

**SOCIO-ECONOMIC FACTORS INFLUENCING THE PERFORMANCE OF  
WOMEN IN SMALL AND MICRO ENTERPRISES IN NYERI TOWN,  
KENYA.**

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## DECLARATION

This is my original work and has not been presented for any academic award in the University of Nairobi or any other university.

Signature.....

Date.....

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**L50/65528/2013**

This project report has been submitted for examination with my approval as the University of Nairobi supervisor.

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## **DEDICATION**

This research project report is dedicated to my parents; my late father Mr. James Mote for always believing in me and my mother Mrs. Beth Mote for not giving up on me.

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## **LIST OF ABBREVIATIONS**

<b>CBS</b>	Central Bureau of Statistics
<b>DMSED</b>	Department of Micro and Small Enterprises Development
<b>GAD</b>	Gender and Development
<b>ILO</b>	International Labor Organization
<b>UK</b>	United Kingdom
<b>NFPP</b>	Non-Financial Promotional Programs
<b>NGO</b>	Non Governmental Organization
<b>SACCOS</b>	Savings and Credit Cooperative Societies
<b>SAGAs</b>	Semi Autonomous Government Agencies
<b>SED</b>	Small Enterprise Development
<b>SMEs</b>	Small and Micro Enterprises
<b>SPSS</b>	Statistical Package for Social Sciences
<b>WID</b>	Women In Development
<b>WLSME</b>	Women Leadership in SMEs

## **ABSTRACT**

This study was undertaken to determine the socioeconomic factors influencing the performance of women in small and micro enterprises in Kenya. The objectives of the study were aligned with the influence of age, education level, gender roles and access to funds, on the performance of women in small and micro enterprises in Kenya. The research questions guiding the study are highlighted in line with the objectives of the study. A statement of the problem to explain the justification of the study carried out has been highlighted which is: despite government efforts in Kenya to promote SMEs, not much progress seems to be achieved. In order to guide the study in achieving the objectives, a conceptual framework was developed and documented. The research study adopted a descriptive research design. The study targeted a total number of 349 registered women SMEs operating in Nyeri town. Using Yamane's sampling formula the research sampled 186 respondents who were contacted and given the questionnaires to fill. The findings were analyzed using SPSS. Based on the research findings, education level and access to funds were found to be the factors affecting the performance of women in SMEs in Nyeri town.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the study**

Small and Micro Enterprises (SMEs) play an important economic role in many countries. Over the past 10 years, economic planners have realized the importance of the small enterprise sector in achieving economic development. Many governments and development organizations have focused on the promotion of SMEs as a way of encouraging broader participation in the private sector. In the enlarged European Union of 25 countries, some 23 million SMEs provide around 75 million jobs and represent 99% of all enterprises. (European Commission 2005) For instance in Britain; SMEs are the backbone of the British economy (Rowe, 2008). According to the Department for Business, Enterprise & Regulatory Reform (BERR)'s Enterprise Directorate Analytical Unit, the UK economy is 99% SMEs, employing 14.23m people, out of a working population of approximately 30 million. In terms of UK turnover and Gross Domestic Product (GDP), UK SMEs account for 1.48trillion sterling (British Pounds). SMEs (with at least 1employee) outperform the large UK Corporations in terms of productivity despite having minimal resources, little support and being largely ignored. Large UK Corporations of 250employees and over account for 52% of employment but less only 50.8% of UK turnover (ibid),thus the UK economy is supported by SME performance, and improving performance will have a substantially positive effect on the entire UK economy. Similarly, Small and medium-sized enterprises (SMEs) are the backbone of Singapore's economy, contributing 47% of the country's GDP and generating 62% of available jobs.(SMU,2008).

The promotion of SMEs and, especially, of those in the informal sector is viewed as a viable approach to sustainable development because it suits the resources in Africa. SMEs are the main source of employment in developed and developing countries alike, comprising over 90% of African business operations and contributing to over 50% of African employment and GDP (Okafor, 2006). However many SMEs remain outside the formal banking sectors yet they play a key role in the economy of many countries. In Kenya, they create employment at low levels of investment per job, lead to increased participation of indigenous people in the economy, use mainly local resources, promote the creation and use of local technologies, and provide skills training at a low-cost to society (ILO, 2014). Estimates are that there were about 900,000 small and microenterprises establishments employing 2 million Kenyans and generating about 14 per cent of the country's GDP (Dolman, 1994). It is also stated that in Kenya this sector accounted

for 20% of the GDP in 1999 and 64% of the urban employment by 2002 (Karekezi and Majoro, 2009).

According to the Economic Survey (2006), the informal sector contributed over 50 percent of new jobs created in the year 2005. In addition to its importance in creating jobs, the small enterprises play a role in the economic sector contributing 33% of the value-added in manufacturing and the retail trade in Kenya (Onyango and Tomecko, 2008). 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, 2013).

However it is generally recognized that SMEs face unique problems, which affect their growth and profitability and, hence, diminish their ability to contribute effectively to sustainable development. These problems include lack of access to credit, inadequate managerial and technical skills, low levels of education, poor market information, inhibitive regulatory environments, and lack of access to technology (Harper 2009; ILO, 2014). Infrastructure as it relates to provision of access roads, adequate power, water, sewerage and telecommunication has been a major constraint in the development of SMEs (Bokea, Dondo and Mutiso, 2013).

## **1.2 Statement of the Problem**

Small and medium enterprises are the major agents of economic growth and employment. In Kenya, over sixty percent of small businesses are estimated to fail each year (Kenya National Bureau of Statistics, 2013). Mead (2013) observes that the health of the economy as a whole has a strong relationship with the health and nature of SMEs. However, despite government efforts in Kenya to promote SMEs activity, not much progress seems to have been achieved, judging by the performance of the informal sector. When the state of the macro economy is less favorable, the opportunities for profitable employment expansion in SMEs are limited.

Unfortunately, there is very little information on how the small business sector is structured. Starting and operating a small business includes a possibility of success as well as failure. Because of their small size and the exposure to risks owing to their location, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. According to the Department of Micro- and Small-Enterprise Development (DMSSED) in the Ministry of Labour and Human Resource Development, in 2002 there were about 2.8 million SMEs employing 5.1 million people (Stevenson and St-Onge, 2005).

The dramatic increase in the contribution of SMEs to employment was largely attributed to retrenchment in both public and private sectors(Baseline Survey 2013). However, even with this growing percentage, not many micro-enterprises grow into small-scale enterprises to significantly contribute to employment creation and economic growth. This study seeks to find out the socioeconomic factors influencing the performance of women SMEs in Nyeri Town so as to better understand why they fail or succeed and how they can be improved. This will promote adoption of necessary measures and a plan of action to empower and improve growth in this sector.

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

The purpose of this study was to investigate socio-economic factors influencing the performance of women in SMEs in Nyeri town Kenya.

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

The study was guided by the following objectives:

- i. To investigate the influence of age of women entrepreneurs on performance of women entrepreneurs in SMEs in Nyeri town.
- ii. To examine the influence of education level on the performance of women entrepreneurs in SMEs in Nyeri town.
- iii. To establish the influence of gender roles on the performance of women entrepreneurs in SMEs in Nyeri town.
- iv. To establish the influence of access to funds on the performance of women entrepreneurs in SMEs in Nyeri town.

### **1.5 Research Questions**

The study sought to answer the following research questions;

- i. What is the influence of age of women entrepreneurs on the performance of women entrepreneurs in SMEs in Nyeri town?
- ii. To what extent does education level affect the performance of women entrepreneurs in SMEs in Nyeri town?
- iii. What is the influence of gender roles on the performance of women entrepreneurs in SMEs in Nyeri town?
- iv. To what extent does access to funds affect the performance of women entrepreneurs in SMEs in Nyeri town?

## **1.6 Significance of the Study**

The results of this study will be used by Semi Autonomous Government Agencies (SAGAs) such as Women Enterprise Fund, Uwezo Fund and Youth Fund through the Ministry of Devolution and Planning in developing policies for the disbursement of the Youth and Women funds to the small businesses. It is also hoped that county government of Nyeri will use the results of this study to develop policies and strategies that will guide the planning for and location of women run SMES within Nyeri town and other urban areas in Kenya. Non Governmental Organizations (NGOs) and other development agencies working on poverty eradication will also find the report useful. The results of this study will be disseminated in workshops and published and stored in libraries thus it will contribute to the stock of knowledge.

## **1.7 Basic Assumptions of the Study**

The study was based on the assumption that the respondents would be accessible during data collection and that they would be willing to answer the questions accurately and objectively.

## **1.8. Limitations of the Study**

The respondents were not willing to disclose information concerning the status of their projects particularly financial status. Also, due to the busy nature of work in their occupation respondents were not available when required, thus delaying the data collection procedure.

## **1.9 Delimitations of the Study**

The study was restricted to women operated SMEs within Nyeri town as it has a variety SMEs. Nyeri town was more accessible and convenient for this study as it brought together various types of businesses within a small area. The study was restricted to use of questionnaires and interviews.

### **1.10 Definitions of significant terms**

<b>Age</b>	Refers to age of women entrepreneurs and the number of years the women entrepreneurs have been in business
<b>Education Level</b>	Highest level of academic qualification attained by women entrepreneurs
<b>Funding</b>	Refers to access to adequate finances and credit facilities for women SMEs such as banks, government and micro finances
<b>Gender Roles</b>	Refers to women's roles that are not economically productive or social roles. They include domestic chores, child bearing, house-keeping among others.
<b>Managerial Skills</b>	These are soft skills required to run a venture successfully.
<b>Small and Micro Enterprises</b>	Women enterprises with less than 20 employees

### **1.11 Organization of study**

This study was organized into five chapters.

