



**INFLUENCE OF PRIOR WORK EXPERIENCE AND WORK SKILLS ON ENTREPRENEURIAL MOTIVATION OF WOMEN ENTREPRENEURS IN KENYA: A SURVEY OF SELECTED MICROFINANCE INSTITUTIONS IN NAIROBI**

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**Chirchir, J. C.,<sup>1\*</sup> Kirimi, D.,<sup>2</sup> & Orero, R.<sup>3</sup>**

<sup>1\*</sup> MBA Candidate, Kenya Methodist University [KEMU], Kenya

<sup>2</sup> Lecturer, Kenya Methodist University [KEMU], Kenya

<sup>3</sup> Ph.D, Lecturer, Kenya Methodist University [KEMU], Kenya

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**ABSTRACT**

*Entrepreneurship is a crucial activity for economic growth and employment generation globally. (IMF, 2018). While, the majority of business owners in Kenya are women, entrepreneurship is still regarded as mainly work, and women, especially in the informal sector, have been made invisible. One of the government challenges is ensuring adequate support to informal women entrepreneurs to ensure the sustainability of their enterprises and improved contribution to the economy. This study sought to identify the factors influencing the motivation of women entrepreneurs in Kenya by investigating the psychological and social motives that lead women to begin and run enterprises. Specifically, this study investigated whether women were motivated into entrepreneurship as a result of the acquisition of work experience and work skills. The population of interest in this study included women with businesses and were clientele of microfinance institutions (MFIs) in Nairobi. The study focused on three major MFIs, that is, KWFT, SMEP and SISDO, purposively sampled based on their possession of attributes of interest to the study. The population sample was selected by means of the stratified random sampling method using the client membership lists derived from each of the MFIs' group clientele and primary data collected using questionnaires. Descriptive and statistical analysis techniques were used derived from the SPSS software. The analysis and findings showed that the levels of work experience and skills held by the women can be said to influence the decision to start a business but only to a moderate extent. With the Kenya government's 100 percent transition policy to give children access to 12 years of learning, there is need for an identification and inclusion of relevant entrepreneurial lessons and vocational skills in the Kenyan education curriculum to help strengthen the capacity of the youth, some of whom were women, to start, grow and sustain their enterprises.*

**Key Words:** *Entrepreneurship, Women in Business, Work Experience*

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## INTRODUCTION

The informal sector's contribution to the economy, especially by women, is generally considered insignificant, and many have failed to understand how women in informal enterprises contribute towards economic growth and development (World Bank 2016). By rethinking our approach to women's informal entrepreneurship and their motivation to the same, we can mitigate the risk of closure and discontinuation of women's businesses. From a review of various literature, there is limited understanding of how women running their own enterprises, particularly informal ones, applied skills and knowledge obtained elsewhere to create and grow their own business.

Gary Becker's Human Capital Theory (1964) suggests that people have varying skills, knowledge and capabilities that can be monetised. The theory considers that entrepreneurial motives are derived from the experiences an individual has gained through work in addition to skills and knowledge obtained from formal education. The theory assumes that an individual's experience can be transformed into skills and knowhow to run a business sustainably because an individual possesses an existing knowledge of opportunities in specific markets, the understanding of ways in which to exploit the opportunities/serve the markets and knowledge of the needs of customers in these markets (Hackler, Harpel and Mayer 2008). A study conducted by Olabisi S. Yusuff & Olagbemi Akinola Andrew (2015) in Nigeria among women entrepreneurs in Ogun State sought to identify if skills and knowledge from educations, prior trainings or previous entrepreneurial experiences influenced their entrepreneurial development. The study however found that the women's skills and knowledge had little influence on their entrepreneurial development. According to the study, women need adequate human capital to facilitate not just the formation of a business but the expansion and growth of the same.

The purpose of this study is to therefore to determine if women entrepreneurs in Kenya are

motivated to be entrepreneurs by knowledge or work skills obtained from previous experiences. The four indicators that were used to measure the influence of work experience/skills on entrepreneurial motivation of women entrepreneurs include; maximisation of skills from employment, the application of knowledge from education/employment, addition of value in product/service sold and the expansion of business networks.

## Research Objective

The objective of this study was to determine if women in Kenya are motivated to be entrepreneurs by their previous work and experience and skills held.

