



**DRIVERS OF PERFORMANCE OF WOMEN OWNED MICRO AND SMALL ENTERPRISES IN KENYA: A CASE OF EMBAKASI SUB - COUNTY**

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**ABSTRACT**

Women owned-income generating Micro and Small Enterprises (MSEs) in Kenya cut across all sectors of the economy, providing a prolific source of employment, income, and government revenue and poverty reduction. The main purpose of this study was to establish drivers of women owned-income generating MSEs in Kenya. The study is built on the entrepreneurial theory, exchange relationships theory, market orientation theory and transactional theory. The target population of this study was 6000 MSEs, in Embakasi sub-county. Primary data was gathered from the questionnaires from the 160 respondents (entrepreneurs/ employees) of MSEs. The secondary data was obtained from published. A pilot study was conducted to pretest the validity and reliability of instruments for data collection. The data was analyzed by use of both qualitative and quantitative methods with the help of Statistical Package for Social Sciences (SPSS) version 22 and excel. The multiple regression analysis was adopted to establish the direction and strength of the relationship of the variables at 5% level of significance. The regression analysis shows that there exists a strong positive relationship between the independent variables and dependent variable as shown by R value (0.882) the coefficient of determination ( $R^2$ ) is between zero and one the high R square is 0.776. The regression analysis also show that entrepreneurial training had the strongest positive (Pearson correlation coefficient = .888; p-value = .000 < .05) influence on performance of women MSEs. In addition, financial accessibility, technological capacity and government policy and regulation were positively correlated to performance of women MSEs with Pearson correlation coefficient of .785, .643 and .599 with p-values of .006 < 0.05, .008 < 0.05 and .009 < 0.05 respectively. The study established that entrepreneurial training is the most significant factor. The results of t-test show t-values for independent variables have a significance level of the values of less than 0.05. Thus study concluded that the independent variables had significant positive impact on the performance of women MSEs. Further, F-test was done to test the effect of independent variables on the dependent variable simultaneously. Based on the study results of the ANOVA Test or F-test, obtained F-count was 71.4914 greater the F-critical (8.8765) with significance of 0.000. Since the significance level of 0.000 < 0.05 it was concluded that the set of independent variables affect the performance of women MSEs and this shows that the overall model was significant. The study was limited to internal and external variables affecting performance of women MSEs. Further study can be the methods to explore the other variables which could be affecting performance of women MSEs in other areas for the generalization of the findings of this study but more focus should be on qualitative measures of performance of women MSEs.

**Key Words:** Entrepreneurial Training, Financial Accessibility, Technological Capacity, Government Policy and Regulations, Performance of Mses in Kenya

## **Background of the study**

The contribution of micro enterprises to economic development, income generation and poverty alleviation is widely recognized (ILO, 2007, Wasihun& Paul, 2010). Micro enterprise is particularly important to women because it provides opportunity for self-employment which represents a chance to exploit their potentials, at the same time give a flexible, less restrictive and requires less capital and skills (Wasihun& Paul, 2010). According to the Organization for Economic Cooperation and Development (OECD, 2004), micro enterprise increases the abilities of women to participate in the labor market.

In developing countries, micro enterprises are largely run by women (Sharma, Sapnada, & Hatwal, 2012), primarily as a matter of survival and not business opportunity (Selamat, AbduRazak and Sanusi, 2011). Nevertheless, they play significant role in local economies. Consequently, women are enthusiastic about their enterprises but social set up in which they operate present challenges which significantly impact on the growth of their businesses. The International Labor Organization, (ILO, 2007) mentions some of the challenges as social processes, institutional arrangements, credit systems, regulatory agencies and educational institutions. Specifically, the report observes growth of women enterprises as affected by cultural practices that deny women rights, financial constraints, lack of education and training, lack of social support, lack of managerial experience and absence of supportive policy. Despite encouraging remarks about capacities of women enterprises to boost local economy, USAID, (2001) briefs indicate that women owned and operated micro enterprises grow less rapidly and are likely to close sooner than male counterparts. Women enterprises in Embakasi Sub-county The government of Kenya having noted the significance of micro enterprises in creating employment and boosting economic growth

committed itself by integrating the thriving sector into the national grill (Ministry of Labor and Human Resource Development, 2004) and created Women Enterprise Fund (WEF) in 2007. Under the Constituency Women Enterprise Fund (C-WEF), the government disburses interest free loans to support women entrepreneurs.