Chapter one comprised of the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the study, basic assumptions of the study, limitations of the study, definitions of significant terms and organization of the study

Chapter two comprised of the literature review which is divided under the subtopics: demographic factors and performance of women SMEs, education level and performance of women SMEs, gender roles and performance of women SMEs, access to funds and performance of women SMEs, legislation and governance and performance of women SMEs, women and SMEs, theoretical framework and conceptual framework.

Chapter three comprised of the Research Methodology which was subdivided into: introduction, research design, target population, sampling procedure and sample size, data collection, instrument, and procedure, reliability, validity, pilot study, data analysis and ethical considerations.

Chapter four comprised of data analysis, presentation and interpretation which were subdivided into: introduction, response return rate of questionnaires, demographic information of the respondents and objectives.

Chapter five comprised of summary of findings, discussions, conclusions and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

In this chapter literature is reviewed under the following headings: demographic factors, education level and managerial skills, gender roles, access to funds, women and SMEs, legislation and government policies, critical review, theoretical framework and conceptual framework.

#### **2.2 Demographic factors**

According to Amyx (2005), one of the most significant challenges is the negative perception towards SMEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Lack of planning, improper financing and poor management have been cited as the main causes of failure of small enterprises (Longenecker, et al., 2006). As with many developing countries, there is limited research and scholarly studies about the SMEs sector in Kenya particularly SMEs in Nyeri town. According to an SME Baseline Survey (2013), fifty six per cent of formal businesses are located in the Nairobi region. On the other hand, informal sector enterprises are more widely distributed, with the majority found in the rural areas. Almost two-thirds of all SMEs are located in the rural areas and only one-third are found in urban areas (even when urban areas are defined to include small rural towns). Of these, about 17 per cent are located in Nairobi and Mombasa. Other major towns account for 10.9% of the total SMEs in Kenya. Such towns include Nyeri, Eldoret and Nakuru. Given the importance of SMEs to the Kenyan economy and the exposure to risks owing to their location, there is need to conduct this study to investigate the socioeconomic factors influencing the success or failure of SMEs in Nyeri Town and to understand how SMEs manage the challenges they face

Berryman J (2014) suggested that the personal characteristics of the business owner interacting with managerial defects produce weaknesses in the firm. Theng and Boon did an exploratory study on factors, which affects the failure of local small and medium enterprises and found that the entrepreneurs' personal attributes and shortcomings had a significant impact on the performance of a business enterprise. According to Bonte et al, (2009) Empirical studies based on individual data have found an inverse U-shaped relationship between age and the decision to start a business, using changes in the age distribution of the population of western German regions over time, they found in accordance with micro level analyses, an inverse U-shaped

relationship between the regional age structure and start-up activity in a region. Moreover, their findings suggest that the age-specific likelihood of becoming an entrepreneur changes with the size of the age cohort, pointing to the existence of a relationship between the age of the entrepreneur and the performance of the enterprise. Although Zimmerer and Scarborough (2013) point out that most of entrepreneurs in the United States start business during their 30s and 40s, many researchers found that there is no limit of age for their entrepreneurial aspirations. Age variation at the start of business seems to have no direct relation to business success.

According to Staw (2013), at the start of any business age is not a decisive factor, but with enough training and preparation, the earlier someone starts business the better. Staw (2013) also notes that age is related to business success if it includes both chronological age and entrepreneurial age. This means that the older an entrepreneur is, the more experiences in business he has. Age thus implies extensive experience. A recent baseline survey of small businesses shows that female ownership, informality and sole proprietorship have negative effects on the ability to generate revenue. Such ability, however, increases with the entrepreneur's age, educational achievement and membership in business support groups (Kimuyu, 2008) It is an observed factor that young people are very aggressive, impatient and ready to take risk. Hence this factor may have influence on business practices of entrepreneurs.

The individuals are socialized to behave in ways that meet with the approval of their role set. To take an example, a young person with a business owning parent may well be expected to join the family business and not to do so would create a vacuum in the business. If we accept that entrepreneurs require ideas, opportunities, resources skills and motivation for success, then the social structures and situations to which they are exposed will impact on the choice process. Study findings support consideration of age of an organization as a factor that may affect firm survival and growth and/or organizational decline and death the liability of newness that makes new SMEs face a greater risk of survival than older firms is that new firms do not have the experience, access, links, reputation or the legitimacy of the older firms, leading to limited access to external resources (Amyx, 2005). McPherson (2009) confirms that enterprise size, as well as growth rates, are inversely related to the probability of closure.

A survey conducted by Wolf (2001) in South Africa, Kenya and Tanzania notes that SMEs provide employment to more than 50 per cent of the income-earning population. The study estimates that in Kenya small enterprises generate 12–14 per cent of the gross domestic product. Kenya's economic landscape also reflects the dominance of SMEs as the most dynamic aspect of the private sector (ibid.). One significant characteristic of the sector is that as it has grown, it has also become an important employer of the female labour force in the country. According to the Kenya Rural Enterprise Programme and Central Bureau of Statistics (CBS) Baseline Survey conducted in 2013, the number of men and women owning micro-enterprises in Kenya was almost equal, at 670,727 enterprises owned by men compared to 612,848 owned by women accounting for 47.4 per cent of all those in SMEs. The results showed that women tended to operate enterprises associated with traditional women's roles, such as hairstyling, restaurants, hotels, retail shops and wholesale outlets. The survey also indicated that women tended to operate smaller SMEs than men and made less income than them. As noted earlier, the 2013 Baseline Survey indicated that about half (52.6 per cent) of all employees are men and 47.4 percent are women. This compared to the national employment statistics of 2003 and 2004 which indicated that only 30 per cent of the total workforce was made up of women. The SMEs sector, therefore, holds more promise for women in providing and accessing employment opportunities. While government statistics indicate that, in recent years, the number of women-owned firms with employees has increased, even with this growth women remain under-represented in terms of their proportion of the high-growth firms.

### **2.3 Education Level and Performance of women in SMEs**

Contrary to the common belief, education of girls and women is an important investment, Zororo, (2011). Not only does education have a significant multiplier effect, given the responsibility of women for socializing the next generation, it also enhances the potential of women in contributing to the social, economic and political aspects of national development Bowen, (2009). An educated person cannot be exploited. The life of an educated person is, therefore, more purposeful, active and effectively useful. However, education is not the end in itself. It is only one important means to an end. Lower education levels puts women entrepreneurs in Kenya at a disadvantage compared to men. While gender gap in primary education in Kenya has decreased in recent years, the gap remains high at secondary and tertiary education levels. Lower education does not emphasize entrepreneurship skills. It decreases the chances that women will have to excel in business, and thereby contribute to the

country's overall economic growth. In education, preference is given to boys, thus the educational level of most women entrepreneurs is very low, creating a barrier to them accessing training and other business developments services, Zororo, (2011).

Ninety percent (90%) of business failures are associated with "management inadequacy", which consist of either management inexperience or incompetence (Perry and Pendleton, 2013). Many SMEs owners or managers lack managerial training and experience. Staw (2013) asserts that experience is the best predictor of business success, especially when the new business is related to earlier business experiences. Entrepreneurs with vast experiences in managing business are more capable of finding ways to open new business compared to employees with different career pathways. The importance of experience for small-scale business success is also underscored by other experts. Zimmerer and Scarborough (2013) note that prominent reasons behind business failures are managerial and experiential in capabilities. Meng and Liang, (2012) found that 30% of successful entrepreneurs have no work experiences, compared to just 3% of unsuccessful entrepreneurs.

This means that experience is not critically important for business performance. Lee and Denslow (2005) in their study found that lack of capital and lack of experience is one of the major factors affecting entrepreneurial performance. Simon (1998) found that actual and perceived entrepreneurial skills are acquired overtime and consequently age has an impact on entrepreneurship. For example it has been suggested that many people age thirty or less may not have acquired sufficient organizational experience while those age forty five or more may no longer possess the acquired energy. However, Longenelker (2006) found that there are no hard and fast rules concerning the right age for starting a business.

Education and skills are needed to run micro and small enterprises. Research shows that majority of the lot carrying out micro and small enterprises in Kenya are not quite well equipped in terms of education and skills. Majority of those who run SMEs are the ordinary lot whose educational background is wanting. Hence they may not be well equipped to carry out managerial routines for their enterprises. King and McGrath, (2009) in their study suggest that those with more education and training are more likely to be successful in the SME sector. As such, for small businesses to do well in Kenya, entrepreneurs need to be well informed in terms of skills and management. SMEs in ICT appear to be doing well with the sprouting of many

commercial colleges offering various computer applications. Further, studies show that most of those running SMEs in this sector have at least attained college level education (Wanjohi and Mugure, 2008).

As culture is a learned behavior, formal, non-formal and informal education plays an important role in transferring cultural values from one generation to another. However, Hall B.H. (2013) said that education plays a subsidiary role in promoting entrepreneurship, because entrepreneurs are born. It is often articulated that the supply of entrepreneurs will ultimately be increased more if awareness of the feasibility and desirability of starting a business is established at a young age. Thus education system is assisted to foster support and encourage those interested in knowing what it is like to run a business. In Sri Lanka, Sudatta Ranasinghe, (1996) noted that, most of the successful entrepreneurs have not gone through higher education or formal courses in entrepreneurship. Studies also show that, only a few of the entrepreneurs have had family business connections at the time they started a business. Prior experience and skills gained through informal learning have been useful in making a start.

