in lieu of strategy adjustments and prioritization. Researchers and students in pursuance of a similar study and Private Organizations can use it as a reference to understand the factors influencing the performance of female owned enterprises in Nairobi.

### **1.7 Delimitation of the Study**

This study focused on the factors influencing the performance of female owned enterprises within the Central Business District (CBD) area.

The study is about the the factors influencing the performance of female owned enterprises. The study was limited to Business Women in Nairobi Central Business District (CBD) area. The researcher believes that this provided an adequate population and sample for the study and therefore gave reliable results and findings.

### **1.8 Limitation of the Study**

The study focused on women traders at the Central Business District (CBD). The researcher faced some challenges while doing this study. Some traders were not honest in their responses especially given their levels of education and personal interests. The level of the respondents' educational background coupled with the problem of recalling of the responses created some challenge in filling the questionnaire. Some did not give value to the questionnaire and some others were not willing to respond at all. However this was overcome by explaining the possible importance of such information to their business. The researcher also assured the respondents that the information they offered will be held confidentially and was to be used for academic purposes only.

Some respondents who were given questionnaires did not stick to the dates for handing over the questionnaires. In this limitation the researcher convinced the respondents on the importance of the study to be carried out to help to reduce the strength of the limitation.

### **1.9 Assumptions of the Study**

The study assumed that the stated objectives were to be achieved and that women in business in the CBD were to be a representation of women entrepreneurs in the country. The study

also assumed that the sample population was a representation of the whole population of female entrepreneurs in the Central Business District (CBD). Finally it also assumed that the research tools would be adequate in collecting valid data for the desired objectives of the research.

### **1.10 Definition of Key Terms**

**Entrepreneur** - One who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic good.

**Entrepreneurial orientation** - is a firm-level strategic orientation which captures an organization's strategy-making practices, managerial philosophies, and firm behaviors that are entrepreneurial in nature.

**Entrepreneurship** - Entrepreneurship is the act of being an entrepreneur or "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods".

**Financial resources** - The money available to a business for spending in the form of cash, liquid securities and credit lines.

**Organizational performance** - encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment); product market performance (sales, market share; and total shareholder return, economic value added).

**Social networks** - a network of social interactions and personal relationships including Family, and friends and their families, that together create an interconnected system through which alliances are formed, help is obtained, information is transmitted, and strings are pulled.

**Training and development** - is any attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's attitude or increasing his or her skills and knowledge.

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

This proposal is organized into three chapters. Chapter one contains the introduction to the study. It presents background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the Study, delimitations of the study, limitations of the Study and the definition of significant terms. On the other hand,

chapter two reviews the literature based on the objectives of the study. It further looked at the conceptual framework and finally the summary. Chapter three covers the research methodology of the study. The chapter describes the research design, target population, sampling procedure, tools and techniques of data collection, pre-testing, data analysis, ethical considerations and finally the operational definition of variables. Chapter four presents analysis and findings of the study as set out in the research methodology. The study will close with chapter five which presents the discussion, conclusion, and recommendations for action and further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter summarizes the information from other researchers who have carried out their research in the same field of study: the factors influencing the business performance of female owned enterprises. It attempts to establish what other researchers found in their studies on similar or related research objectives. It will provide the reader with an account of the theoretical grounds of the research problem being studied. The specific areas covered here are the theoretical and empirical review, the conceptualization and operationalization.

#### **2.2 Performance of Women Entrepreneurs in Small Medium Enterprises**

Majority of theoretical models on the study of entrepreneurial performance emphasize motivation as one of the key elements in the success of SMEs (Yves, McGraw and Allen, 2010). Evaluating the relationship between the motivational factors that influence women entrepreneurs and their performance in SMEs, certain variables will be looked at. These variables include; psychological, economic and social-demographic variables. The choice of these variables is subject to the entrepreneur's view. However, in the entrepreneurship literature, business performance is measured from the economic perspectives in terms of increase in sales volume or turnover, employee strength and profits (Gales and Blackburn, 2013; Chandler and Hanks, 2011). Due to the nature of women and the circumstances surrounding their entrepreneurial motivation, variables such as business net worth and outcome may be used in measuring their entrepreneurial performance. This is in line with the Bigoness's (2009) argument who reported that women had a stronger preference for jobs that offer opportunity for professional growth to jobs that offer opportunity for higher income.

The relationship between women entrepreneurial motivation and their business performance, the work of Stoner and Fry (2014) offered a good insight on this. Their study found out that there is a positive relationship between the reasons why women start business and their business outcomes. In other words, the factors that motivate women into entrepreneurship has/have way(s) of affecting their performance in the business. For instance, the pursuit of financial independence as a factor that influences women into business can positively affect their performance in terms of quantifiable variables such as volumes of production, capacity

utilization, growth rates, market share, niche market positions, and return on assets, net worth, sales, dividend payouts, share price and profitability.

The measurement of business performance is also subject to the entrepreneurial motivational factors which might be pull or push and intrinsic or extrinsic (Ahuja & Lampert 2010; Ryan and Deci, 2009; Morris, 2006; Brunstein and Maier, 2011). The motivation is pull, push, intrinsic or extrinsic inclined, and the performance effect can be internally and/or externally measured. A woman can decided to start her own business because she was not given opportunity in her former place of work to exhibit her leadership potential might measure her business performance in terms of growth in the business' profits and /or personal growth (self-satisfaction). Also a woman who started business because of lack of opportunity to advance her career will measure her business performance in terms of the growth she experiences in her business profit and/ or career life. This is in line with Butter and Moore (1985) argument that women entrepreneurial motivation may be related to the way they measured performance in their own businesses.

### **2.3 Entrepreneurial Orientation and Performance of Female Owned Enterprises**

Studies on entrepreneurs have established that a person's intention to become an entrepreneur offers the best predictor of her actually engaging in entrepreneurship in future (Delmar & Davidsson, 2000). There are varied approaches and theories which deal with the why some individuals decide to venture into entrepreneurship. For instance, the Herzberg's two-factor theory deals with circumstance and motivational factors. The factors that motivate a person to become an entrepreneur may be classified into prime motivators, motives, compelling factors, facilitating factors, and opportunity factors. The term prime motivators refer to the entrepreneurs themselves and/or their friends or relatives. The major motives behind starting a new venture are to earn more money, to support one's family, to continue a family business or to achieve higher social status. The factors that compel a person to start a new business could be unemployment or dissatisfaction with his/her particular job.

Facilitating factors include the availability of idle funds at the entrepreneur's disposal, eagerness to make use of the skills the person has acquired over time, previous experience in the same line, support from friends or relatives and inherited property. Moreover, the opportunity factors of entrepreneurship are trade information, business contacts, knowledge about sources of raw materials etc., and good education and training. Helms, 2011 explains that women often start their own business for three reasons of personal gains: personal

freedom, security and/or satisfaction. Studies highlight independence, need to achieve, need for job satisfaction, economic necessity, and personal environment as the factors that motivate women entrepreneurs in starting the enterprise. The National Knowledge Commission report on Entrepreneurship confirms that there is no single motivating factor that triggers the decision to become an entrepreneur. The significant Motivational Triggers as pointed out in study conducted by NKC include Independence (stemming from the freedom to do one's own thing), Market opportunity, Family background in entrepreneurship, A new idea with business potential, The prospect of Challenge offered by Entrepreneurship and a long cherished 'dream desire' to become an entrepreneur.

Past studies have found owner-managers perceptions of ability, need and opportunity for growth determines the motivation to grow a business (Davidsson 1989). Growth motivation of the owners as suggested by Lew Perren, 1999 are influenced by five factors such as desire to succeed, desire to be 'one's own boss, active risk taker, family and investing friends and competitive dynamics. The indicators of entrepreneurial attitudes and motivation to grow as cited in the studies conducted in Small Research and Policy, Canada include the owner's entrepreneurial intensity (active risk taking), his/her desire for independence, whether he/she is "pushed" by unemployment and whether he/she is pursuing a certain "lifestyle". Keeping in view the importance of each of the variables in the development of the enterprise; various variables are selected for studying the growth motivation of the owner: Owners entrepreneurial intensity (Active risk taker), Desire for independence, Family support, Dissatisfaction from previous employment, Education and dream desire.

Hofstede (2012) defines Uncertainty Avoidance (UA) as the extent to which the members of a culture feel threatened by uncertain or unknown situations. In countries with a high degree of UA, there is a higher level of anxiety and uncertainty about the future. People are less ambitious in career orientation, and tend to work in larger organizations to gain high job security and be loyal citizens who behave based on standardized rules and procedures of the formal organization. Therefore, the inherent uncertainty in life activities, such as quitting a good job to create a new venture, is felt threatened and stressed, which must be fought. Such people prefer to make group decisions, avoid conflict wherever possible, and resistant to change. In general, there is less willingness to take risks, a greater fear of failure, and lower tolerance for ambiguity (Hofstede, 2007). In such culture contexts, individuals have a preconceived idea that new venture creation is a game for geniuses who account for a very

small portion of the population. As a result, they tend to adhere to the crowd aiming to avoid uncertainty and perceiving a higher level of risk in a given situation.

In countries with a low degree of UA, there is a lower level of anxiety and uncertainty about the future. Young people are more ambitious in career seeking, and individual achievement is defined in terms of making a difference and being distinguished instead of security in life. As a consequence, these people are more prepared to accept challenges in exchange for bigger and more positive outcomes in the future, even when the possibility of failure is high. Instead of working for a large organization, they prefer to work for smaller organizations as employers or to be self-employed, in which setting conflicts, changes, and risks are natural. In general, there is higher willingness to take risks, a greater hope of success, and higher tolerance of ambiguity (Hofstede, 2007). In such culture contexts, individuals tend to believe in low risk and a high success rate when encountering an opportunity because of their eagerness to succeed and tendency to tolerate uncertainty.