## **Global Perspective of Women Owned Enterprises**

Global Entrepreneurship Monitor (GEM) (2005) confirmed that women participate in a wide range of entrepreneurial activities across the 37 GEM and their activities in different countries have paid off in form of many newly-established enterprises for job and wealth creation. This notwithstanding, entrepreneurship is usually seen from the perspective of men driven economy (Gelin 2005, Josiane, 2006) due to its complexity, particularly its gender issues, the role of women entrepreneurs has not been properly documented.

While women's entrepreneurship is a central aspect of economic development and public policy concern in most countries, scholarly research about their entrepreneurial activities is comparatively scarce. The role of entrepreneurs as agents in the labour market for creation of employment, wealth creation, poverty alleviation and provision of resources has helped tremendously to increase the number of women-owned entrepreneurial ventures in the world. The emergence of the private sector as the major participant/player in the industrial development of many countries has also improved women's access in employment opportunities as against when they experienced denial in employment opportunities as wage workers because of their family responsibilities, lack of skills, social and cultural barriers (Josiane, 2006). To cope with these challenges, the development of self-employment, especially in the area of MSEs became the last resort for them (Thomson, 2009). MSEs contribute more than 50% to Gross Domestic Product (GDP) of most nations both developed and

less developed (Oyekanmi, 2004; Uchwukwu, 2004; Ojo, 2006). Its contributions to economic development have been predominantly in the area of job creation, poverty alleviation, environmental vitality, wealth creation and human capital.

In USA, the analysis of gender creative businesses shows that the rate of growth of women –owned businesses is twice that of men and this comprises more than 35% share of all entrepreneurial ventures. They generate over \$2.3 trillion in annual revenue, and employ 18 million individuals (Bartol and Martin, 2006). In Kenya also, women entrepreneurs are considered as an integral part of economic growth. Their businesses contribute jobs, productive and distributive activities required for wealth creation both for family and nation's economies (Soetan, 2007; Okunade, 2007).

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 2003s. Women entrepreneurs need to be lauded for their increased utilization of modern technology, increased investments, finding a niche in the export market, creating a sizable employment for others and setting the trend for other women entrepreneurs in the organized sector. While women entrepreneurs have demonstrated their potential, the fact remains that they are capable of contributing much more than what they already are. Women's entrepreneurship needs to be studied separately for two main reasons. The first reason is that women's entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and also by being different. They also provide the society with different solutions to management, organization and business problems as well as to the exploitation of entrepreneurial

opportunities. The second reason is that the topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do.

Most studies, especially those conducted in Asia, indicate various benefits of micro-finance such as restoration of women's confidence and dignity, raising their economic security, involvement in major household decisions, ability to make purchases, decline in domestic violence and more usage of contraceptives (Schuler and Hashemi 1994). Punitha et al (2007) examined the problems and constraints faced by women entrepreneurs in the Pondicherry region. Entrepreneurship development among rural women helps to enhance their personal capabilities and increase decision-making status in the family and society as a whole. Good practices that are identified in this way should be disseminated and shared internationally. Improve the factual and analytical underpinnings of our understanding of the role of Women Entrepreneurs in the economy. This requires strengthening the statistical basis for carrying out gender-related cross-country comparative analyses and longitudinal studies of the impact of important developments and policies, especially over time (Baumol, 2005).

#### **Local Perspective of Women Owned Enterprises**

According to the Kenya Integrated Household Baseline Survey, (2009) poverty in the district rose to 68%, while average household size grew to eight and female headed household stood at 10%. These and other occurrences acted as push factors for women to try their hand in informal trade. Informal trade is mainly dominated by women entrepreneurs because their position in society is low and local economies are poor (Wasihun and Paul, 2010).

Records by the Ministry of Gender and Social Development Office in Embakasi Constituency reveal that there are over 600 groups in micro enterprise in the area and unknown number of individual women entrepreneurs. The micro enterprises they engage in include vending vegetables, clothes (new and old), Miraa or ghat (stimulant herb that is a thriving enterprise for women micro entrepreneurs), food and beverage, livestock and livestock products and charcoal.