A study conducted by Meng and Liang (2012) involving entrepreneurs in Singapore disclosed that successful entrepreneurs have higher education levels compared to that of unsuccessful entrepreneurs. Seventy percent of successful entrepreneurs are university graduates, while 23% are not. According to Meng and Liang (2012), Staw (2013), and Holt (2014), after entering the entrepreneurial world, those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business. Similarly, Lussiers and Pfeifer (2001) also summarized that the entrepreneurs with higher education level and experiences have greater chances of succeeding than the people without education and experiences (quoted in Rose et. al., 2006). However, Minniti and Bygrave (2003) have stated that people with more education are not necessarily more entrepreneurial. Thapa (2007) in his study in Nepal has found that the education has positive effect on entrepreneurial success. This study thus sought to establish the relationship between education level and managerial skills of entrepreneurs and the performance of women operated SMEs.

## **2.4 Gender roles and performance of women in SMEs**

The traditional household structure in most parts of Africa was based on male-headed units of extended families, with a clear division of economic responsibilities based mainly on age and sex. However, with increasing social change, there have been changes in the structure of the household as well as in the pattern of dividing the work and sharing the responsibilities within it. There are now new sex roles whilst the old traditional ones also remain to the extent that women have become more overburdened in their productive and reproductive roles. The multiplicity of their role as workers, wives, mothers, housekeepers, kin and individuals in the family means that their extra burdens act as impediments to their social mobility leading to maternal and occupational conflict.

Women business owners have to balance work and family commitments. Universally, family responsibility falls primarily on women, and this can occur even when women are involved in income generating projects. This may lead to time fragmentation, less chance of entrepreneurial success or general career progression (Brush 1997). Women experience 'time poverty' in attempting to deal with both commercial and domestic work, leading to greater stress and difficulty (Still 1997). Chun (1999) found that one of the two greatest problems in starting a business for Canadian women entrepreneurs is the difficulty in balancing business and family responsibilities. Research has indicated that variables such as children showed no statistical relationship with firm performance (Allen and Carter 1996); this does not mean, however, that domestic responsibilities are not constraining women who wish to create and advance their firms.

This contention was intensified by Crampton and Mishra (1999), who found that in addition to the demands of a career and family, women also experience the additional behavioural expectation placed on them by society – the burden of child rearing. Butler (2003) referred to a study by Cole on British women entrepreneurs, which found that many of the respondents considered that there was a 'distinct' conflict between their roles as wives, mothers and businesswomen. The study found that problems arose from the attitudes held by the respondents' families, as well as the business institutions they dealt with. These attitudes led to reduced support and needed extra effort to overcome. Such attitudes tended to undermine the respondents' self-confidence and credibility.

Ylinenpaa and Chechurina (2000) reported that the 'glass ceiling' as a barrier to female aspirations in social production, coupled with a high rate of unemployment, attracts Russian women to the entrepreneurial sector. Starting new, smaller firms serves the double purpose of generating an additional family income and creating an arena for self fulfilment. However, these entrepreneurial ambitions are then combined with the double burden for women of also being the person primarily responsible for domestic responsibilities, including the upbringing of children.

Women entrepreneurs, therefore, faced the problem of combining the hard work involved with their businesses with family responsibilities, which they found very stressful and affected the performance and productivity of their businesses. Ylinenpaa and Chechurina (2000) further observed that this 'double burden' that women bear performing both productive and reproductive roles is also a characteristic of women in western economies. Also, a study by Belcourt et al. (1991) concluded that the role of women as primary caregivers to children and their perceived responsibility for the household, when added to the role of entrepreneur and businesswoman meant 'role overload', a problem that their male counterparts rarely faced.

It is evident that women entrepreneurs, regardless of the society in which they operate, face several constraints that impede the successful start-up and growth of their entrepreneurial activities. Past research has shown that greater domestic responsibilities decrease women's relative success as small business owners. This is due to the difficulty in managing time between business and personal life. Women entrepreneurs generally lack occupational experience compared to their male counterparts, and also find it very hard to acquire funds for the creation and development of their business ventures. It is therefore expected that Ghanaian women entrepreneurs also face a host of problems in the start-up and growth of their business ventures. Identification of these problems will allow all the stakeholders to take the necessary steps to develop and incorporate new strategies in institutions, society and government, and most importantly in the women themselves, in order to overcome these problems to enhance their business success.

According to Crampton and Mishra (1999) a major obstacle for women is the presence of constraints imposed upon them by society, the family, and women themselves. They see women still working in a society that often does not accept them as powerful and influential

business leaders (Crampton and Mishra 1999). Relationships in our society are structured hierarchically, with women subordinate to men, and having less power, opportunity and access to resources. Relations between men and women in the family, the workplace or in the public sphere reflect how society understands appropriate male and female characteristics and behaviour. Grove and Montgomery (2001) find that society's attitude towards appropriate male and female roles is thus an obstacle that identifies women as not task-oriented enough, too dependent on feedback and evaluations of others, and lacking independence.

Another related barrier is the negative attitudes and stereotypes created by society towards the career woman (Crampton and Mishra 1999). The first stereotype is that women assume more of the physical work involved in running a household than men. Secondly, women assume a 'higher level' of household responsibilities. The third, and most discouraging, is that the man's job is considered more important. Although not all women fit this stereotype, Crampton and Mishra (1999: 2) further reported the following stereotypes among the most identifiable barriers to women's advancement, 'women lack career commitment, are not tough enough, don't want to work long or unusual hours, are too emotional, won't relocate, lack quantitative and analytical skills and have trouble making decisions'.

It was found that deep-seated attitudes that have developed over hundreds of years regard women as soft, loving, intuitive, emotional, non-objective, afraid of achievement, poor at quantitative analysis, and unable to make tough decisions. These stereotypes are not applicable to all women and although they may be false, subtly influence women's decisions about careers, roles, behaviours and the futures (Crampton and Mishra 1999). Women sometimes lack the confidence and the skills to overcome these cultural obstacles that are in addition to the problems usually associated with starting a business for any entrepreneur (OECD 2001). Attempts to stereotype women entrepreneurs may continue because of the lines of business that women establish themselves in. They will continue to be perceived as of little importance, and as a consequence, the advisory system as a whole may not take applications from women entrepreneurs as seriously as they do from men leading to lack of growth of women income generating projects.

Social and cultural barriers thus affect women's access to entrepreneurial opportunities. Gender has also been identified in research as playing a major role in creating barriers. The literature provided evidence that females, when compared to males, had frequently encountered greater obstacles to becoming entrepreneurs. Many women entrepreneurs reported some discriminatory attitudes towards them because of their gender. One such barrier identified by Brodsky (1993) is that the presumption of competence which is automatic for males is not so for females. Females must prove themselves and thus they are at a distinct disadvantage in terms of support received for the creation and development of their business.

## **2.5 Access to funds and Performance of Women in SMEs**

According to Almus et,al, (2000), Aid programs targeting women have not been immune from the recent trend in the development community towards using partial private-sector led solutions. Shrinking aid budgets and growing frustration with the effectiveness of traditional aid channeled through governments, have encouraged donors to partner with the private sector. For women's empowerment programs, this has meant increased funding for women-owned businesses.

Support services to women SMEs cover both financial and non-financial interventions provided to enhance the development and sustainability of the sector. According to the Baseline Survey of 2013, there were an estimated 260 organizations (private and public, national and international) with support programmes. In an attempt to understand the scope of these organizations, the 2013 SMEs Survey enquired into the different types of assistance received by SMES operators. The operators cited both formal and informal assistance, and financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the SMEs credit (69.1 per cent) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS). This was in line with other findings that only 4 per cent of accessed credit was obtained from formal financial channels, such as NGOs, micro-finance schemes, commercial banks and Savings and Credit Cooperative Societies (SACCOS). At the same time, there were about 150 organizations with credit programmes for SMEs in Kenya; of these 130 were NGOs. These organizations serve all regions in the country although most of them are located in urban areas.

Becchetti and Trovato (2009), observe that financing women-owned SMEs has the potential to positively influence women's lives in developing countries and contribute to economic growth through the formal economy. This is especially important in post-conflict countries where women tend to be the sole adult survivors when their male counterparts are killed or injured in conflicts. Similarly, women tend to actively participate less in conflicts, making them more trustworthy in their local communities. In the long run, there is also a correlation between female entrepreneurship and increased participation and empowerment of women in the political sphere, and more broadly in the formal economy. However, conflict and post-conflict countries have even larger barriers for women business owners beyond the typical obstacles faced in developing countries. This makes programs to finance effective women-owned SMEs especially important. In order for programs financing women-owned SMEs to be successful, they must be based on systematic evaluation of the actual empowerment impacts on women recipients. There are lessons that can be learnt from the rich history of microfinance for financing women-owned SMEs, particularly because two-thirds of micro-finance recipients are women and in some countries this proportion is even higher. Microfinance has proven in many cases to be a cost-effective way of increasing women's equality, including in household decision making, and economic independence. Certainly, as the focus pivots to provide more financing through innovative methods to women-led SMEs in developing countries, there are certain 'assumption' traps to be avoided which can be identified from evaluations of microfinance programs(Berryman 2014).

According to Dondo and Mutiso, (2013), studies tracking the effects of microfinance loans have found that in some cases there are limited effects on women's equality and economic situation. The main flaw identified is that programs for women are not always designed using systematic evaluation of the actual effects of micro loans, but rather have relied on assumptions about what will empower women. For example, a common form of microfinance gives group loans and relies on peer-pressure to enforce repayment. This method of loan distribution increases loan repayment, but in many cases has actually had negative effects on women recipients. The assumption is that high rates of loan repayment mean that programs are effective, when in reality women sometimes sell property or go into debt to other community members to repay loans. This assumption, in turn, is based on the stereotype that women pay back loans at higher rates than men because they are more responsible with money. Another assumption is that loaning to women increases their power within their communities and

families. This is not always the case; male members may continue to control finances, while women continue to be responsible for repayment of loans.