Uncertainty avoidance is a measure indicating the level of anxiety regarding future events. Future events are inherently associated with uncertainties. Entrepreneurship certainly fits into this type of future event often associated with unexpected and uncontrollable outcomes. Whether or not to start a new business, which requires a great amount of personal commitment, always involves uncertainties and ambiguities that are considered the source of risk. Real world entrepreneurial practices illustrate that not everyone perceives entrepreneurial risk in the same way. Different societies deal with uncertainty in different ways, and strategies they use to cope with are developed through technology, law and religion (Hofstede, 2012). Therefore, the level of UA of a society could influence potential entrepreneurs' attitudes and ways of handling risks associated with turning ideas into entrepreneurial actions. When the outcome of a behavior such as entrepreneurship is highly uncertain, people with higher uncertainty avoidance tend to perceive higher risk as a result of their higher anxiety level towards unpredictable future events. By the same token, it is more likely for people in high UA societies to perceive higher levels of risk given a situation than those in low UA societies since they are less optimistic and obsessed with a greater fear of failure, especially when encountering a highly ambiguous scenario like entrepreneurship.

Gender is very likely to make a difference in risk perception, especially in this cross-culture setting. For example, Flynn, Slovic, and Mertz (2009) studied the differential risk perceptions of males vs. females as well as white vs. non-whites. They found that white males



consistently exhibited lower perceptions of risk across a wide range of societal hazards. Mueller and Thomas's (2013) findings also suggest there are differences between men and women in the likelihood of an entrepreneurial orientation. Greve and Salaff (2013) in their cross-culture research on social networks found that there are some interesting differences between males and females in the way they relate to their family while establishing a firm. This finding may be explained by different cultural values affecting the expectations that parents have of their children (male and female). In China, women are supposed to be taken care of by their husband's family after getting married; therefore, their parents have less intention to encourage their daughters to own a business. On the other hand, men are carefully raised in China with the hope of becoming successful businessmen, since they are expected to take the responsibility of supporting two families (their own family and their wives' family) in the future. However, given that the rate of new business start-ups by women is increasing rapidly in many countries, the gender effect on entrepreneurial behaviors could be very complex.

#### **2.4 Social Networking and Performance of Female Owned Enterprises**

Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive (Morris and Kuratko, 2009). Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter, gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models.

A prime feature of networking is the flow of information and decision making is in verse of that in tradition hierarchical organization. Within networks each transition is carried out at market price just as international markets. Networking can enhance the efficiencies of vertical distribution process from upstream to downstream industries. As a result of consumer using network to monitor the distribution process, the process from production to sales flows smoothly in this way producers and consumers are brought close together and as a result the margin of error between production and consumption at the market prices can be reduced. This proximity between production and consumption not only show the need to network division of labor aside from the coordination within large vertically integrated

companies, it also gives rise to do the same in contrast to adjustment by marketers. Networks can play a vital part because they are an organizational form with an extraordinary capacity for innovation, managing risk, building trust, facilitating joint action and gathering information in a manner that flows around and between geographical, legal, and institutional barriers. Consequently, networking is doing much to make up for the absence of integration and all round development of the society.

Networking is increasingly being seen as a crucial skill associated with organizational success and competency (Campbell and Wilson, 1996). Emerging forms of organizations based upon cooperative linkage among firms are considered strategic in that resources of independent firms are intentionally combined to benefit the firms (Achrol and Kotler, 1999). Larson and Starr (1993) identified the network organization as a feasible alternative to ordered market channels and other hierarchical types of arrangements. Cooperation among members of networks is central to fostering advantages for independent businesses given their limited financial resources and time to engage in market research (Malecki and Tootle, 1996). However, most business owners still view their firms as discrete entities and tend to seek advantage garnered through competitive rather than cooperative behavior (Martin and Stiefelmeyer, 2009). Consequently, the process of how firms develop and advance voluntary collaborative arrangements justifies increasing research attention (Day and Montgomery, 1999).

From a strategic management perspective, profit-generating outcomes drive the search and motivation to form alliances or networks; however, social investments that build confidence or trust in other's intentions and demonstrate mutual or reciprocal deeds, encourage economic interdependence (Miller *et al.*, 2013; Besser, 1999). Rosenfield (2009), in discussing the merits of networks for rural or small community development, summed up the integration of social and economic purpose in his belief that, "Networks are not just about profits, they are about improving the quality of lives of people." In many cases, marketplace activities are not exclusively guided by profit generation or the economics of exchange and business success is measured by positive business reputations, provision of valued goods and services, and the ability to raise children near extended family or in less populated communities (Miller *et al.*, 2013).

## **2.5 Training and Development and Performance of Female Owned Enterprises**

Education is one of the factors that impact positively on growth of firms (King and McGrath, 2014). Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments. Lansberg and Astrachan (2012) argue that women's training is mediated by the family's commitment to the business and the quality of the relationship between owner-manager and women. They conclude that the family's commitment to the business is positively associated with the degree of women training, and that the quality of the relationship between owner-manager and women is positively associated with the extent of women training. Goldberg's (2006) study further confirms that business effectiveness is related to women grooming by providing evidence that effective women had more years of experience with the business than that of the less effective group.

According to Buchmann (2009), the level of education in Kenya is organized into primary school, secondary school, tertiary schools, college and universities. The government has specified the implementation strategies which include integrating early childhood into primary education, reforming secondary curricula, updating teacher education, and strengthening partnerships with the private sector. In addition, the government has goals to improve special needs programs and adult training program, and to revise the higher education curriculum. Specific educational development projects for 2012 are to increase the number of secondary schools by building 560 new secondary schools, to establish a teachers' recruitment program to employ 28,000 more teachers, to establish a computer supply program that will equip students with modern ICT skills, to build at least one boarding primary school in each constituency in the pastoral districts for nomadic populations, and to roll out the education voucher system program in five districts.

Kenya has a very dynamic education system which has been undergoing reforms to respond to social and economic factors. Currently, the pre-primary school education is not funded by the government, but pressure has been mounting for the government to take over and fund these schools. The primary school enrolment has is approaching 100%, but there are serious questions of quality due to overcrowding and lack of teachers. Secondary school enrolment is still very low (less than 50%), and it is even lower for girls. This is an issue that requires to be addressed urgently. At University level, enrolment is estimated at only 3%, despite the phenomenal increase in the number of universities over the last few years. Universities also

lack funding for research and innovation. One way out of this is to foster links with other universities where in order to carry out research in a collaborative manner. In these ways, researchers can also learn from each other, and with time, Kenya can have a pool of trained and experienced researchers to tackle the country's problems, especially in relation to vision 2030 and the millennium Goals (Seymour, 2008).

Equally important is the acquisition of skill and knowledge in areas of accounting and finance as well as the infrastructural system in the country. Miller & Friesen, (2014) defined skill as the learned capacity to carry out pre-determined results often with the minimum outlay of time, energy, or both. In other words the abilities that one possesses. Skills can often be divided into domain-general and domain-specific skills. For example, in the domain of work, some general skills would include time management, teamwork and leadership, self motivation and others, whereas domain-specific skills would be useful only for a certain job. Skill usually requires certain environmental stimuli and situations to assess the level of skill being shown and used (Miller & Friesen, 2014).

According to Garman and Glawe (2012), entrepreneurial skills play an important role in success of any business regardless of its sophistication and complexity. People need a broad range of skills in order to contribute to a modern economy and take their place in the technological society of the 21st century. A joint ASTD and U.S. Department of Labor study showed that through technology, the workplace is changing, and identified 16 basic skills that employees must have to be able to change with it. In the world of work, "hard skills" are technical or administrative procedures related to an organization's core business. Examples include machine operation, computer protocols, safety standards, financial procedures and sales administration. These skills are typically easy to observe, quantify and measure. They're also easy to train, because most of the time the skill sets are brand new to the learner and no unlearning is involved. (Garman & Glawe, 2012). By contrast, "soft skills" (also called "people skills") are typically hard to observe, quantify and measure. People skills are needed for everyday life as much as they're needed for work. They have to do with how people relate to each other: communicating, listening, engaging in dialogue, giving feedback, cooperating as a team member, solving problems, contributing in meetings and resolving conflict. Leaders at all levels rely heavily on people skills, too: setting an example, teambuilding, facilitating meetings, encouraging innovation, solving problems, making decisions, planning, delegating, observing, instructing, coaching, encouraging and

motivating. Obviously, people come to organizations with interpersonal behavior patterns already thoroughly ingrained, and they weren't learned in a classroom. Instead, individuals learn how to deal with relationships and other life challenges "on the street" at a very early age (Garman & Glawe, 2012).

Dixon (2009) indicated that, a major challenge that faces many businesses changing management is the challenge of inadequate skills to handle business operations in the incoming team. He in fact noted that that more than 60% of family business loses a considerable segment of their market share after succession as to complications associated with lack of technical knowhow and skills.

They observe how the people around them do things, they experiment, and they stick with what works for them. So everyone ends up with a unique portfolio of people skills; some behaviors may be effective, but others cause problems. By the time employees get to a training room, they've already worked hard for decades to reinforce the way they deal with people. Like all behavior patterns, interpersonal skills are "hard-wired" in the neuronal pathways of the cerebral cortex. This means that at some point a behavior was repeated often enough that neurons grew dendrites that reached out to other neurons to make the connections needed to make behavior pattern automatic. A myelin sheath coated the cells like electric wire insulation, making the connection extremely efficient. The end result: these ways of behaving now feel natural, easy and comfortable. Introducing a new interpersonal skill is extremely difficult, because it means replacing the old skill (Dixon, 2009).