The government of Kenya having noted the significance of micro enterprises in creating employment and boosting economic growth committed itself by integrating the thriving sector into the national grill (Ministry of Labor and Human Resource Development, 2004) and created Women Enterprise Fund (WEF) in 2007. Under the Constituency Women Enterprise Fund (C-WEF), the government disburses interest free loans to support women entrepreneurs. Individual women entrepreneurs are hard because of difficult conditions and formalities like opening bank account.

#### **Statement of the problem**

Women income-generating MSEs are and will continue in the foreseeable future to be one of the main instruments of economic empowerment of women in Kenya (GoK, 2013). Self-employment through the establishment of women income-generating MSEs account about 56% and has been seen in both the developing, and increasingly in the developed countries as a potential solution to women's un-employment, low pay and job insecurity( UNDP, 2013). According to the Economic Survey (2014), the sector contributed over 50 percent of new jobs created in the year 2005. 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, 2007). According to KNBS(2013), about 58% of women related MSEs could not survive two

years after being established. According to Amyx (2005), one of the most significant challenges is the lack of entrepreneurial skills and financial capability towards MSEs..

Women owned businesses are known for their low start up and working capital (Siwadietal 2011, Glen 2003) note that under normal circumstances women's enterprises have low growth rate and limited potential partially due to the type of business activities they run. The question then is, apart from financial problems and low growth what other challenges face the women entrepreneurs in Kenya? Women entrepreneurs face many problems. Kimathi (2009) emphasize that small businesses are held back by tough local conditions some of them are unable to raise huge collaterals demanded by banks as a condition to access loans. Could lack of entrepreneurial skills, financial capability, technology and poor customer relation management be the greatest challenges faced by the women entrepreneurs in Kenya? This study seeks to explore more.

#### **Main Objective**

The main objective of the study was to establish the drivers of performance of women micro and small enterprises in Kenya.

#### **Specific objectives**

The specific objectives of the study were to:

- Establish how entrepreneurial training influence performance of women micro and small enterprises in Kenya.
- Examine how financial accessibility affect performance of women micro and small enterprises in Kenya
- Explore how technological capacity affects performance of women micro and small enterprises in Kenya.
- Establish the influence of government policy & regulation on performance of women micro and small enterprises in Kenya

## LITERATURE REVIEW

This literature review discusses previous studies relevant to the researcher's topic of study.

### Theoretical Review

A Theory is a set of statements or principles devised to explain a group of facts or phenomena especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about natural phenomena. In this study the theoretical framework consisted of theories and models related to the present study.

### Entrepreneurship Theory

It was proposed by Shane (2003) and Casson, (2003) that entrepreneurship theories try to explain characteristics which differentiate successful entrepreneurs from less successful or unsuccessful ones. It is however acknowledged that among the factors that affect entrepreneurship development in the country is inaccessibility to credit (Hellen, 2002). This could be due to various factors. Casson (2003) says that it is the function of entrepreneur to rationally combine forces of production into a new producing organization which include capital for business start off and development. The theory consists of opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. Opportunities are created by the institutional or external environment for those entrepreneurs who could identify them to start or improve their businesses and subsequently their welfare (Shane, 2003). Entrepreneurs' ability to identify and tap such opportunities differs from one entrepreneur to another. It also depends on their ability to access information and willingness to act upon the information in terms of risks; i.e. their attitude (Shane, 2013). Individual attributes affects discovery of entrepreneurial opportunity. It is made of psychological and demographic factors such motives, attitude to risk, education, and training, career experience, age, and social status (Shane, 2013).

Changes in business environment such as economic, financial, political, legal and socio-cultural factors also affect discovery of opportunities. For example, discovery of business opportunity could be affected by capital availability, income level of the entrepreneur, political stability, laws governing private enterprise and property rights and the desire for enhanced social status by the entrepreneur. Decision to exploit the opportunity depends on the entrepreneurs' level of education, skills, social networks, and credit (Shane, 2003). The decision to exploit opportunity leads to quest for micro-finance which in turn leads to entrepreneurial activity. Kuzilwa (2005) however says that environment plays a greater role in opportunity exploitation than individual attributes. The above theory relates to entrepreneurial training on performance of women owned income generating MSEs.