Gaskill and Van (2012) are of the opinion that the takeaway here is that making assumptions about women or about the effects of programs on female empowerment in the absence of systematic evaluation is dangerous for financing women owned SMEs. There are a number of ongoing initiatives that have the potential to measure empowerment over time by explicitly building in metrics for empowerment. However, measuring empowerment is easier said than done. Recently, USAID and the World Bank, in partnership with several NGOs, launched Women Leadership in SMEs (WLSME) to collect information on women-owned SMEs, with the aim of increasing aid projects to finance women-owned businesses. The two purported benefits—that funding women-owned SMEs is cost-effective and beneficial to the economy—are the “business case” for funding women-owned businesses. The business case is an important component of these programs. Donors need to know about the viability of financing women-owned SMEs.

However, tracking the effects of financing women-owned businesses on women’s empowerment, as well is equally important. Programs should clearly define how they hope to empower women (for example, by increasing women leadership in communities or women’s access to education). Gathering this information will help donors design programs to maximize benefits for women and avoid techniques that could negatively affect women’s equality and well-being. Having realistic expectations about the effects of programs will help donors know what other women’s empowerment programs should be paired with financing women-owned SMEs.

As WLSME type initiatives mature, they certainly will have historical data of their own to examine the empowerment gains. At present though, donors should allocate funds to use existing programs and their results to analyze empowerment gains. Naturally, this will differ in different countries but will provide a context specific benchmark. Another way to empower women is to put entrepreneurial women role models in charge of assessing business plans, feasibility, and designing the appropriate loan structures in terms of interest and repayment schedules. Similarly, taking advantage of certain gender norms while designing loans or financing programs can actually provide short-term empowerment gains for women. External

research has shown that in certain cases where women may be the borrowers but men direct the loans, women still feel more empowered particularly in household decision- making (Ikiara and McCormic, 1991).

According to Kerekezi and Majoro, (2009), private sector and civil society initiatives can also implement and track empowerment metrics. They can enter into public private partnerships for greater exchange of information for mutual benefit. For example, the Goldman Sachs 10,000 Women Initiative that trains women entrepreneurs on the operational side of doing business can provide country specific insights on risks and results from their own experience. In the same way, nonprofits such as Building Markets that focuses on business matching services, local sourcing and market access could share their expertise and experience on how their services provide empowerment. The potential is staggering for programs funding SME development in developing countries to act as catalysts of change, foster innovation, increase jobs, and improve economic conditions. Supporting job-creating SMEs is particularly important for a number of developing countries that have large youth populations and can capitalize on demographic dividends – something that cannot be achieved without the inclusion of women.

## **2.5 Effect of Legislation and government policies on Performance of women in SMEs**

Ever since the ILO (1972) recognized the important role played by SMEs' informal Sector in employment creation, various policies have been put in place to promote establishment and growth of the sector. In Kenya, the major focus for this effort is the establishment of the Small Enterprise Development (SED) which is tasked with the role of creating an enabling environment for small enterprise growth including analysis and adjustments to the regulatory environment that has been a hindrance to prospective small business owners. Formal small enterprise development policy encompasses entrepreneurship development programs under a heading 'Non-Financial Promotional Programs' (NFPP). The other two aspects in SED policy are the provision of responsive small enterprise credit facilities and an examination of gender issues.

Other policy initiatives include the following: Sessional Paper Number 2 of 2005 on Development of Micro and Small enterprise for Wealth and Employment Creation for Poverty Reduction. This is the most recent policy instruments for SMEs and it notes, "SMEs have great potential for creating a variety of jobs, while generating widespread economic

benefits...framework provides a more balanced policy in line with national goals of fostering economic growth, employment creation, income generation, poverty reduction and industrialization as stipulated Poverty Reduction Strategy Paper and the Economic Recovery Strategy for Wealth and Employment Creation, 2003-2007.”The Economic Recovery Strategy for Wealth and Employment Creation of 2003-2007 which led to an employment policy that was to create 500,000 jobs annually. The “policy focus during the recovery period will increasingly be on small business enterprises” (RK, 2003).According to Perera and Amin (2006), problems encountered by enterprises in the informal sector include the issue of legality, lack of infrastructure, substandard structures, and the threat of demolition. Informal enterprises are also considered an environmental hazard and urban planners argue that they can be a danger to the public, especially those that are carried out along roads and sidewalks. However, most of these problems would be eliminated if urban planners allocated land for the enterprises.

The findings in the study by Wanjohi and Mugure (2008) indicate that business environment is among the key factors that affect the growth of SMEs. Unpredictable government policies coupled with ‘grand corruption,’ high taxation rates, all continue to pose great threat, not only to the sustainability of SMEs but also to the Kenyan economy that was gaining momentum after decades of wastage during KANU era. According to Tinker (1997), harassment from local officials is the major obstacle faced by proprietors in the informal sector in Nairobi Kenya. Illegal enterprises are found in various parts of Nairobi, and even though the County Government is known to demolish these enterprises, proprietors often erect new ones in the same location or move to a different part of the city. This obstacle can be overcome if officials adopt an enabling approach which urges governments to organize proprietors, and to encourage them to follow regulations and safety standards as well as to participate in the planning, assistance and advocacy processes.

Most researchers believe that small and microenterprises are a practical solution to empowering women and one of the strategies to strengthen women’s positions Ahmad, et al (2011). Involving women in a project, therefore, should be an important policy for government and development organizations because women as actors, rather than victims, can drastically change their own lives. According to Eshetu and Zeleke (2008) women not only manage economic activities better than men, but also use the economic resources more wisely and to

the benefit of the entire household. Nevertheless, they have a bleak economic presence in the developing world.

Schorling (2006) postulates that in many developing societies, although not in all, women have traditionally been disadvantaged compared to men. Until recently, studies of these societies for the purpose of planning development covered women narrowly in terms of population, health and family planning. Relatively little was known about other concerns such as domestic violence or involvement in economic activities. Gender analysis provides more information, bringing benefits to women and to society as a whole. The Women in Development (WID) approach emerged in the 1970s, calling for treatment of "women's issues" in development projects. Later, the Gender and Development (GAD) approach proposed more emphasis on gender relations rather than seeing women's issues in isolation.

The empowerment of women concerns women gaining power and control over their own lives, Nanyunga, (2010). It involves awareness-raising, building self-confidence, expansion of choices, increased access to and control over resources and actions to transform the structures and institutions which reinforce and perpetuate gender discrimination and inequality. The process of empowerment is as important as the goal. Empowerment comes from within; women empower themselves. Inputs to promote the empowerment of women should facilitate women's articulation of their needs and priorities and a more active role in promoting these interests and needs.

Nanyunga (2010), further explains that empowerment of women cannot be achieved in a vacuum; men must be brought along in the process of change. Empowerment should not be seen as a zero-sum game where gains for women automatically imply losses for men. Increasing women's power in empowerment strategies does not refer to power over, or controlling forms of power, but rather to alternative forms of power: power to; power with and power from within which focus on utilizing individual and collective strengths to work towards common goals without coercion or domination.

Rural women have less access than men to productive resources, services and opportunities, such as land, livestock, financial services and education, Njambi and Kisilu, (2011). Numerous studies underscore the social costs of rural women's lack of education and assets, linking it directly to high rates of under nutrition, infant mortality and - in some countries - HIV/AIDS infection. There are also high economic costs: wasted human capital and low labour

productivity that stifle rural development and progress in agriculture, and ultimately threaten food security - both for women and men. Women, especially those in the low-income strata, traditionally have contributed to productive activities such as agriculture (mostly small-scale), agro-processing crafts and home industries, trade and commerce, but there has been a tendency to underestimate their economic roles and to undercount their participation due to inadequate data, prevailing definitions of economic activity and current sampling and interviewing procedures employed in obtaining national statistics. More attention has been focused, especially in national plans and programs, on their reproductive and child-nurturing roles.

Although the position of African women in traditional societies remains undocumented, there has been a tendency to use culture and tradition to undermine that position. This has had a negative impact in promoting sustainable development. Culture has been used to justify the subordinate position of women in the household, a factor which excludes women from property ownership. Culture has also been used to justify the existing unequal division of labour. Some cultural norms concerning age of marriage and marriage rights have also limited women's participation in formal schooling. And yet, African states claim that African culture is dynamic and change-oriented. When it comes to issues of gender inequity, African culture seems to be protecting the culture of oppression.

Concerning the evolutionary potential of income generating projects for women, it is cautioned that they continue to be designed on the basis that small scale enterprises have the capacity for autonomous growth, Ongori and Migiro, (2011). However, they frequently revert to being welfare-oriented and assume social rather than economic objectives, thus impeding their evolutionary potential. The position in which women find themselves in the informal sector of unpaid or low paid, low status, labour intensive sex stereotyped activities also suggests that women's income generating activities are lowly perceived.

Income generation projects specifically for women can be seen as mechanisms for involving women in an economic process that maintains the existing capitalist system and does not address redistributive issues - from rich to poor or from men to women. Instead, by confining women in the main to "women-only" sex- stereotyped activities they further entrench women in a position of economic and social inferiority, Bowen, (2009). A consequence of a "women's only" project is that it preserves the status quo. It militates against any change either in terms of women's economic position or relieving them of reproductive responsibilities. Thus, special

activities for women should provide real opportunities for women and should be seen as a means to an end and not an end in itself.