According to Dunn (2008), behavior patterns are physically established at the brain cell level. Any new pattern, even one that makes sense, even one that is desired and expected, will seem extremely awkward. The only way to replace an old pattern will be to establish a new one that gets better results. If his new pattern proves to be more satisfying than the old pattern, and if there's an adequate period of reinforcement, there's a chance that new connections will establish themselves. If the new pathway is a superhighway, it can become the preferred conduit, and over time even a familiar path associated with lots of memories will eventually fall into disuse.

## **2.6 Access to Financial resources and Performance of Female Owned Enterprises**

Several studies around the world have been carried out which throw light on the financial factors affecting women entrepreneurs. Though the three major stages in the entrepreneurial process of creating, nurturing and nourishing are the same for men and women, there are however, in practice, problems affecting women who are of different dimensions and magnitudes, owing to social and cultural reasons. The gender discrimination that often prevails at all levels in many societies impact the sphere of women in industry too, and a cumulative effect of psychological, social, economic and educational factors act as impediment to women entrepreneurs entering the mainstream (McCormick, 1996).

A study (Cooper, as quoted in Das, 2000) of women entrepreneurs in the western world, proposed that three factors influence entrepreneurship antecedent influences such as background factors like working capital and genetic factors that affect motivation, skills and knowledge), the “incubator organization” (the nature of the organization where the entrepreneur was employed just prior to starting a business; the skills learned there) and environmental factors (economic conditions, access to venture capital and support services, role models). Research from the rest of the world indicates that women and men differ on some of the above factors. While several of these financial factors are inherent to many countries, some of them are more severe in Kenya (Barrett and Weinstein, 2006).

Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints affecting women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers. In Kenya, women are almost invisible to formal financial institutions they receive less than 10 per cent of commercial credits (Phizacklea, 2013). When women do have access to credit, it is often in small amounts, whether this suits their needs or not.

Entrepreneurs usually require financial assistance of some kind to launch their ventures be it a formal bank loan or money from a savings account. Women in developing nations have little access to funds, due to the fact that they are concentrated in poor rural communities with few opportunities to borrow money (Starcher, 2008). The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack

access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" (Starcher, 2008) The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again . Differential access to credit may of course be a reflection of differences in the choice of sector, educational level or the amount of loan requested. However, as sector choice and educational levels tend to be limited or influenced by gender, one could say that any differential access based on this motive is indirectly caused by gender perceptions. In addition to this, women entrepreneurs in developing countries continue to suffer from poor overall assets, poor enforcement of financial rights and the existence of unequal inheritance rights and consequently poor access to community and social resources. Gender-based obstacles – conventional thinking, cultural and social values, and lack of collateral – all aggravate the difficulties affecting women.

High transaction costs, the rigidity of collateral requirements and heavy paperwork are further impediments to women entrepreneurs (Stevenson and Jarillo, 2013). Lack of access to credit is a major constraint inhibiting the growth of MSE sector. The issues and problems limiting MSE acquisition of financial services can be grouped into two broad categories; lack of tangible security coupled with an inappropriate legal and regulatory framework that does not recognize innovative strategies for lending to MSEs and the limited access to formal finance due to poor and insufficient capacity to deliver financial service to MSEs (Sessional Paper No. 2 of 2011:11).

In addition, there is no structural institutional mechanism to facilitate the flow of financial resources from the formal financial sector through micro finance institutions to the MSEs. This increases the cost of credit to both the entrepreneur and financial institutions. Formal financial institutions perceive MSEs as high risk and commercially unviable. As a result, only a few MSEs access credit from financial institutions in the country. (Sessional Paper No. 2 of 2011:11)

According to Hodgetts and Kuratko (2014), choosing a source of capital is not an easy decision. Some of the sources include: suppliers: More than 80% of all business to business are made on credit allowing MSEs to tap suppliers for twice as much short-term credit as they

obtain from banks firms are more likely to extend credit to their MSE suppliers if they themselves are cash – positive or have good financial Management and therefore act in a way as financial intermediaries. Late payment is used by businesses to extract additional credit out of suppliers as the trade credit equipment to an unauthorized overdraft.

Bank lending to MSE is not easy as many insist of or collateral as guarantee. But some banks are giving them loans as the government encourages them to give MSEs loans for purposes of development. Leasing and hire purchase is another source. Leasing can be described as a form of renting. The ownership of the asset rests with the lessor who allows lessee the use of the asset for an agreed period. There are two types of lease, an operating lease where the asset is leased for a period that is substantially 6 months then its useful economic life. The second one is a finance lease – a lease that transfers substantially all the risks and rewards of ownership to the lessee. It is a contractual commitment to make a series of payments for the use of an asset over the majority of the asset's life. Hire purchase is a method for buying goods in which the purchaser takes possession of them as soon as initial installment of the price has been paid.

According to Zimmerer (2011), sources of equity financing includes personal savings, friends and family, Venture capital, Business angles – rich people who can assist same by giving them some amount to start and run the business factoring among others. The government has come up with a way of assisting the MSEs access loans by encouraging financial institutions to grant loans to them, using guarantee instruments based on risk-sharing. They thereby increase the loan facility available to businesses.

Improving financial Management for MSEs, and more specifically initial investment and the ongoing injection of equity, is essential if an MSE is to tap into its growth and innovation potential. Financing MSEs is, however, often considered too risky on account of the low rates of return, particularly during the seed phase. There is thus a serious lack of business angels and venture capital funds that are willing to invest in young innovative MSEs. The inability to obtain early-stage investment prevents many MSEs reaching a size where they can attract growth capital, thus stunting their growth.



## **2.7 Theoretical Framework**

The study will be hinged on the entrepreneurial traits theory postulated by Schumpeter (2005). Entrepreneurship literature has opposite views of an entrepreneur. There are known thoughts that entrepreneur is “born”, meaning that entrepreneurs are mystified as people with certain personality traits. These characteristics include strong self-confidence, creativity, risk taking and ability to take initiatives (Avlijaš, 2010). The other view of an entrepreneur exposes “unique personality traits of an entrepreneur” to a criticism, indicating that those characteristics are not unique to entrepreneurs and that is difficult to identify those personality traits as exclusively entrepreneurial. Instead, entrepreneurs are very heterogeneous group of people.

First researches of female entrepreneurship derive from the US and United Kingdom more than thirty years ago (Brush & Jennings, 2013). Nevertheless, after thirty years of research on female entrepreneurship there is a myth of female entrepreneurship as underperformed. The myth is mainly justified with risk aversion and female characteristics that do not match with desirable masculine characteristics of an entrepreneur (Marlow & McAdam, 2012).

Ahl (2006) investigated female entrepreneurship in her studies Ahl (2006) suggests that business literature relates entrepreneurial characteristics with masculinity, while females are perceived as total the opposite of what an entrepreneur “is expected’ to be. According to this study “masculinity words” such as self-reliant, strong personality, willing to take risks, make decisions easily, dominant, aggressive, individualistic, competitive, ambitious, independent correspondent to “entrepreneur words” such as internal locus of control, able, strong willed, daring, visionary, influential, achievement oriented (Ibid, p 600) On the other hand femininity words- gentle, loyal, shy, sensitive, affectionate are opposite to the “entrepreneur words.

Although Ahl (2004) indicates that a female discrimination is often overstated, study conducted in Canada by Andiappan et al., (2010) signals that female discrimination is present even in the developed countries. Study indicated gender discrimination through “dismissal from employment due to pregnancy, refused sick leave, failure to promote due to pregnancy refused vacation pay during maternity leave. That alarms necessity to revise human resource management policies but also a question of how female respond to discrimination arise, hence, it would be interesting to investigate discrimination as push factor of female entrepreneurship.