### Signaling Theory

Signaling theory rests on the transfer and interpretation of information at hand about a business enterprise to the capital market, and the impounding of the resulting perceptions into the terms on which finances made available to the enterprise. In other words, flows of funds between an enterprise and the capital market are dependent on the flow of information between them (Emery et al,1991). Keasey et al . (1992) writes that of the ability of small enterprises to signal their value to potential investors, only the signal of the disclosure of an earnings forecast were found to be positively and significantly related to enterprise value amongst the following: percentage of equity retained by owners, the net proceeds raised by an equity issue, the choice of financial advisor to an issue (presuming that a more reputable accountant, banker or auditor may cause greater faith to be placed in the prospectus for the float), and the level of underpricing of an issue.

## **Financial Literacy Theory**

Financial literacy theory argues that the behaviour of people with a high level of financial literacy might depend on the prevalence of two thinking styles according to dual-process theories: intuition and cognition. Dual-process theories embrace the idea that decisions can be driven by both intuitive and cognitive process. Dual process theories have been applied to several fields, including reasoning and social cognition (Evans 2008). Financial literacy covers the combination of investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (Atkinson and Messy, 2015).

Financial literacy empowers investors by educating them to acquire relevant knowledge and skills in financial management. Financial knowledge helps to overcome most difficulties in advanced credit markets. Financial literacy allows the investors to encounter difficult financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance. More importantly, financial literacy enhances decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction. Financial literacy leads to more effective use of financial products and services, greater control of one's financial future and reduced vulnerability to overzealous retailers. Financially literate investors are able to create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Investors are able to evaluate and

compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, so as to make optimal decisions (Miller et al 2009). Greenspan (2002) argues that financial literacy helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions. Proper application of that knowledge helps investors to meet their financial obligations through wise planning, and resource allocation so as to derive maximum utility.

## **Exchange Relationships Theory**

An exchange relationship is defined as a mechanism for creating value through the coordination of production, consumption, and related economic activities between a customer and a supplier (Johnson & Selnes 2004). The purpose of an exchange relationship is to connect a customer's needs with a supplier's resources and offerings. From a supplier's perspective, value creation is a process of understanding the heterogeneity of customer needs, developing products (goods and services) to fill those needs, and matching customers to products through marketing activities in competition with other suppliers. From the customer's perspective, the customer chooses the supplier or suppliers that provide the highest expected benefits less any associated costs and risk, where benefits encompass a bundle of qualities, processes, and/or capabilities (Murphy & Enis 2006).

The central concept in the framework is the nature of the exchange relationship mechanism. The value created in an exchange relationship is a direct function of both the customer's and the supplier's capabilities and strategies. The strategy of the customer in the market-matching process is to know when and where to solve problems (Murphy & Enis 2006) to identify the supplier that is perceived as the best in terms of overall benefits less the costs and risks involved. This problem

solving has historically been linked to discrete product decisions (transactions). The theory exchange relationship relates to influence of customer relation management on the development on performance of women owned income-generating enterprises.

### **Governance Theory**

The World Bank (1991) defines governance as the exercise of political authority and the use of institutional resources to manage society's problems and affairs. Governance theory is concerned with steering actions of political authorities as they deliberately attempt to shape socio-economic structures and processes (Myantz, 2003). According to Harris, J. (1990), Governance signals how the informal authority of networks supplements and supplants the formal authority of the government by exploring the changing boundary between the state and the society. The theory assumes that the government should focus on the formulation of public policy and leave the implementation to other bodies, private organizations or non-profit organizations, hence encouraging privatization, outsourcing, agentification and a stronger emphasis on market mechanism (Kickert, 1997.)

The assumption is that the more the separation of policy implementation from the policy formulation, the more the participation by different actors in the implementation process, and the more the realization of efficiency on the process outcomes. Application in the study is that, in the co-operation between development partners and county governments will result in synergies, information and knowledge sharing, leveraging on each other's strength so as to generate more innovative ways and better products in service delivery. Complementarities with between development partners and governments, clear assignment roles as well as enforcement of good management

strategies is more likely to lead to improved health services delivery. The above theory facilitated understanding of government policy and regulations on performance of women owned enterprises.