Women are most often confined to the home as the site for their productive work which limits their access to contacts for markets, raw materials, role models and social interaction, and compounds the problems they already face by virtue of having to operate in the informal sector. As isolated workers they do not share in the benefits of collaborating with others to achieve particular ends. As home-based workers they have limited contact with the informal "business culture", the main training ground for small scale businesses.

## **2.6 Theoretical Framework**

The theory underpinning the study is the feminist theory.

### **Feminist Theory**

Feminist theory is the extension of feminism into theoretical or philosophical discourse. It aims to understand the nature of gender inequality. It examines women's social roles, experience and interests . The study was grounded on the feminist perspective as it is an appropriate approach in dealing with issues relevant to women. The feminist approach was considered relevant to the study because of its interdisciplinary nature in studying women related issues. Various feminist perspectives were developed to help in addressing the oppression of women in communities. Cornwall (2005: 39) defines feminism as women's engagement in demanding and creating an equitable society. He further states that feminism deals with the power of women that encompasses recognizing and respecting women.

According to Moore (1988) feminism refers to the awareness of women's oppression and exploitation at work, in the home and in society as well as to the conscious political action taken by women to change this situation.

The feminist perspective believes in the empowerment of women and the restoration of the dignity of women as members of society. The main argument of this perspective lies in the equal treatment of all members of the community, which includes equal rights and access to the necessary resources. The feminist theory concerns itself with the rights and interests of women and also the equal distribution to power among women and men in society or any other place. According to the feminist perspective, women, are the same as men, therefore, they have

a right to equal treatment (Hughes, 2002). Feminist theory encourages women to assume autonomy in their roles as daughters, wives and mothers.

This study will endeavor to find out whether women have equal access to funds and whether domestic roles in their homes affects their performance in SMEs. Since this theory advocates for the awareness of women's oppression and exploitation it is relevant to the study.

## **2.7 Summary of Literature Review**

Many developing countries like Kenya lack extensive research and scholarly studies about SMEs and particularly in Nyeri Town. This is despite the fact studies show that SMEs provide employment to more than 50% of the income-earning population. Of great significance is the fact that SMEs have grown to become an important employer of the female labour force in the country.

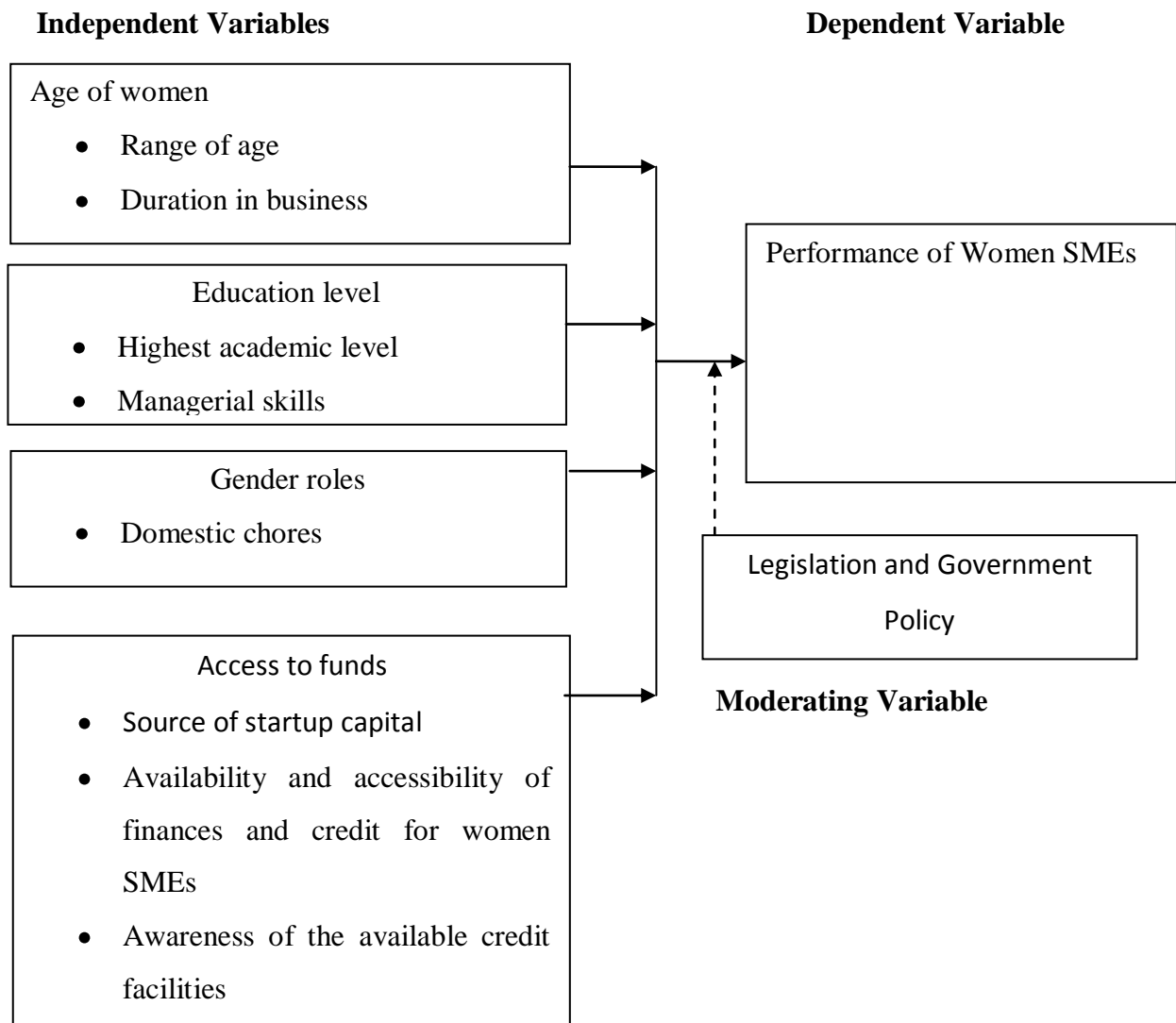
Growth and development of SMEs is however affected by several socio-economic factors including age, education, gender roles and access to funds. Since generally, preference is usually given to educating boys than girls, educational levels of most women entrepreneurs is low and this acts as a barrier to them accessing further training and business development services. As a result of wanting or low educational levels, many women may not be well equipped to carry out managerial routines for their enterprises.

Age as a factor has been shown to have an impact on the performance in SMEs when it includes both chronological and entrepreneurial age. However, most business failures are associated with lack of management skills. Skills that may be developed overtime through experience and education or training.

Kenya, like most Africa societies is patriarchal with male-headed units, but with social changes, women have been seen to take up new roles whilst keeping the traditional roles. As a result women have to balance work and family commitment and responsibilities. This balancing act robs them of time that would have been used in improving their skills and performance in the SMEs. In as much as there are financial institutions and micro-finances offering funds and credit for SMEs, the accessibility of these facilities is also a factor that influences the performance of women in SMEs. Even when accessibility is assured, repayment is a problem experienced by women in SMEs. Programs set up to empower women SMEs should therefore clearly state how they hope to achieve this empowerment.

## 2.8 Conceptual Framework

This study was guided by the following conceptual framework which shows the relationship between the independent variables, dependent variable and the moderating variable.



**Figure 2: Conceptual Framework**

### **2.8.1 The relationships between the variables**

The independent variables are the factors which influence the performance of women in small and microenterprises. These are factors that are inclined towards the business owner such as age, Education level and gender roles. These coupled with access to funds can have impact on the performance of the women SMEs (the dependent variable). The woman business owner or entrepreneur may possess certain inherent knowledge, skills and practices which may influence a business enterprise either negatively or positively. These include knowledge of the markets, management, and the trends in the particular type of business. These factors affect the performance of the enterprise. Government policies on the ground and legislative processes also have an impact on the SMEs and is the study intervening variable. This study sought to determine how all these factors interplay among themselves and how they affect the performance of the women SMEs sector in Nyeri town.

### **2.9 Gap in the Study**

Baseline survey of 2013 indicates that there is an estimated 260 organizations that support SMEs. The micro financial institutions maybe available, but studies do not show if the women are aware of their existence, the services they offer and their terms and conditions in offering these funds and credit. Zororo (2011) postulates that women education levels are low, but he does not indicate how low; primary level or secondary level. Bechetti and Trovato (2009) observe that financing women owned SMEs has the potential to positively influence economic growth. They however fail to show the length of time that these women owned SMEs run for in order for them to actually influence economic growth.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter described the research methods that were used in conducting the study. It was divided into the following sub topics: Research design; target population, sampling design and procedures; research instruments for data collection; the research process; validity and reliability of the research instruments as well as data processing and analysis techniques.

#### 3.2 Research Design

This study adopted the descriptive design. It involved fact finding and enquires of different types. It explained the state of affairs as it exists. This study was concerned with finding out the socioeconomic factors influencing the performance of Women in SMEs in Nyeri Town.

#### 3.3 Target Population

The target population was the women SMEs registered with the Nyeri County Government operating within Nyeri town. The population comprised of 349 Women SMEs proprietors aged between 18-55 years. The population was stratified in accordance with the area of operation, namely, Mukaro location, Kingongo location, Ruringu and Kamakwa location. This is shown in table 3.1.

**Table 3.1 Target Population**

<b>Location</b>	<b>Population</b>
Mukaro	149
King'ong'o	93
Ruringu	87
Kamakwa	20
<b>Total</b>	<b>349</b>

Source: Ministry of Industrialization and Trade, Nyeri Office, 2015

### 3.4 Sampling Procedures and Sample Size

Simple random sampling was used in the research. Random sampling was undertaken in all the locations of the study area. Yamane (1967) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes and is shown below.

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

Where n is the sample size, N is the population size, and e is the level of precision. Thus, the sample sizes will be 186 respondents.