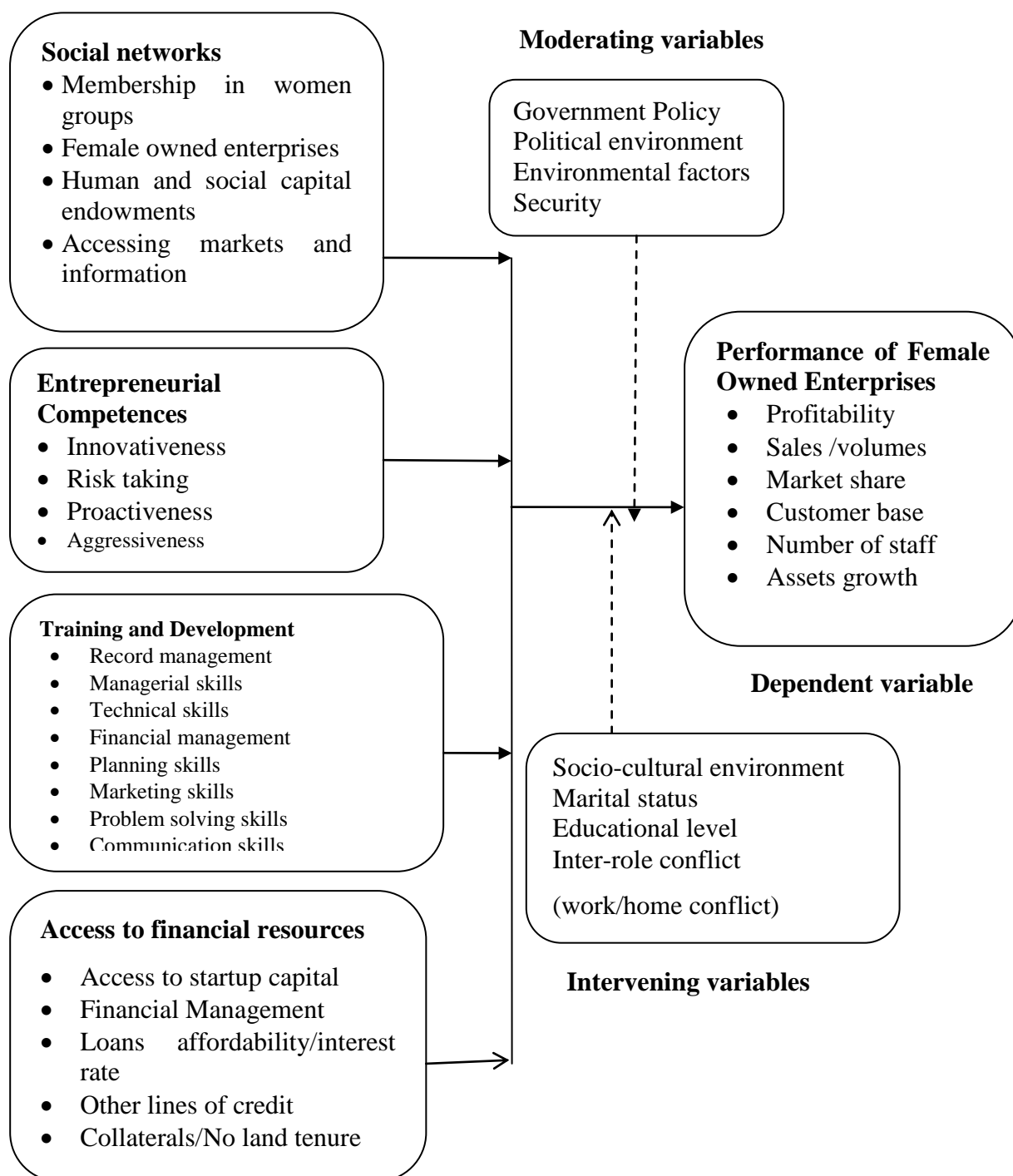
Kolvereid and Ljunggren (2010) research showed that women entrepreneurs scored significantly higher than their male colleagues on the autonomy and on the perception of behavioral control. Females also perceived themselves as having higher entrepreneurial capabilities than their male counterparts. They concluded that there are no significant differences between female and male entrepreneurs and suggested that main differences are in drive factors and industry in which they start-up business - females were more often driven by social reasons and mainly operated in service sector.

Ahl (2004) suggests that discrimination of female is more socially constructed and holds the opinion that discrimination from banks does not exist. Instead Ahl (2004) argues that females run small firms, mainly retail and service which are perceived as more risky by banks and therefore, their loan requests are more often refused. The main impression is that entrepreneurship studies should escape from dividing trap and characterizing entrepreneurial traits, male or female traits. Instead, entrepreneurs should be accepted as heterogenous group.

The entrepreneurial traits theory adds that the more educated and more experienced individuals are the higher the degree of success in economic activities and we expect positive relationship between human capital variables and business performance. The theory also contend that female entrepreneurs experience different constraints in business activities compared to male entrepreneurs; hence we expect differential impact of business problems by gender of ownership. Another important factor affecting the performance of female entrepreneurs is explained by the theory which is described by a number of networks, use of advisors, membership in women's associations and mentors (Marlow & McAdam, 2012).

## **2.8 Conceptual Framework**

In a broad sense a conceptual framework can be seen as an attempt to define the nature of research. A conceptual framework considers the theoretical and conceptual issues surrounding research work and form a coherent and consistent foundation that will underpin the development and identification of existing variables. The independent variables in this study are social networks, entrepreneurial orientation, access to financial resources and finally training and development. This study will therefore establish the influence of the independent variables on the dependent variable which will be performance of female entrepreneurial ventures.



**Figure 1: Conceptual framework**

## 2.9 Summary and Research Gap

The study is hinged on the McClelland Theory, Biological Theory of Entrepreneurship, and the Sociological Theories of Entrepreneurship. The literature review shows that skills play an

important role in performance of any business regardless of its sophistication and complexity. People need a broad range of skills in order to contribute to a modern economy and take their place in the technological society of the 21st century. A joint ASTD and U.S. Department of Labor study showed that through technology, the workplace is changing, and identified 16 basic skills that employees must have to be able to change with it. In the world of work, “hard skills” are technical or administrative procedures related to an organization’s core business. Examples include machine operation, computer protocols, safety standards, financial procedures and sales administration. These skills are typically easy to observe, quantify and measure. They’re also easy to train, because most of the time the skill sets are brand new to the learner and no unlearning is involved. By contrast, “soft skills” (also called “people skills”) are typically hard to observe, quantify and measure. People skills are needed for everyday life as much as they’re needed for work. They have to do with how people relate to each other: communicating, listening, engaging in dialogue, giving feedback, cooperating as a team member, solving problems, contributing in meetings and resolving conflict. Leaders at all levels rely heavily on people skills, too: setting an example, teambuilding, facilitating meetings, encouraging innovation, solving problems, making decisions, planning, delegating, observing, instructing, coaching, encouraging and motivating. Obviously, people come to organizations with interpersonal behavior patterns already thoroughly ingrained, and they weren’t learned in a classroom. Instead, individuals learn how to deal with relationships and other life challenges “on the street” at a very early age. A major challenge that faces many women led businesses changing management is the challenge of inadequate skills to handle business operations in the incoming team.

The literature that has been reviewed indicate that a number of issues remain inadequately addressed. The studies have concentrated on general nonperformance of women owned enterprises. There lacks a detailed studies into the extent the current women entrepreneurial management styles, women entrepreneurial management and other factors has contributed towards business not performing. There is also the issue of financial adequacy being adhered to. Most women entrepreneurs in the developing world might not have an established financial management system in place. There was need to establish whether current women entrepreneurial management styles, women entrepreneurial management financial accessibility, or other factors determines the performance of women owned enterprises in Kenya and specifically those that exists in the Nairobi CBD.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter explains the research design, target population, sampling frame, Sampling design, data collection, processing and analysis methods used in this study. This chapter contains the way the study was planned and conducted, the procedures, and techniques employed to address the research problem or question. The research design that was used, the data gathering methods and tools; sampling and sampling procedures and the methods of data analysis that was used in the study are discussed in this chapter.

#### **3.2 Research Design**

A descriptive survey research design was employed in the study to access the key factors influencing the business performance of female owned enterprises in Kenya: a case of businesses in the central business district of Nairobi. A descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behavior or values (Walsh and Wiggins, 2013). A descriptive study design was deemed the best design to fulfill the objectives of the study. The design was useful in describing the characteristics of women entrepreneurs and determining the frequency of key attributes of the study. Descriptive studies allow researchers to gather information, summarize, present and interpret for the purpose of clarification (Orodho, 2010). The design was chosen because the researcher gathered data on the state of affairs in the study location without manipulating any variables.

#### **3.3 Target Population**

A population is defined as a complete set of individuals, cases or objects with some common observable characteristics (Cooper and Schindler, 2003). The population of interest is 523 registered female entrepreneurs in Central Business District (CBD). About fifty four percent (54.3%) were in trade business which include boutiques, spare part shops, hardware shops, dairy, clothing, vegetables, fruits, and cereals the rest forty six percent (45.7%) are in service industry which include salons, m-pesa services, among others. The distribution is as shown in table 3.1.

**Table 3.1: Target Population**

Type of business activity	Frequency	Percentage (%)
Trade	284	54.3
Service	239	45.7
<b>Total</b>	<b>523</b>	<b>100</b>

Source: Nairobi County records (2015)

### 3.4 Sample and Sampling Technique

Stratified random sampling technique was used to select the sample which gave each item in the population an equal probability chance of being selected. The study grouped the population into strata in this case using the Type of business activity. From the strata, the study selected 221 respondents arrived at by calculating the target population of 523 with a 95% confidence level and an error of 0.05 using the below formula taken from Mugenda and Mugenda (2003):

From Normal distribution the population proportion was estimated to be

$$n = \frac{Z^2 PQ}{\alpha^2}$$

Where: Z is the Z – value = 1.96

P Population proportion 0.50

Q = 1-P

$\alpha$  = level of significance = 5%

$$n = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2}$$

$$n = 384$$

Adjusted sample size

$$n' = 384 / [1 + (384/523)]$$

$$\text{Approx} = 221$$

**Table 3.2: Sampling frame**

Type of business activity	Frequency	Sampling Ratio	Sample size
Trade	284	0.42	120
Service	239	0.42	101
<b>Total</b>	<b>523</b>		<b>221</b>

### **3.5 Research Instruments**

Primary data was obtained using self-administered questionnaires. The questionnaire was made up of both open ended and closed ended questions. The open ended questions was used so as to encourage the respondent to give an in-depth and felt response without feeling held back in illuminating of any information and the closed ended questions allow respondent to respond from limited options that had been stated. According to Saunders (2011), the open ended or unstructured questions allow profound response from the respondents while the closed or structured questions were generally easier to evaluate. The questionnaires were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form. Gay (2010) maintains that questionnaires give respondents freedom to express their views or opinion and also to make suggestions. It is also anonymous.

### **3.6 Validity of Research Instruments**

According to Somekh and Cathy (2011) validity is the degree to which the sample of test items represents the content the test is designed to measure. Expert opinion was requested to comment on the representativeness and suitability of questions and give suggestions of corrections to be made to the structure of the research tools. To establish the validity of the research instrument the researcher sought opinions of experts in the field of study especially the lecturers. This helped to improve the content validity of the data that was collected. It facilitated the necessary revision and modification of the research instrument thereby enhancing validity.