## METHODOLOGY

This was a descriptive study that sought to identify the entrepreneurial motive of women entrepreneurs in Kenya. The target population was women entrepreneurs from three microfinance institutions in Kenya, affiliated to the association of microfinance institutions in Kenya (AMFI, 2017), purposively sampled based on their possession of a wide client base of entrepreneurs, most of whom were women. The research population was the entire population of women entrepreneurs within Nairobi County that were members of three microfinance institutions. The research location, Nairobi County, was purposive sampled as Nairobi holds a number of mature women clientele who run their enterprises in Nairobi. The sample size comprised of 67 women entrepreneurs, which constituted 1.23% of the study population and at a confidence level of 90% and margin of error of 10%, the sample size was statistically significant. Primary data was collected through a structured questionnaire presented to the selected and targeted respondents to complete. The questionnaire used a 5 point Likert scale. Cronbach's Alpha coefficient was used to test the reliability of the instruments whereas validity of the tools was tested using the face validity method. The data obtained from the research tool employed was analysed, summarized, and interpreted using

descriptive statistical methods including total score and simple percentage. Further, the researcher conducted statistical analysis by use of SPSS, a reliable statistical software and research analysis tool

## RESULTS

The results of the study indicated that a majority (791.1%) of the respondents had not been employed before. The ILO study (2008) found that 80.7% of women in enterprise had not been employed in the formal sector before as business was a form of employment. The results further showed that 52.6% of women sampled have a high school and graduate level education. Women in Kenya, including the educated, venture into entrepreneurship from an unemployed background.

In the analysis of the Linkert scale data, the scores of 'strongly disagree and disagree represented a variable that was disagreeable (equivalent to mean score of 0 to 2.4 on the continuous Likert scale ;( $0 \leq S.E < 2.4$ ). The score of 'neither agree or disagree' was taken to represent a neutral variable (equivalent to a mean score of 2.5 to 3.4 on the continuous Likert scale:  $2.5 \leq M.E. < 3.4$ ). The scores of 'agree and strongly agree' were taken to represent a variable that was agreeable (equivalent to a mean score of 3.5 to 5.0 and on a continuous Likert scale;  $3.5 \leq L.E. < 5.0$ ). A standard deviation of  $>1.5$  suggests a substantial variance on the impact of the variable among respondents.

These results were as follows; knowledge or work skills obtained from previous experiences maximize my potential ( $X=4.934$ ,  $S.D=0.5863$ ); to apply knowledge gained from my previous employment ( $X=3.342$ ,  $S.D=0.5236$ ); to innovate products and services in the industry ( $X=4.126$ ,  $S.D=0.4973$ ) and to build and expand networks ( $X=4.317$ ,  $S.D=0.5115$ ). The correlation matrix indicated that work experience and skills held was also strongly and positively correlated with motivation at a coefficient of 0.8318 respectively. It can therefore be deduced that the levels of work experience and skills held by a woman can be said to influence the

decision to start a business only to a moderate extent.

## DISCUSSION, CONCLUSION AND RECOMMEDATION

Women that have been previously employed may at times seek to apply the knowledge from employment by starting their ventures through the networks formed in their workplaces. From the results, it was deduced that most women entrepreneurs in microfinance institutions get into entrepreneurship from an unemployed background. While employed women influenced by previous knowledge and skills venture into entrepreneurship, this forms a small proportion of women in Kenya MFIs.

However, with the low level of employment in Kenya even for the highly educated, entrepreneurship is fast becoming one of the key livelihood sources for women engaging in micro and small business enterprises. Microfinance organisations as well as national microfinance funds such as the Women Enterprise Fund, Uwezo Fund and Youth Fund need to explore this niche segment by targeting both the current and former crop of employed women to meet and build their capacity to innovate on products or services. There is therefore a great opportunity for these institutions to target and absorb this segment of the population in both formal and informal enterprises by providing attractive and customised financial products and services.

In addition, the 2019 Kenya government's directive of 100 percent transition of students from primary to secondary school, implied that four years from then, in every year, over 1 million educated youth would seek to join the labour force in search for employment to create sustainable livelihoods. Identifying and including relevant entrepreneurial lessons and vocational skills in the curriculum would help drive the entrepreneurial intentions of the youth and strengthen their capacity to start, grow and sustain enterprises that bring value to their clientele.

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