Hence :  $n = \frac{349}{1 + 349 (0.05)^2} = 186$  respondents

**Table 3.2 Sampling Frame**

This table shows the sampling frame that was selected from the target population based on their location.

<b>Location</b>	<b>Population</b>	<b>Sample size with (e) Precision of ±5%</b>
Mukaro	149	80
King'ong'o	93	49
Ruringu	87	46
Kamakwa	20	11
<b>Total</b>	<b>349</b>	<b>186</b>

### 3.5 Data Collection, Instruments and Procedure

The instruments for primary data collection was questionnaires which were administered by the researcher with help from local field interviewers to enable coverage of the expansive area of the population within the Nyeri town. The secondary data was obtained through reading previous research reports, journals and relevant books. The questionnaire was simple structured

for ease of administration since the respondents literacy was not assured. The questions were general and were used to source information from all the three classes of Women in SMEs. A pilot study was conducted in Murang'a town and the necessary modifications put in place before the questionnaires were administered. The questionnaires were administered by the researcher with some assistance from local field interviewers after a proper briefing by the researcher.

### **3.6 Pilot Study**

Before using the questionnaires for generating data for the study, a pilot study was conducted in selected Women SMEs proprietors in Murang'a town. The purpose of pre-testing the research instrument was to verify whether the questionnaire was clear to the respondents, establish whether the questionnaire would effectively address the data needed for the study, assess and identify any problems respondents would encounter in completing the questionnaire that may not have been foreseen when constructing the questionnaire. This was used to test the correctness of the data collection tools.

### **3.7 Reliability**

An instrument is reliable when it can measure a variable accurately and consistently, and obtain the same results under the same conditions over time. A pre-test of the questionnaire was conducted in Murang'a Sub- County which has a similar business environment, to test the reliability of the questionnaire in providing viable information for the study. Split-half method was used to analyze the data collected. Then the results were correlated to ascertain its stability and the tool was amended accordingly.

### **3.8 Validity**

Validity on the other hand refers to the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. It is the degree to which a research tool measures what it purports to be measuring Orodho and Kombo, (2003). To assess validity, a pilot study was carried out in Muranga Sub-County which was not included in the study. This was to help the researcher in identifying items in the research instrument that did not elicit the relevant information. Discussions were held together with the supervisor and peers to help with the assessment and modification of the data collection tool.

### **3.9 Data Analysis**

Data collected was quantitative. Statistical data analysis was used to organize, summarize and present the data in a way that it can be meaningful and communicated. This was done by entering the data obtained into a computer for analysis with the help of Statistical Package for Social Sciences (SPSS). This package has extensive data handling capabilities and numerous statistical analysis procedures. Analyzed data will be presented in form of percentages and frequency. This gave a clear picture of the different responses that was given by the respondents. It was from this that the researcher was able to draw inferences, conclusions and recommendations.

### **3.10 Ethical considerations**

After the research proposal was approved by the university, the researcher sought approval from the relevant regulatory bodies in order to be in tandem with ethical considerations of research. Permission was sought from the University of Nairobi and the respective respondents. Informed consent was obtained from all respondents by filling the consent form before being issued with the questionnaire. Those who were not willing were under no obligation to do so. The researcher also assured the respondents of confidentiality and that the information obtained was strictly used for academic purpose.

**Table 3.3 Operationalisation of variables**

<b>Objective</b>	<b>Independent Variable</b>	<b>Indicator</b>	<b>Measure</b>	<b>Measure of scale</b>	<b>Tools of analysis</b>	<b>Level of analysis</b>
To investigate the influence of age of women entrepreneurs on the performance of women entrepreneurs in SMEs in Nyeri town.	Age of women	<ul style="list-style-type: none"> <li>• Range</li> <li>• Duration in business</li> </ul>	<ul style="list-style-type: none"> <li>• Number of years</li> <li>• Number of years</li> </ul>	Nominal	Frequency Percentage	Descriptive
To examine the influence of education level on the performance of women entrepreneurs in SMEs in Nyeri town.	Education Level	<ul style="list-style-type: none"> <li>• Highest academic level attained</li> <li>• Management skills</li> </ul>	<ul style="list-style-type: none"> <li>• Academic certificates</li> <li>• Number of training attended</li> </ul>	Ordinal Ordinal	Frequency Percentage	Descriptive
To establish the influence of gender roles on the performance of women entrepreneurs in SMEs in Nyeri town.	Gender roles	<ul style="list-style-type: none"> <li>• Domestic chores</li> </ul>	<ul style="list-style-type: none"> <li>• Women domestic responsibility</li> </ul>	Nominal	Frequency Percentage	Descriptive
To establish the influence of access to funds on the performance of women entrepreneurs in SMEs in Nyeri town.	Access to funds for women SMEs	<ul style="list-style-type: none"> <li>• Source of startup capital</li> <li>• Availability and accessibility of finances and credit for women SMEs</li> <li>• Awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Source of funds</li> <li>• Qualification for a loan</li> <li>• Knowledge of available funds and credit facilities</li> </ul>	Nominal Ordinal Ordinal	Frequency Percentage	Descriptive

**CHAPTER FOUR**  
**DATA ANALYSIS, PRESENTATION, DISCUSSION OF FINDINGS AND**  
**INTERPRETATION**

**4.1 Introduction**

The purpose of the study was to investigate the socio-economic factors influencing the performance of women in small and micro enterprises in Nyeri town, Kenya. Factors like age and performance of the business, Education, Gender roles and Access to finance were investigated to reveal what influence they had on performance of women in small and micro enterprises in Nyeri town. A total of one hundred and eight six (186) respondents were sampled from a total of three hundred and forty nine (349), which was the target population.

The data was then analyzed and findings interpreted in percentages and frequencies and then presented using tables which then presented the interpretation of the objectives.

**4.2 Response Return Rate of Questionnaires**

During the data collection the questionnaires were administered to all the 186 respondents within Nyeri town. The respondents filled the questionnaires representing a response rate of 100% of the target population which was sampled population. The respondents were explained the significance of the study so as to maximize the response rate. The questionnaires were filled and collected immediately to ensure maximum return rate.

**4.3 Demographic information of the respondents**

This included information on the marital status of the respondents, which was analyzed. Table

**Table 4.1: Marital Status of respondents**

This table shows the marital status of the respondents that were sampled from the target population.

	<b>Frequency</b>	<b>Percent</b>
Single	40	21.5
Married	116	62.4
Divorced	6	3.2
Separated	12	6.5
Widowed	12	6.5
<b>Total</b>	<b>186</b>	<b>100.0</b>

**Table 4.1** indicates that 21.5% of the total respondents were single, 62.4% were married, 3.2% of the respondents were divorced while 6.5% were separated and widowed respectively. This is a clear indication that majority of the SMEs owners in Nyeri Town were married and this could be one of the factor influencing the performance of women SMEs in Nyeri.

#### **4.4 Objective 1: Age and Performance of women in SMEs**

The influence of age of women entrepreneurs on performance of SMEs in Nyeri town was the first objective of the study. It was measured in terms of the age of respondents and the duration of the respondents in the business.

##### **Table 4.2 Range of Age of the respondents**

This table shows the range of age of the respondents who were sampled.

<b>Age Range</b>	<b>Frequency</b>	<b>Percent</b>
18-25	43	23.1
25-30	31	16.7
30-35	39	21.0
35-40	32	17.2
>40	41	22.0
<b>Total</b>	<b>186</b>	<b>100.0</b>

In respect to **Table 4.2**, 23% of the respondents were aged between 18-25, followed by 22% of the respondents aged 40 years and above, the least with 16.7% were respondents aged between 25-30.

This indicated that all age group were distributed fairly.

##### **Table 4.3 Duration of Respondent's in business**

This table shows the duration of respondents in business

<b>Years in Business</b>	<b>Frequency</b>	<b>Percent</b>
<3	38	20.4
3-5	56	30.1
5-10	44	23.7
10-15	22	11.8
>15	26	14.0
<b>Total</b>	<b>186</b>	<b>100.0</b>

**Table 4.3** indicates out of 186 respondent 38 were in business for a period of less than 3 years representing 20.4 % of the respondents, 56 were in business for between 3 to 5 years

representing 30.1 % of the respondents.44 out of 186 respondents were in business for a period of 5 to 10 years representing 23.7 % of those interviewed.22 out of 186 reported to have been in business for a period of 10 to 15 years representing 11.8 % of the respondents. While 26 out of 186 were in business for a period of more than 15 years representing 14% of interviewees.

It is therefore evident that majority of the women in SMEs in Nyeri town were in business for a period between 3 to 5 years. This confirms previous study (Kimuyu 2008) who observed that young people are very aggressive, impatient and ready to take risks. This could be the reason why many women have not been in business for long.

**Table 4.4 Effect of Respondents Age on Performance of women in SMEs**

	<b>Frequency</b>	<b>Percent</b>
Disagree	96	51.6
Agree	90	48.4
<b>Total</b>	<b>186</b>	<b>100.0</b>

**Table 4.4** established that a slight majority of the respondents representing 51.6 % disagreed their age has an effect on business performance. While 48.4 % were of the view their age has an effect on business performance.

The findings revealed that age is not a major factor which influences the performance of women in SMEs in Nyeri Town following a total of 30.1 % of the respondents having been in business for between 3 to 5 years and the highest number of respondents representing 23% being between 18-25years of age. As revealed earlier in the previous studies by Staw (2013), at the start of any business age is not a decisive factor, but with enough training and preparation, the earlier someone starts business the better. Staw (2013) also noted that age is related to business success if it includes both chronological age and entrepreneurial age.