### **3.7 Reliability of Research Instruments**

Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. Reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials. To ensure reliability of the research instruments, the researcher tested and retested the instruments in different situations to check if the results were similar. The study achieved a composite reliability coefficient of 0.852 showing that the overall research instruments were reliable since they exceeded the 0.6 threshold put forward by Mugenda and Mugenda (2003).

### **3.8 Data Collection and procedure**

The research tools were administered using a drop and pick later method. The research assistants helped respondents to understand the questions and answer them correctly. This

data collection allowed the respondents to give their responses in a free environment and help the researcher get information that would not have been gotten through interviews.

### **3.9 Data Analysis Techniques**

The type of data analysis tool used is dependent on the type of data, depending if the data is qualitative or quantitative (Walsh and Wiggins, 2013). After the data collection, the researcher pre-process the data to eliminate unwanted and unusable data which was contradictory or ambiguous, develop a coding scheme by creating codes and scales from the responses which will then be summarized and analyzed. The data was then stored in paper and electronic storage and finally the researcher used the Statistical Package of Social Science (SPSS) Version 21 to analyze the data. The quantitative data in this research was analyzed by descriptive statistics such as frequencies, percentages, mean scores and standard deviations using statistical package for social sciences SPSS (V. 22.0). The qualitative data took a conceptual content analysis process which is more ideal as the information gathered from the open-ended questions and secondary sources was large and could be time consuming if not well planned (Wilson, 2010). The data then was presented using frequency tables and graphs. In addition Pearson correlation analysis was used to establish the relationship between the identified independent and dependent variables.

### **3.10 Ethical Consideration**

Ethics are norms governing human conducts which have a significant impact on women welfare. It involves making a judgment about right and wrong behavior. Bryman (2007) states that it is the responsibility of the researcher to carefully assess the possibility of harm to research participants, and the extent that it is possible; the possibility of harm should be minimized. The researcher recognizes that the issue under study is sensitive. Therefore, there was need to protect the identity of the respondents as much as possible. In that case, the questionnaires were not requiring the respondent's names or details that may reveal their identity. The researcher also obtained a letter from University of Nairobi allowing undertaking of the study and an introductory letter explaining the purpose of the study and confidentiality was upheld for all respondents. Further, informed consent from the participants in the study is necessary so as to gain their trust and confidence in the objectives of the study which is purely academic in nature.



**Table 3.3: Operationalization of variables**

<b>Objectives</b>	<b>Type of Variable</b>	<b>Indicator</b>	<b>Measuring of Indicators</b>	<b>Scale</b>	<b>Tools of analysis</b>	<b>Type of analysis</b>
To establish how social networks influences business performance of female owned enterprises in Kenya	Independent	Social networks	<ul style="list-style-type: none"> <li>• Membership in women groups</li> <li>• Female owned enterprises</li> <li>• Human and social capital endowments</li> <li>• Accessing markets and information</li> </ul>	Nominal ordinal	Percentages Mean score	Descriptive statistics Correlation analysis
To assess how the entrepreneurial orientation influence business performance of female owned enterprises in Kenya	Independent	Entrepreneurial Competences	<ul style="list-style-type: none"> <li>• Innovativeness</li> <li>• Risk taking</li> <li>• Proactiveness</li> <li>• Aggressiveness</li> </ul>	Nominal ordinal	Percentages Mean score	Descriptive statistics Correlation analysis
To evaluate how training and development influence the performance of women owned enterprises in Kenya	Independent	Training and Development	<ul style="list-style-type: none"> <li>• Record management</li> <li>• Managerial skills</li> <li>• Technical skills</li> <li>• Financial management</li> <li>• Planning skills</li> <li>• Marketing skills</li> <li>• Problem solving skills</li> <li>• Communication skills</li> </ul>	Nominal ordinal	Percentages Mean score	Descriptive statistics Correlation analysis

To determine how access to financial resources affect performance of women owned enterprises in Kenya	Independent	Access to financial resources	<ul style="list-style-type: none"> <li>• Access to startup capital</li> <li>• Financial Management</li> <li>• Loans affordability/interest rate</li> <li>• Other lines of credit</li> <li>• Collaterals/No land tenure</li> </ul>	Nominal ordinal	Percentages Mean score	Descriptive statistics Correlation analysis
	Dependent	Performance of Female Entrepreneurial Ventures	Profitability Sales /volumes Market share Customer base Number of staff Assets growth	Nominal ordinal	Mean score	Descriptive statistics Correlation analysis

## CHAPTER FOUR

### DATA ANALYSIS, RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter presents analysis of the data on factors influencing the performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The chapter also provides the major findings and results of the study.

#### 4.2 Response Rate

The population of interest is 523 registered female entrepreneurs in Nairobi Central Business District (CBD). The study gave out 221 questionnaires as per the sample size and 163 were collected back giving a response rate of 74.6%. This response rate was good and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting.

#### 4.3 Demographic Characteristics

The researcher sought to establish the background information of the respondents and the businesses including respondents' age, number of years worked in the businesses and total number of employee in the business.

##### 4.3.1 Age Brackets of the Respondents

The study sought to establish the age of the respondents. Results are summarized in Table 4.1.

**Table 4. 1: Age Brackets of the Respondents**

	Frequency	Percentage
26- 30 years	15	8.9
30-35 years	41	25.2
36- 40 years	67	41.4
40- 50 years	32	19.6
Above 50 years	8	4.9
<b>Total</b>	<b>163</b>	<b>100</b>

Majority of the respondents were in age bracket of between 36 and 40 years as was shown by 41.4%. Those in age bracket of between 31 and 35 years were 25.2%. Those in age bracket of between 40-50 years were 19.6%, 26- 30 years were 8.9% while those above 50 years were 4.9%. The results imply that majority of the female entrepreneurs in Nairobi Central Business District (CBD) were aged between 36 and 40 years.

#### 4.3.2 Work Experience

The researcher also sought to establish the years the female entrepreneurs in Nairobi Central Business District (CBD) had worked in their enterprise. The findings are presented in Table 4.2.

**Table 4. 2: Years in business**

	<b>Frequency</b>	<b>Percentage</b>
1-5 years	34	20.9
6- 10 years	91	55.8
11-15 years	21	12.9
16-20 years	11	6.7
20 years and above	6	3.7
<b>Total</b>	<b>163</b>	<b>100.0</b>

On the years of service/working period at the enterprise, the findings in Table 4.2 show that 55.8% of the respondents had worked for 6- 10 years, 20.9% had worked for 1 to 5 years, 12.9% had worked for 11 to 55 years, 6.7% had worked for 16 to 20 years, while 3.7% had worked for 20 years and above. The results imply that the female entrepreneurs in Nairobi Central Business District (CBD) had worked in there enterprises long enough and hence they gave relevant answers.

#### 4.3.3 Number of Employees in the Enterprise

Finally on demographic information the study requested the respondent to indicate the number of employees is in the enterprise. Results of the findings are shown in Table 4.3.

**Table 4. 3: Number of Employees in the enterprise**

	<b>Frequency</b>	<b>Percentage</b>
None	13	8.0
1- 5	141	86.5
6 – 10	6	3.7
Above 10	3	1.8
<b>Total</b>	<b>163</b>	<b>100.0</b>

From the findings, it was clear that 86.5% of the female led enterprises in Nairobi Central Business District (CBD) had between 1- 5 employees, 8% were managed by owners, 3.7% had between 6 – 10 employees while 1.8% of the female led enterprises in Nairobi Central Business District (CBD) had above 10 employees. It was therefore clear that most female enterprises in Nairobi Central Business District (CBD) had between 1- 5 employees.

#### **4.4 Performance of Female Entrepreneurial Ventures**

The researcher sought to know the trends Performance of Female Entrepreneurial Ventures for the last 5 years. The findings are as per the table 4.4.

**Table 4. 4: Performance of Female Entrepreneurial Ventures**

	<b>Mean</b>	<b>Std. Deviation</b>
Profitability	3.5750	.69635
Sales /volumes	3.4125	.62707
Market share	3.6438	.76353
Customer base	3.4563	.70082
Number of staff	4.6062	.95494
Assets growth	3.7750	.69635

As per the findings the number of staff has greatly improved as shown by a mean score of 4.6062. Assets have improved as shown by a mean score of 3.7750 for last five years. The finding also indicated that market share has improved for past five years as shown by a mean score of 3.6750. The respondents also indicated that profitability has improved over the last five years as shown by a mean score of 3.5750. Customer base has also improved over the last five

years as shown by a mean score of 3.4563. Sales /volumes improved with a mean score of 3.4125.

#### 4.5 Social Networks

The researcher sought to establish the influence of social networks on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The study questions were in a likert scale of between 1 and 5. Where 1 = strongly disagree; 2 =disagree; 3 = neutral; 4 = agree; and 5 = greatly agree. The scores were also calculated to mean scores which were interpreted as 4.5 - 5.0 greatly agree; 3.4 - 4.4 agree; 2.5 - 3.4 neutral; 1.5 - 2.4 disagree; and 0.0 - 1.4 greatly disagree. The findings are shown in Table 4.5.

**Table 4. 5: Statements on Social Networks**

	Mean	Std. Deviation
My membership in women groups has helped me access market information	4.1724	.65841
My membership in women groups has helped me access capital for my business	3.9310	.99753
I am able to network with other people doing the same business or related ones	3.0690	.52989
I am able to access market through the groups membership	3.5862	1.42722

The respondents agreed that their membership in women groups has helped them access market information to a great extent with a mean of 4.1724. Respondents also agreed with a mean of 3.931 that their membership in women groups has helped them access capital for their business to a great extent. They further agreed with a mean of 3.5862 that they are able to access market through the group’s membership to a great extent. Finally the respondents were neutral with a mean of 3.069 that they are able to network with other people doing the same business or related ones to a moderate extent.