### **Systems Theory**

Initially proposed by biologist Ludwig V.B (1969) and furthered by Ross Ashby (1956) The systems theory center on individuals, structures, departments and units that have complex social systems, and regularly interacting functionalities and interrelating groups of activities that depend on each other, recognizing the interdependence between groups of individuals, structures and processes to function wholly (Saunders, M. K. 2004). The theory proponents that real systems are open to, and interact with, their environments, and that they can acquire qualitatively new properties through emergence, resulting in continual evolution and for survival. This theory states that separating the parts from the whole reduces the overall effectiveness of organizations and functionality. Application if this theory in the study- in providing entrepreneurs, all components of market systems- must function in complementarity to each other in order to achieve good health outcomes. A failure in one element of the system is weak link in the system and a recipe for failure of the whole system- poor health outcomes. The above theory relates to technological capacity on performance of women owned enterprises.

### **Theory of Empowerment**

It was proposed by Kabeer (2011), Empowerment is the process of obtaining basic opportunities for marginalized people, either directly by those people, or through the help of non-marginalized others who share their own access to these opportunities. It also includes actively thwarting attempts to deny those opportunities. Empowerment also includes encouraging, and



developing the skills for, self-sufficiency, with a focus on eliminating the future need for charity or welfare in the individuals of the group. This process can be difficult to start and to implement effectively. Most women across the globe rely on the informal work sector for an income. If women were empowered to do more and be more, the possibility for economic growth becomes apparent. Empowering women in developing countries is essential to reduce global poverty since women represent most of the world's poor population. Eliminating a significant part of a nation's work force on the sole basis of gender can have detrimental effects on the economy of that nation. In addition, female participation in counsels, groups, and businesses is seen to increase efficiency.

## Entrepreneurial Training

Alberti&Poli (2004) define entrepreneurship education as the structured formal conveyance of entrepreneurial competence, which in turn refers to the concepts, skills and mental awareness used by individuals during the process of starting and developing their growth-oriented ventures. Entrepreneurship education and training then is about the development of personal skills and behavior change. Researchers on entrepreneurship skills explain the role education and training play in the performance and growth of enterprises. Roomi, Harrison and Beaumont-Kerridge 2009, Grizzell, 2003 human needs can be shaped by training and that social and psychological motive significantly influence growth seeking behavior. Kessy and Temu (2010) list outcomes they believe is the result of entrepreneurship skills acquired; such as completion of challenging tasks, having control of one's own jobs, learning new skills, creating more opportunities for enterprises and upward movement of enterprise activities. Further, Becker, (2014) posits that in addition to entrepreneurship skills, investment in human capital (education, training and skills) lead to higher productivity and hence higher wages and higher employment rates. Most literature refers to entrepreneurial training as opportunities for work related experiences that is applied in decision making.

Women in business are a recent phenomenon in Kenya. By and large they had confide themselves to petty business and tiny cottage industries. Women entrepreneurs engaged in business due to push and pull factors, which encourage women to have an independent income generating occupation and stands. A sense towards independent entrepreneurial decision-making on their life and career is the motivational factor behind this urge. Saddled with household chores and domestic responsibilities women want to get independence