#### **4.5 Objective 2: Education Level and Performance of women in SMEs**

The influence of Education level of women entrepreneurs on performance of SMEs in Nyeri town was the second objective of the study. It was measured in terms of highest level of education, influence of education on performance and management skills.

**Table 4.5 Highest Level of Education**

This table shows the levels of education attained by the respondents who were sampled.

	<b>Frequency</b>	<b>Percent</b>
Never Attended	5	2.7
Primary	31	16.7
Secondary	100	53.8
Tertiary	32	17.2
Undergraduate	6	3.2
Postgraduate	12	6.5
<b>Total</b>	<b>186</b>	<b>100.0</b>

**Table 4.5** clearly revealed that most of the respondents pursued up to Secondary level constituting of 53.8%. There were 6.5% respondents with post graduate and 3.2% undergraduate. 17.2% had completed tertiary level with 16.7% having primary as the highest education level attained. It is only 2.7% of the respondents who never attended school. This confirms previous study by Zororo(2011) that women's education levels are wanting. This is because only 17.2% have tertiary education.

**Table 4.6 Influence of Education level on Performance of women in SMEs**

This table shows the influence of the respondents Education level on their performance in SMEs

	<b>Frequency</b>	<b>Percent</b>
Yes	122	65.6
No	64	34.4
<b>Total</b>	<b>186</b>	<b>100.0</b>

According to Table 4.6 the study revealed that majority of the respondent's representing 65.6% believed level of education has influence on performance of SMEs in Nyeri Town. 34.4% of the respondent disagreed that level of education has influence on SMEs performance.

**Table 4.7 Influence of Management Skills on Performance of women in SMEs**

This table shows the influence of the respondents Management skills on their performance in SMEs

	<b>Frequency</b>	<b>Percent</b>
Yes	168	90.3
No	18	9.7
<b>Total</b>	<b>186</b>	<b>100.0</b>

In Table 4.7 An overwhelming majority of the respondents constituting to 90.3% perceived that management skills influence their performance in SMEs in Nyeri town. It is only 9.7% of the respondent who were opposed to the notion that management skills influence their performance in SMEs in Nyeri town.

The finding revealed that level of education is a major factor that influences the performance of women in SMEs in Nyeri Town. This is following the findings of the study that concluded the highest level of education was Secondary level constituting of 53.8%. It was also concluded by 65.6% of the respondents who believed that their level of education had influence on their performance in SMEs in Nyeri Town. It was also revealed by the study that management skills had influence in the performance of women in SMEs, by 90.3% who perceived that management skills influence their performance in SMEs in Nyeri town. The evidence is consistent with earlier finding by Perry and Pendleton, (2013) Ninety percent (90%) of business failures are associated with “management inadequacy”, which consist of either management inexperience or incompetence. The earlier finding by King and McGrath, (2009) in their study suggest that those with more education and training are more likely to be successful in the SME sector

#### **4.6 Objective 3: Gender roles and Performance of women in SMEs.**

The influence of gender roles of women entrepreneurs on performance of SMEs in Nyeri town was the third objective of the study. It was measured in terms of the size of the family of the respondents and their domestic chores.

**Table 4.8 Size of Family**

This table shows the distribution of family size among the respondents who were sampled.

<b>Family size</b>	<b>Frequency</b>	<b>Percent</b>
<3	56	30.1
3-5	89	47.8
5-10	35	18.8
>10	6	3.2
<b>Total</b>	<b>186</b>	<b>100.0</b>

Results in Table 4.8 revealed that out of 186 respondents interviewed almost half of the respondents representing 47.8% had a family size of 3 to 5 persons. This was followed by 30.1% which had a family size of less than 3 persons. 18.8% of the respondents had a family of 5 to 10 persons with only 3.2% of respondents having a family of 10 persons and above.

**Table 4.9 Influence of domestic chores on Performance of women in SMEs**

This table shows the influence of domestic chores on the respondents' performance in SMEs

	<b>Frequency</b>	<b>Percent</b>
Yes	86	45.2
No	100	54.8
<b>Total</b>	<b>186</b>	<b>100.0</b>

From Table 4.9 the results indicated that 54.4% of the respondent disagreed that home chores have any influence on business performance. The other 45.2 % perceived that household calls do influence SMEs performance in Nyeri town.

The finding of the study investigated the influence of gender roles on the performance of women entrepreneurs. It was concluded that gender roles do not highly influence their performance. The domestic chores had no any influence on performance of women in SMEs, the study indicated that 54.4% of the respondents disagreed that domestic chores have any influence on their performance. Research has indicated that variables such as having children showed no statistical relationship with firm performance Allen and Carter (1996); this does not mean, however, that domestic responsibilities are not constraining women who wish to create and advance their firms.

#### 4.7 Objective 4: Access to funds and Performance of women in SMEs.

The influence of access to funds on performance of women in SMEs in Nyeri town was the fourth objective of the study. It was measured in terms source of startup capital, financial conditions and accessibility to funds.

**Table 4.10 Awareness of the available funds and credit facilities**

This table shows the respondents awareness of the availability of funds and credit for women in SMEs.

	<b>Frequency</b>	<b>Percent</b>
No	68	36.6
Yes	118	63.4
<b>Total</b>	<b>186</b>	<b>100.0</b>

Table 4.10 revealed that 63.4% of the respondents are aware of the available funds and credit facilities While 36.6 % of the respondents were not aware of the funds and credit facilities available to them. This is a clear indication that women are aware that there are funds and credit facilities available to them.

**Table 4.11 Source of Startup Capital**

This table shows the respondents source of startup capital for their SMEs

	<b>Frequency</b>	<b>Percent</b>
Own savings at home	105	56.5
Gift from family	27	14.5
Chamas (Merry go round)	20	10.8
Sacco	15	8.1
Bank	16	8.6
Retirement benefits	2	1.1
Government funding	1	0.5
<b>Total</b>	<b>186</b>	<b>100.0</b>

From the results in Table 4.11 above it is evident that most of the respondent's startup capital was from their own savings representing 56.5% others constituted Gift from family 14.5%,

Chama's, 10.8%, Sacco 8.6% Banks ,8.1% , Retirement benefits 1.1% and Government funding 0.5% .

**Table 4.12 Influence of financial conditions imposed by finance Institutions and Performance of women in SMEs**

This table shows the influence of the financial conditions imposed by financial institutions on the performance of women in SMEs

	<b>Frequency</b>	<b>Percent</b>
Yes	125	67.4
No	61	32.8
<b>Total</b>	<b>186</b>	<b>100.0</b>

The study showed in Table 4.12 that 67.4% of the total respondents indicated that finance conditions imposed by financial institution had influence on performance of SMEs in Nyeri town. However 32.8% of the respondent refuted that finance conditions imposed by finance institutions has no influence on SMEs performance.

**Table 4.13 Accessibility of funds and credit by women in SMEs**

This table shows the hindrances faced by the respondents in accessing credit.

	<b>Frequency</b>	<b>Percent</b>
Lack of securities/collaterals	68	36.6
Group lending policy	18	9.7
Fear of inability to repay	72	38.7
Lack of Awareness	26	14.0
Any other (specify)	2	1.1
<b>Total</b>	<b>186</b>	<b>100.0</b>

The study in Table 4.13 revealed that 38.7% of the respondents had fear of incapability to repay the credit as being the biggest hindrance towards accessibility of credit. 36.6 % indicated that lack of collateral /security, 14% as lack of awareness as to different sources of funding and 9.7% as group lending policy was their biggest hindrance towards accessibility of credit for SMEs.

**Table 4.14 Effect of Accessibility of funds and credit on performance of women in SMEs**

This table shows the effect of accessibility of funds and credit on the performance of the respondents.

	<b>Frequency</b>	<b>Percent (%)</b>
Yes	141	75.8
No	45	24.2
<b>Total</b>	<b>186</b>	<b>100.0</b>

The study in Table 4.14 revealed that a clear majority of 75.8 % of the respondent held that accessibility of funds affect performance of women in SMEs in Nyeri town. While 24.2% were of the view that accessibility to finance does not influence women SMEs performance in Nyeri town.

It was also revealed that access to finance is a factor that influenced the performance of women in SMEs in Nyeri town, this was following the conclusion that most of the respondents' startup capital was from their own savings which represented 56.5% of the respondents interviewed. The majority of the respondents with 75.8 % concluded that accessibility of finance affect performance of women in SMEs in Nyeri town. The study confirms the earlier findings of Becchetti and Trovato (2009), who observe that financing women-owned SMEs has the potential to positively influence women's lives in developing countries and contribute to economic growth through the formal economy. It was revealed that women are aware of the available funds and credit available to them, this was following the conclusion by 63.4% who said that they were aware of the available credit and funds.

## **CHAPTER FIVE**

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

#### **5.1 Introduction**

This chapter gives summary of the research project findings. It shows the conclusions as per the research questions which included the indicators of the study and also the researcher's recommendations. The chapter also indicates the areas for further research and the recommendations.

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

The report of this research was based on the topic that investigated the socio-economic factors influencing the performance of women in small and micro enterprises in Nyeri town, Kenya. The findings of this research were summarized in respect to each research objective and relevant indicators.

##### **5.2.1 Influence of age of women entrepreneurs on their performance of in SMEs**

This study concluded that age might not be a factor influencing the performance of women entrepreneurs in SMEs. This was concluded after the revelation of the indicators. The first indicator was the range of the age of the respondent; the majority of respondents representing 23% had age between 18-25 Years. This also indicates that they have not been in business long enough for their age to influence their performance. The second indicator was investigating how the duration of respondent in the business influence the performance, and Out of 186 respondents, 30.1 % had been in business for between 3 to 5 years. Therefore business women in Nyeri town had not been in business long enough to ascertain whether their duration influence their performance.