#### 4.6 Entrepreneurial Orientation

The researcher inquired on the how entrepreneurial orientation affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The findings are presented in Table 4.6.

**Table 4. 6: Innovation**

	Mean	Std. Dev
we are often first to take initiative in every situation to which our competitors then respond to in our industry	3.7586	.91242
often our firm is the first to introduce new products and services and processes	4.3448	.93640
our firm is involved actively in introducing improvements and innovations to our business	3.2069	.49130
changes in our product/services and processes are often quite dramatic	3.5862	1.42722
our firm often develop creative solutions to difficult problems	3.2414	1.21465
our firm often has strong intentions to stimulating creativity and experimentation	4.1379	1.43238
our firm often support creativity and experimentation in introducing new products	2.6207	.90292
our firm often encourages incremental improvements in products and services	3.5172	.91107

The respondents agreed that often their businesses are the first to introduce new products and services and processes as shown by a mean score of 4.3448. Respondents also agreed that that their firm often has strong intentions to stimulating creativity and experimentation as shown by a mean score of 4.1379. They also agreed that are often first to take initiative in every situation to which their competitors then respond to in their industry as noted by a mean score of 3.7586. The results in the table 4.5 shows that changes in their product/services and processes are often quite dramatic in their businesses as shown by a mean score of 3.5862. Respondents also agreed that their firm often encourages incremental improvements in products and services as shown by

a mean score of 3.5172. the respondents were however neutral that their firm often develop creative solutions to difficult problems as illustrated by a mean score of 3.2414, their firm is involved actively in introducing improvements and innovations to their business as shown by a mean score of 3.2069 and that their firm often support creativity and experimentation in introducing new products as shown by a mean score of 2.6207.

The study further sought to establish the influence of Proactiveness on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The findings are presented in Table 4.7.

**Table 4. 7: Proactiveness**

	<b>Mean</b>	<b>Std. Deviation</b>
our firm actively seeks out in exploiting opportunities to introduce new products/services in anticipation of future demand	2.6207	.90292
our firm leads in associating with aggressive posturing relative to the competitors	4.0690	1.46217
our firm allocates its resources to deal with an emerging opportunity or threat	3.1034	1.29131
our firm is committed to identifying new opportunities	3.4966	1.04693
our firm continually scans the market to predict future trends	3.6793	1.14685
this firm strives to be a first mover to capture the benefits of pioneering	3.9310	1.03272
our firm is able to anticipate and respond to emerging needs of customers	2.7241	.75103
our firm generates first-mover advantages and that shape market direction through anticipating change	3.5414	1.52726

The respondents agreed that their firm leads in associating with aggressive posturing relative to the competitors as shown by a mean score of 4.0690. Respondents also agreed that that their firm strives to be a first mover to capture the benefits of pioneering as shown by a mean score of 3.9310. They also agreed that their firm continually scans the market to predict future trends as



noted by a mean score of 3.6793. The analysis shows that respondents agreed their firm generates first-mover advantages and that shape market direction through anticipating change as shown by a mean score of 3.5414. Respondents also agreed that their firm is committed to identifying new opportunities as shown by a mean score of 3.4966. The respondents were however neutral that their firm allocates its resources to deal with an emerging opportunity or threat as illustrated by a mean score of 3.1034, their firm is able to anticipate and respond to emerging needs of customers as shown by a mean score of 2.7241 and that their firm actively seeks out in exploiting opportunities to introduce new products/services in anticipation of future demand as shown by a mean score of 2.6207.

The study further sought to establish the influence of risk taking on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The findings are presented in Table 4.8.

**Table 4. 8: Risk taking**

	Mean	Std. Deviation
staff in our firm are encouraged to take calculated risks with new ideas	4.0000	.00000
our firm adopts a bold, aggressive posture in order to maximize the probability of exploiting new opportunities	3.6207	.82001
this firm is ready to sacrifice profitability to gain market share	3.0345	1.37536
the firm is always willing to ventures into unknown new markets	3.2069	1.17654
our firm is always ready to commit resources to ventures with uncertain outcomes	4.0690	1.22273
our firm has a strong tendency to adopt new technology without regard risk	2.8966	.72431
our firm is always ready to invest in high-risk projects	3.7241	1.30648

The analysis shows that firms are always ready to commit resources to ventures with uncertain outcomes as shown by a mean score of 4.0690. Respondents also agreed that staff in their firm is encouraged to take calculated risks with new ideas as shown by a mean score of 4.0000. They

also agreed that their firms are always ready to invest in high-risk projects as noted by a mean score of 3.7241. The analysis shows that respondents agreed their firm adopts a bold, aggressive posture in order to maximize the probability of exploiting new opportunities as shown by a mean score of 3.6207. The respondents were however neutral that the firm are always willing to ventures into unknown new markets as illustrated by a mean score of 3.2069, that their firms are ready to sacrifice profitability to gain market share as shown by a mean score of 3.0345 and that their firms have a strong tendency to adopt new technology without regard risk as shown by a mean score of 2.8966.

#### 4.7 Training and Development

The study sought to determine how training and development had influenced performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The findings are presented in Table 4.9.

**Table 4. 9; Statements on Training and Development**

	Mean	Std. Deviation
I have been trained in record management	2.3164	.59813
I have been trained in human resource Management	2.5522	.70342
I have been trained in Financial management	3.7821	.65480
I have been trained in Planning	1.5373	.65790
I have been trained in Marketing	2.6194	.89650
I possess good Problem solving skills	2.0690	1.22273
I have good communication skills	3.8966	.72431
I have extensive experience in my current job	3.7241	1.30648
I have gained experience through mentoring	2.1379	1.30176
I have gained experience through coaching	2.5517	1.12078
I have gained experience through exchange programs	1.7586	.78627
I have gained experience through workshop and seminars	3.2690	1.22273
I have gained experience through trade fairs	2.2966	.72431

The respondents agreed that they have good communication skills as illustrated by a mean score of 3.8966, they have been trained in financial management as illustrated by a mean score of

3.7821 and they have extensive experience in my current job as illustrated by a mean score of 3.7241.

The respondents were however neutral on the fact that they have gained experience through workshop and seminars as shown by a mean score of 3.2690, they have been trained in marketing as shown by a mean score of 2.6194, they have been trained in human resource management as shown by a mean score of 2.5522 and they have gained experience through coaching as shown by a mean score of 2.5517.

They however disagreed that they have been trained in record management as shown by a mean score of 2.3164, they have gained experience through trade fairs as shown by a mean score of 2.2966, they have gained experience through mentoring as shown by a mean score of 2.1379, they possess good problem solving skills as shown by a mean score of 2.0690 they have gained experience through exchange programs as shown by a mean score of 1.758 and also that they have been trained in Planning as shown by a mean score of 1.5373.

#### **4.8 Access to financial resources**

The study sought to determine how Access to financial resources affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. The study questions were in a likert scale of between 1 and 5. Where 1 = No extent; 2 =Low extent; 3 = Moderate extent; 4 = Great extent; and 5 = Very great extent. The scores were also calculated to mean scores which were interpreted as 4.5 - 5.0 Very great extent; 3.4 - 4.4 Great extent; 2.5 - 3.4 Moderate extent; 1.5 - 2.4 Low extent; and 0.0 - 1.4 No extent. The findings are presented in Table 4.10.

**Table 4. 10: Access to financial resources**

	<b>Mean</b>	<b>Std. Deviation</b>
Access to startup capital	4.5373	.65893
Financial Management	3.9552	1.17335
Loans affordability/interest rate	3.9104	1.01102
Other lines of credit	4.0597	.71522
Collaterals/No land tenure	2.9876	.98763

Analysis shows that access to startup capital affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi to a very great extent as shown by a mean score of 4.5373. Other lines of credit affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi to a great extent as shown by a mean score of 4.0597, financial management as shown by a mean score of 3.9552, Loans affordability/interest rate as shown by a mean score of 3.9104. however, Collaterals/No land tenure has moderate effects on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi as shown by a mean score of 2.9876.

#### 4.9 Pearson’s Product Moment Correlation

To quantify the strength of the relationship between the variables, the study used Karl Pearson’s coefficient of correlation. The Pearson product-moment correlation coefficient (or Pearson correlation coefficient) is a measure of the strength of a linear association between two variables and is denoted by  $r$ . The Pearson correlation coefficient,  $r$ , can take a range of values from +1 to -1. A value of 0 indicates that there is no association between the two variables. A value greater than 0 indicates a positive association, that is, as the value of one variable increases so does the value of the other variable. A value less than 0 indicate a negative association. The findings are presented in Table 4.11.

**Table 4. 11: Correlation Analysis**

	Perfomance	Social network	Entrepreneurial orientation	Training and development	Access to financial resources
Perfomance	1				
Social network	.601	1			
Entrepreneurial orientation	.763	.124	1		
Training and development	.430	.361	.001	1	
Access to financial resources	.546	.661	.321	.621	1

Results in table 4.11 reveal that the correlation between Social network and performance of female owned enterprises is positive and significant ( $R=0.601$ ,  $p$  value= $0.005$ ). This implies that an increase in performance of female owned enterprises is associated with a increase in Social network and a decrease in performance of female owned enterprises is associated with an decrease in social network. In addition, the study reveals that the correlation between Entrepreneurial orientation and performance of female owned enterprise is positive and significant ( $R=0.763$ ,  $p$  value= $.0091$ ). This implies that an increase in Entrepreneurial orientation is associated with an increase in performance of female owned enterprise and a decrease in performance of female owned enterprise is associated with a decline in Entrepreneurial orientation. Further, the study reveals that the correlation between Training and development and performance of female owned enterprise is significant ( $R=0.430$ ,  $p$  value= $.0012$ ). This implies that an increase Training and development is associated with an increase in performance of female owned enterprise and a decrease Training and development is associated with an decrease in performance of female owned enterprise. Finally the study establishes that the correlation between Access to financial resources and performance of female owned enterprise is positive and significant ( $R=0.546$ ,  $p$  value= $0.0041$ ). This implies that an increase in access to financial resources is associated with an increase in performance of female owned enterprise and a decrease Access to financial resources is associated with a decline in performance of female owned enterprise. Overall, entrepreneurial orientation had the greatest effect on performance of female owned enterprises in Kenya followed by social network, then access to financial resources while training and development had the least effect on the performance of female owned enterprises in Kenya.

## **CHAPTER FIVE**

### **SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study

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

##### **5.2.1 Social Networks**

The study established that membership in women groups has helped them access market information. Membership in women groups has helped them access capital for their business to a great extent. The study also noted that women are able to access market through the group's membership. However are not able to network with other people doing the same business or related ones.

##### **5.2.2 Entrepreneurial Orientation**

The study established that in relation to innovation the female entrepreneurs in Nairobi Central Business District (CBD) are the first to introduce new products and services and processes, have strong intentions to stimulating creativity and experimentation, were the first to take initiative in every situation to which their competitors then respond to in their industry and also those changes in their product/services and processes are often quite dramatic in their businesses. It was found that female entrepreneurs in Nairobi Central Business District (CBD) often encourage incremental improvements in products and services.

In relation to proactiveness, study found that female entrepreneurs in Nairobi Central Business District (CBD) lead in associating with aggressive posturing relative to the competitors, they strive to be a first mover to capture the benefits of pioneering, firms continually scans the market to predict future trends, the generates first-mover advantages and that shape market direction through anticipating change. However female entrepreneurs in Nairobi Central Business District

(CBD) are not committed to identifying new opportunities, allocates its resources to deal with an emerging opportunity or threat, anticipate and respond to emerging needs of customers, actively seeks out in exploiting opportunities to introduce new products/services in anticipation of future demand. The analysis shows that female entrepreneurs in Nairobi Central Business District (CBD) are always ready to commit resources to ventures with uncertain outcomes, staff in the businesses are encouraged to take calculated risks with new ideas, firms are always ready to invest in high-risk projects.

### **5.2.3 Training and Development**

On the influence on training and development, the study found that female entrepreneurs in Nairobi Central Business District (CBD) have good communication skills, they have been trained in financial management and they have extensive experience in my current job. However, female entrepreneurs in Nairobi Central Business District (CBD) have not gained experience through workshop and seminars, they have not been trained in marketing, they have not been trained in human resource management, they have not gained experience through coaching, have not been trained in record management, have not gained experience through trade fairs, they have not gained experience through mentoring, they do not possess good problem solving skills, they have not gained experience through exchange programs and also that they have not been trained in planning.

### **5.2.4 Access to financial resources**

Analysis shows that access to startup capital affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi to a very great extent. Other lines of credit affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi to a great extent, financial management, loans affordability/interest rate. However, collaterals/no land tenure has moderate effects on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi.

## **5.3 Discussion**

This section focuses on the discussion of findings relative to the previous researchers on the subject matter.

### **5.3.1 Social Networks**

The study established that membership in women groups has helped them access market information. Membership in women groups has helped them access capital for their business to a great extent. The study also noted that women are able to access market through the group's membership. However are not able to network with other people doing the same business or related ones. According to Campbell and Wilson (1996) Networking is increasingly being seen as a crucial skill associated with organizational success and competency. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive (Morris and Kuratko, 2009). Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours

Larson and Starr (1993) identified the network organization as a feasible alternative to ordered market channels and other hierarchical types of arrangements. Cooperation among members of networks is central to fostering advantages for independent businesses given their limited financial resources and time to engage in market research (Malecki and Tootle, 1996). However, most business owners still view their firms as discrete entities and tend to seek advantage garnered through competitive rather than cooperative behavior (Martin and Stiefelmeyer, 2009). Consequently, the process of how firms develop and advance voluntary collaborative arrangements justifies increasing research attention (Day and Montgomery, 1999).

### **5.3.2 Entrepreneurial Orientation**

The study established that in relation to entrepreneurial orientation female entrepreneurs in Nairobi Central Business District (CBD) are the first to introduce new products and services and processes. The study showed that female entrepreneurs in Nairobi Central Business District (CBD) were the first to take initiative in every situation to which their competitors then respond to in their industry and also those changes in their product/services and processes are often quite dramatic in their firm. Studies on entrepreneurs have established that a person's intention to become an entrepreneur offers the best predictor of her actually engaging in entrepreneurship in



future (Delmar & Davidsson, 2000). Growth motivation of the owners as suggested by Lew Perren, 1999 are influenced by five factors such as desire to succeed, desire to be 'one's own boss, active risk taker, family and investing friends and competitive dynamics. The indicators of entrepreneurial attitudes and motivation to grow as cited in the studies conducted in Small Research and Policy, Canada include the owner's entrepreneurial intensity (active risk taking), his/her desire for independence, whether he/she is "pushed" by unemployment and whether he/she is pursuing a certain "lifestyle". Keeping in view the importance of each of the variables in the development of the enterprise; various variables are selected for studying the growth motivation of the owner.

In relation to proactiveness, study found that female entrepreneurs in Nairobi Central Business District (CBD) leads in associating with aggressive posturing relative to the competitors, firms strives to be a first mover to capture the benefits of pioneering, they continually scans the market to predict future trends, they generate first-mover advantages and that shape market direction through anticipating change. Hofstede (2012) defines Uncertainty Avoidance (UA) as the extent to which the members of a culture feel threatened by uncertain or unknown situations. In countries with a high degree of UA, there is a higher level of anxiety and uncertainty about the future. People are less ambitious in career orientation, and tend to work in larger organizations to gain high job security and be loyal citizens who behave based on standardized rules and procedures of the formal organization. Therefore, the inherent uncertainty in life activities, such as quitting a good job to create a new venture, is felt threatened and stressed, which must be fought. Such people prefer to make group decisions, avoid conflict wherever possible, and resistant to change. In general, there is less willingness to take risks, a greater fear of failure, and lower tolerance for ambiguity (Hofstede, 2007). In such culture contexts, individuals have a preconceived idea that new venture creation is a game for geniuses who account for a very small portion of the population. As a result, they tend to adhere to the crowd aiming to avoid uncertainty and perceiving a higher level of risk in a given situation.

The analysis shows that female entrepreneurs in Nairobi Central Business District (CBD) are always ready to commit resources to ventures with uncertain outcomes, staff in the firm is encouraged to take calculated risks with new ideas, firms are always ready to invest in high-risk projects, firms adopts a bold, aggressive posture in order to maximize the probability of

exploiting new opportunities. The respondents were however neutral that the firms are always willing to venture into unknown new markets, that their firms are ready to sacrifice profitability to gain market share and that their firms have a strong tendency to adopt new technology without regard risk. Greve and Salaff (2013) in their cross-culture research on social networks found that there are some interesting differences between males and females in the way they relate to their family while establishing a firm. This finding may be explained by different cultural values affecting the expectations that parents have of their children (male and female). In China, women are supposed to be taken care of by their husband's family after getting married; therefore, their parents have less intention to encourage their daughters to own a business.

### **5.3.3 Training and Development**

Education is one of the factors that impact positively on growth of firms (King and McGrath, 2014). On the influence on training and development, the study deduced that female entrepreneurs in Nairobi Central Business District (CBD) have good communication skills, they have been trained in financial management and they have extensive experience in my current job. This agrees with Garman and Glawe (2012) who indicated that entrepreneurial skills play an important role in success of any business regardless of its sophistication and complexity.

However, female entrepreneurs in Nairobi Central Business District (CBD) have not gained experience through workshop and seminars, they have not been trained in marketing, they have not been trained in human resource management, they have not gained experience through coaching, have not been trained in record management, have not gained experience through trade fairs, they have not gained experience through mentoring, they do not possess good problem solving skills, they have not gained experience through exchange programs and also that they have not been trained in planning. Lansberg and Astrachan (2012) argue that women training are mediated by the family's commitment to the business and the quality of the relationship between owner-manager and women. They conclude that the family's commitment to the business is positively associated with the degree of women training, and that the quality of the relationship between owner-manager and women is positively associated with the extent of women training. Goldberg's (2006) study further confirms that business effectiveness is related to women grooming by providing evidence that effective women had more years of experience with the business than that of the less effective group.

### **5.3.4 Access to financial resources**

Analysis shows that access to startup capital affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi to a very great extent. Other lines of credit affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi to a great extent, financial management, Loans affordability/interest rate. However, Collaterals/No land tenure has moderate effects on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. A study (Cooper, as quoted in Das, 2000) of women entrepreneurs in the western world, proposed that three factors influence entrepreneurship antecedent influences such as background factors like working capital and genetic factors that affect motivation, skills and knowledge), the “incubator organization” the nature of the organization where the entrepreneur was employed just prior to starting a business; the skills learned there) and environmental factors economic conditions, access to venture capital and support services, role models).According to Hodgetts and Kuratko (2014), choosing a source of capital is not an easy decision. Some of the sources include: suppliers: More than 80% of all business to business are made on credit allowing MSEs to tap suppliers for twice as much short-term credit as they obtain from banks firms are more likely to extend credit to their MSE suppliers if they themselves are cash – positive or have good financial Management and therefore act in a way as financial intermediaries. Late payment is used by businesses to extract additional credit out of suppliers as the trade credit equipment to an unauthorized overdraft

### **5.4 Conclusions**

The study concludes that membership in women groups is very important for success of female owned enterprises since it helps women to access market information, capital for their business, market through the group’s membership. However membership in women groups does not necessarily help in networking with other people doing the same business or related ones.