##### **5.2.2 Influence of education level on the performance of women entrepreneurs in SMEs in Nyeri town**

The study also concluded the Influence of education level on the performance of women entrepreneurs in SMEs in Nyeri town is a factor that influenced the performance. This was through the investigation and conclusion of the indicators. The first indicator investigated whether the highest level of education had an influence in performance of women in SMEs, it was clearly revealed that most of the respondents pursued up to Secondary level constituting

of 53.8%. It was concluded by 65.6% who believed that their level of education had influence on their performance of SMEs in Nyeri Town. The second indicator was revealing whether management skills had influence in performance of women in SMEs. This was concluded by the findings as true by an overwhelming majority of 90.3% who perceived that management skills influenced their performance in SMEs .

### **5.2.3 Influence of gender roles on the performance of women entrepreneurs in SMEs in Nyeri town.**

This study investigated the influence of gender roles on the performance of women entrepreneurs in SMEs. It was concluded by the indicators that gender roles do not highly influence their performance. The indicator was revealing whether their domestic chores had any influence on their performance in SMEs, the study indicated that 54.4% of the respondents disagreed that domestic chores had any influence on their performance. This meant that their performance was not influenced by the responsibilities at home.

### **5.2.4 Influence of access to funds on the performance of women entrepreneurs in SMEs in Nyeri town.**

The influence of access to funds was measured in terms of awareness of credit facilities available, source of start-up capital, conditions imposed by financial institutions and the hindrance towards accessibility of funds. It was concluded that accessibility to funds is one of the factors influencing the performance of women SMEs in Nyeri town. It was concluded that a majority of women are aware of credit facilities available to them. This was shown by 63.4% of respondents who were aware of credit facilities available. It was concluded that most of the respondent's startup capital was from their own savings. This is representing 56.5% of the respondent interviewed. The study also revealed that 67.2% of the total respondents indicated that finance conditions imposed by financial institution have influence on performance of SMEs in Nyeri town. It was also concluded that 38.7% of the respondents had fear of incapability to repay the credit as being the biggest hindrance towards accessibility of finance. The majority of the respondents with 75.8 % concluded that accessibility of finance affect performance of women in SMEs in Nyeri town.

### **5.3 Conclusions**

This section provides the conclusion of the study in relation with the objectives.

The study concludes that performance of women in SMEs was highly influenced by access to funds and education level; however age and gender roles were not among the factors influencing. Age was not one of the major factors that influenced the performance because the study revealed that the majority entrepreneurs had worked for short duration and were of minimum age.

The study concludes that level of education highly influenced the performance of SMEs in Nyeri town. This was through the investigation and conclusion of the indicators which concluded that highest level of education had an influence in performance of women in SMEs. It was clearly revealed that most of the respondents pursued education up to Secondary level. It was concluded by the majority who believed that the level of education had influence on performance of SMEs in Nyeri Town.

The study shows that the respondents' gender roles do not highly influence their performance. This was clearly revealed by the fact that the domestic chores had no influence on business performance. The majority felt that their gender as a woman did not also influence in any way the performance of SMEs in Nyeri town

It was also revealed and concluded that access to finance is a factor that influenced the performance of women SMEs in Nyeri town, this was following the conclusion that most of the respondent's startup capital was from their own savings which represented the majority of the respondents who also concluded that accessibility of funds affect performance of women in SMEs in Nyeri town.

### **5.4 Recommendations**

Given the findings, the study recommends the following that women in SMEs should consider education and improvement in their management skills as an important ingredient toward their success and performance of their business.

The Government and Policy makers should also consider regulating the interest rates of loan and other credit facilities, making sure that they accessible and affordable to all women in SMEs.

#### **5.4.1 Suggestions for further Research**

- i. This study was limited to investigating the socio-economic factors influencing the performance of women in SMEs, the role of government in SMEs should also be investigated.
- ii. The study was confined to Age, education level, gender roles and access to funds, the non-financial interventions like infrastructures should also be investigated.

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## **APPENDICES**

### **APPENDIX I: LETTER OF INTRODUCTION**

**MOTE NYAMBURA IRENE**

**Dear respondent,**

**Re: Academic Research**

My name is MOTE N. IRENE a student of university of Nairobi, pursuing a degree of Master of Arts, in project planning and management. I am conducting an academic research to investigate the socio-economic factors influencing the performance of women in small and micro enterprises in Nyeri town, Kenya

I kindly request you to provide me with information relating to age, Education, Gender roles and access to finance.

The information you give will be confidential and will only be used for the purpose of my academic research.

Thank you in advance

**Yours faithfully**

**L50/65528/2013**

**MOTE NYAMBURA IRENE**

**Student**

## **APPENDIX II: LETTER OF CONSENT**

Dear Respondent,

I invite you to participate in a research study entitled Socio-economic factors influencing the performance of women in small and micro enterprises in Nyeri Town. I am currently enrolled in the Master of Arts in Project Planning and Management at the University of Nairobi, and am in the process of writing my Masters Project. The purpose of the research is to determine: The socio-economic factors that influence the performance of women in SMEs.

The attached questionnaire has been designed to collect this information.

Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don't wish to answer. There are no known risks to participation beyond those encountered in everyday life. Your responses will remain confidential and anonymous. Data from this research will be kept under lock and key and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire.

If you agree to participate in this project, please answer the questions on the questionnaire as best you can. It should take approximately 5minutes to complete.

If you have any questions about this project, feel free to contact the researcher Irene Nyambura Mote at 0722232094. Thank you for your assistance in this important endeavor.

Sincerely yours,

MOTE NYAMBURA IRENE  
L50/65528/2013  
Student

## APPENDIX III: QUESTIONNAIRE TO THE RESPONDENTS

Please fill in the following questionnaire by answering all the questions given as instructed. All information will be treated in high confidence and shall only be used for the purposes of academic research. Please do not indicate your name anywhere in the questionnaire.

### SECTION A

#### DEMOGRAPHIC INFORMATION.

(Tick Appropriately)

1. What is your marital status?

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

#### 2. SECTION B: AGE AND PERFORMANCE OF BUSINESS

i) What is your age?

- <18
- 18 - 25
- 25 - 30
- 30 - 35
- 35 - 40
- >40

ii) For how long have been in this business

- <3 Years
- 3-5 Years
- 5-10 Year
- 10-15 Years
- >15 Years

iii) Do you agree or disagree the number of year you have been in business has any influence on your business performance?

- Agree
- Disagree

iv) In your own opinion to which range is most of your customers age?

- a) 18-25
- b) 25-30
- c) 30-35
- d) 35-40
- e) >40

v) Does the age of the customer have any influence on your business performance?

- a) Yes
- b) No

vi) Do you agree or disagree your age has impact on your business performance?

- a) Agree
- b) Disagree

### **SECTION C: EDUCATION.**

i) What is your highest level of education?

- a) Never attended
- b) Primary
- c) Secondary level
- d) Tertiary
- e) Undergraduate
- f) Postgraduate

ii) In your opinion, does education level have influence in business performance?

- a) Yes
- b) No

iii) Do you have any professional skill related on business?

- a) Yes
- b) No

iv) Have you ever attended a seminar or training on business performance?

- a) Yes
- b) No

v) To your own opinion do you agree or disagree that management skills influence performance of women in SMEs?

- a) Agree
- b) Disagree

## SECTION D: GENDER ROLES

i) What is the size of your family?

- a) <3
- b) 3-5
- c) 5-10
- d) >10

ii) What is the age of your youngest child?

- a) >2 years
- b) 2-5 Years
- c) 5-10 Year
- d) 10-15 Year
- e) >15

iii) Is your youngest child currently in school?

- a) Yes
- b) No

iv) Do you have house assistance?

- a) Yes
- b) No

v) In your own opinion do your home chores have any influence on your business performance?

- a) Yes
- b) No

## SECTION G: ACCESS TO FINANCE.

i) What was your source of startup capital?

- A) Own savings at home
- B) Gift from family
- C) Shylocks
- D) Chamas (merry go round)
- E) Saccos
- F) Banks
- G) Retirement benefit
- H) Government funding

ii) Do you have a bank account?

- a) Yes
- b) No

iii) If No in question above what is your mode of savings?

- A) Mpesa
- B) Chamas (merry go round)
- C) Sacco
- D) Bank

iv) Have you ever accessed credit for financing your business?

- a) Yes
- b) No

v) If yes in question above how much money have you borrowed to date?

- A) <5000
- B) 5000-10000
- C) 10000-20000
- D) 20000-50000
- E) >50000

vi) Where do you access your loan?

- A) Mpesa
- B) Chamas (merry go round)
- C) Sacco
- D) Bank
- E) Family/relative/friend
- F) Government grant

vii) Are you aware of the funds and credit facilities available to women in SMEs?

- a) Yes
- b) No

viii) Does the finance conditions imposed by finance institutions have influence in your business performances?

- a) Yes
- b) No

xi) In your own opinion what is the biggest hindrance towards accessibility of credit/finance?

- a) Lack of securities/collaterals
- b) Group lending policy
- c) Fear of incapability to repay amount advanced
- d) Lack of awareness as to different sources of funding
- e) Any other(specify)

x) In your own opinion does accessibility to finance affect business performance?

- a) Yes
- b) No

xi) Are you a member of association that deals with women entrepreneur?

- a) Yes
- b) No

xii) Do these associations help you as a woman entrepreneur?

- a) Yes
- b) No

5. What is your recommendation on the way forward in order to improve SMEs performance?

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*Thank you: your contribution has been greatly appreciated.*