The study concludes that innovation in the businesses is key for the better performance of the enterprise. Majority of the businesses competes to be first in introducing new products and services and processes. They also have strong intentions to stimulating creativity and experimentation. It was found that female entrepreneurs in Nairobi Central Business District

(CBD) often encourage incremental improvements in products and services. Majority of female entrepreneurs in Nairobi Central Business District (CBD) do not often develop creative solutions to difficult problems or actively in introducing improvements and innovations to their business nor support creativity and experimentation in introducing new products.

The study concludes that female entrepreneurs in Nairobi Central Business District (CBD) lead in associating with aggressive posturing relative to the competitors, strives to be a first mover to capture the benefits of pioneering, continually scans the market to predict future trends, generates first-mover advantages and that shape market direction through anticipating change. However female entrepreneurs in Nairobi Central Business District (CBD) are not committed to identifying new opportunities and do not allocate their resources to deal with an emerging opportunity or threat.

The study deduced that female owned enterprises in Nairobi Central Business District (CBD) are always ready to commit resources to ventures with uncertain outcomes, staff in the businesses are encouraged to take calculated risks with new ideas, firms are always ready to invest in high-risk projects. However female entrepreneurs in Nairobi Central Business District (CBD) are not willing to ventures into unknown new markets and are also not ready to sacrifice profitability to gain market share. Most firms lack a strong tendency to adopt new technology without regard risk.

The study concludes that female entrepreneurs in Nairobi Central Business District (CBD) have good communication skills, they have been trained in financial management and they have extensive experience in my current job. However, female entrepreneurs have not been trained in human resource management, planning, record management and marketing.

The study concludes that access to startup capital affects performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi. Other lines of credit also affect performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi, financial management, Loans affordability/interest rate. However, Collaterals/No land tenure has least effects on performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi.

## 5.5 Recommendations

1. The study recommends that the government and other women empowerment bodies should encourage women to join membership in women groups. By being in membership groups' women should be able to access market information, capital for their business and market. Access to these aspects will result to better performance of their enterprise. Through the group's membership. Women should also encourage forming groups that are networking with other people doing the same business or related ones. This will enable them to have a link to markets and even learn from each other.
2. The study recommends that innovation should be upheld on the female enterprises in Nairobi Central Business District (CBD). This can be achieved by introducing new products, services and processes, having strong intentions to stimulating creativity and experimentation, being first to take initiative in every situation to which their competitors do then respond to in their industry and also those changes in their product/services and processes more often. The businesses should often develop creative solutions to difficult problems or actively in introducing improvements and they should also support creativity and experimentation in introducing new products.
3. The study recommends that female entrepreneurs in Nairobi Central Business District (CBD) should be committed to identifying new opportunities. They should also aim at allocating its resources to deal with an emerging opportunity or threat, anticipate and respond to emerging needs of customers. More so the study recommends that female entrepreneurs in Nairobi Central Business District (CBD) should actively seek out in exploiting opportunities to introduce new products/services in anticipation of future demand.
4. The study also recommends training session be organized for women entrepreneurs on formal business management skills such as marketing, human resource management, record management, problem solving skills and planning.
5. The study further recommends that female entrepreneurs in Nairobi Central Business District (CBD) should be ready to sacrifice profitability to gain market share since big market share will increase profitability in long run. Again they should establish a strong tendency to adopt new technology without regard risk.

6. The study again recommends that female entrepreneurs in Nairobi Central Business District (CBD) also attend trade fairs in order to enable them gain much experience in their management of the business. Mentoring programmes should also be put in place to mentor the young entrepreneurs who want to venture in business. Moreover entrepreneurs should be trained on good communication skills since communication is key for good performance of the business.
7. The study recommends that government should provide the women entrepreneurs with start-up capital at a low interest rate. The beginning women entrepreneurs should be encouraged to seek other lines of credit such as credit in cooperative societies to invest in their businesses.

### **5.6 Suggestion for Further studies**

This study was limited in Central Business District in Nairobi County, so other study can be undertaken to consider other parts of Nairobi. Further study can be done to determine challenges faced by women entrepreneurs in venturing in business. More factors influencing the performance of female owned enterprises in Kenya with reference to businesses in the central business district of Nairobi should be identified apart From one used in the study. Also future researchers should consider evaluating the relationship between each factor and the performance of the small enterprise in CBD.

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## **APPENDICES**

### **Appendix I: Letter of Introduction**

Dear Respondent,

RE: Support on Research Project

I am an MA student at University of Nairobi and in my final year of study. As part of the requirement for graduation, I'm undertaking a research project to establish **FACTORS INFLUENCING THE PERFORMANCE OF FEMALE OWNED ENTERPRISES IN KENYA: A CASE OF BUSINESSES IN THE CENTRAL BUSINESS DISTRICT OF NAIROBI**. In this regard, I'm kindly requesting for your support in terms of time, and by responding to the attached questionnaire. Your accuracy and candid response will be critical in ensuring objective research.

It will not be necessary to write your name on this questionnaire and for your comfort, all information received will be treated in strict confidence. In addition, the findings of the study will surely be used for academic research purposes and to enhance knowledge in the business administration field of study. If need be the research report may be presented to your organization for information and record. Thank you for your valuable time on this.

Yours faithfully,

**GITONGA DORIS NKATHA**

**Appendix II: Research Questionnaire**

**Instructions:**

Please read each question carefully and follow the instructions. Kindly answer all the questions by ticking or filling in the spaces provided. All responses given will be treated with a lot of confidentiality.

**Part A: General Information**

**Part A: Biodata**

1) Age

- Below 20years     21-25 years     26- 30yrs   
 30-35 yrs     36- 40 years     40- 50 years   
 Above 50 years

2) No of years worked in the enterprise

- 1-5 years     6- 10 Yrs     11-15 Yrs   
 16-20 Yrs     20 and above

What is the total number of employees in your business: Please tick one

- None   
 1- 5   
 6 – 10   
 Above 10

**Performance of Female Entrepreneurial Ventures**

3) What is the trend of the following in your business for the last five years?

	Greatly Improved	Improved	Constant	Decreasing	Greatly decreased
Profitability					
Sales /volumes					
Market share					
Customer base					
Number of staff					
Assets growth					

### Social Networks

4) What is your level of agreement with the following statement? Use a scale of 1 – 5 where 1= strongly disagree, 2 = disagree, 3= neutral, 4 = agree and 5 = strongly agree

	1	2	3	4	5
My membership in women groups has helped me access market information					
My membership in women groups has helped me access capital for my business					
I am able to network with other people doing the same business or related ones					
I am able to access market through the groups membership					

### Entrepreneurial Orientation

5) What is your level of agreement with the following statement? Use a scale of 1 – 5 where 1= strongly disagree, 2 = disagree, 3= neutral, 4 = agree and 5 = strongly agree

	1	2	3	4	5
<b>Innovation</b>					
we are often first to take initiative in every situation to which our competitors then respond to in our industry					
often our firm is the first to introduce new products and services and processes					
our firm is involved actively in introducing improvements and innovations to our business					
changes in our product/services and processes are often quite dramatic					
our firm often develop creative solutions to difficult problems					
our firm often has strong intentions to stimulating creativity and experimentation					



our firm often support creativity and experimentation in introducing new products					
our firm often encourages incremental improvements in products and services					
<b>Proactiveness</b>					
our firm actively seeks out in exploiting opportunities to introduce new products/services in anticipation of future demand					
our firm leads in associating with aggressive posturing relative to the competitors					
our firm allocates its resources to deal with an emerging opportunity or threat					
our firm is committed to identifying new opportunities					
our firm continually scans the market to predict future trends					
this firm strives to be a first mover to capture the benefits of pioneering					
our firm is able to anticipate and respond to emerging needs of customers					
our firm generates first-mover advantages and that shape market direction through anticipating change					
<b>Risk Taking</b>					
staff in our firm are encouraged to take calculated risks with new ideas					
our firm adopts a bold, aggressive posture in order to maximize the probability of exploiting new opportunities					
this firm is ready to sacrifice profitability to gain market share					
the firm is always willing to ventures into unknown new markets					
our firm is always ready to commit resources to ventures with uncertain outcomes					
our firm has a strong tendency to adopt new technology without regard risk					
our firm is always ready to invest in high-risk projects					

## TRAINING AND DEVELOPMENT

6) What is your level of agreement with the following statement?

	Very great	Great	Moderate	Little	Not at
--	------------	-------	----------	--------	--------

	extent	extent	extent	extent	all
I have been trained in record management					
I have been trained in human resource Management					
I have been trained in Financial management					
I have been trained in Planning					
I have been trained in Marketing					
I possess good Problem solving skills					
I have good communication skills					
I have extensive experience in my current job					
I have gained experience through mentoring					
I have gained experience through coaching					
I have gained experience through exchange programs					
I have gained experience through workshop and seminars					
I have gained experience through trade fairs					

**Access to financial resources**

7) To what extent do the following affect the performance of your business?

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Access to startup capital					
Financial Management					
Loans affordability/interest rate					

Other lines of credit					
Collaterals/No land tenure					

8) What can be done to improve the performance of your business?

.....

.....

.....

**THANK YOU**