### Conceptual Framework

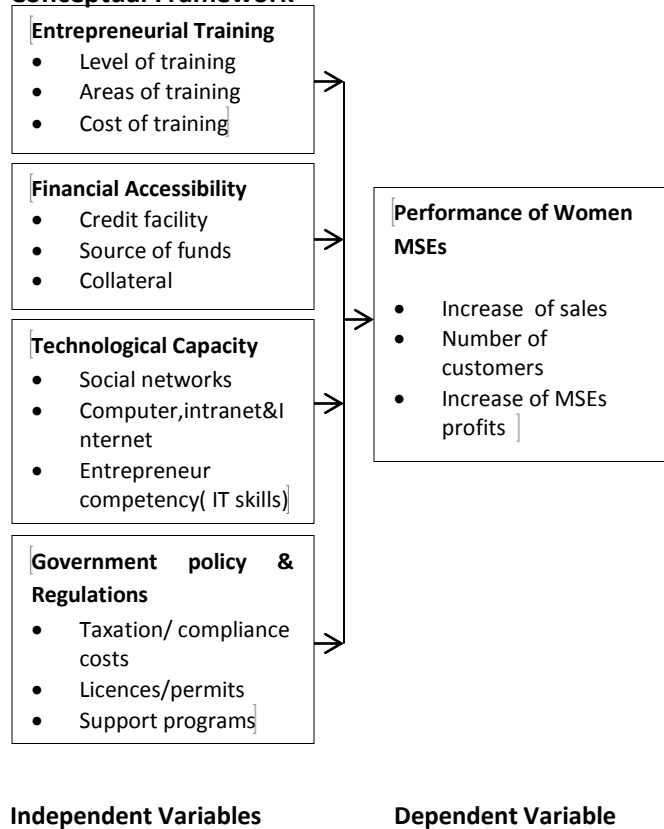


Figure 1 Conceptual Framework

.Under the influence of these factors the women entrepreneurs choose a profession as a challenge and as an urge to do something new. Such situation is described as pull factors. While in push factors women engaged in business activities due to family compulsion and the responsibility is thrust upon them. Women have limited access to vocational and technical training in Kenya. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. Kenya is characterized by low enrolment among women in education, high dropout rates and poor quality of education (Morris, 2016).

Entrepreneurial skills are critical in the growth and development of any business venture especially those owned by women (RoK, 2005). Thus to improve and promote the acquisition of entrepreneurial skills, the government should encourage universities, polytechnics, technical institutions, and other learning centers to develop demand- driven courses on entrepreneurship and business management targeting women, (RoK, 2005). In order to facilitate entry of women into businesses, the government should find ways of enabling women with proper skills to navigate the murky field of the business world

According to Hill (2010), many women lack managerial training and experience. The typical female owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex

decisions have to be made including acquisition of credit for expansion. A consequence of poor managerial ability is that SME owners are ill prepared to face changes in the business environment.

### **Financial Accessibility**

Conceptually, firms may receive finances from internal or external sources for startup and expansion of operations. Internal sources are savings and retained profits while external sources are lending agencies eg banks, friends, microfinance institutions, government and non-governmental organizations. For women in micro enterprises, both sources are awkward because of lack of sufficient savings and absence of lending institutions where the micro enterprises are or their unwillingness to lend. Lack of external credit leaves many micro entrepreneurs with inadequate family savings as the only recourse. Under resourced firms do not expand or make big profit margins as profit and capital base are relatively proportional. Geroskiet el (2007) hypothesized that there is a positive relationship between profitability and financial capital. Fafchamps, (2007) contends that although finance is not everything in enterprise, it is needed for investing in new equipment and machinery, reach out to new markets and products, cope with temporary cash flow problems as well as to innovate and expand. In the light of Fafchamps's argument, financial resources often occupy principal position in entrepreneurial literature because such resources are required for start up and improvement of existing concern.

Most women owned MSE are likely to have less access to financial capital from inheritances or more typically from capital accumulated in house ownership or from personal savings. Due to their limited savings women entrepreneurs face notably greater challenges to obtain credit resulting in them

missing business opportunities. It is important therefore that MSEs need to be aware of the full range of finance options available in Kenya would help to: identify key MSE finance needs; understand the range of finance products available and how to access them; and identify suppliers of finance to meet the identified needs.

According to Macharia and Wanjiru (2008), the factors that inhibit credit availability to women include; lengthy and vigorous loan applications procedures; lack of awareness of the existing credit schemes, high interest rates, lack of start-up capital and lack of collateral security for finance. Owning title deeds as collateral to financial expansion is still a hurdle for most women entrepreneurs given that property is not usually registered in their names. Also Micro Financial Institutions choose where to locate therefore excluding women entrepreneurs in the remote regions which leads to regional disparities (Karanja, 2006). Interest rates charged by some Micro financial institutions is also very high and this coupled with short repayment period becomes a major constraint, resulting in forcing the entrepreneur to work almost around the clock to service the loans (ILO 2008).

### **Technological Capacity**

According to Oke (2011) technology adoption in ISEs is the effective application of in the design of processes, activities and products to the MSE and designed to benefit it and its entrepreneur. While the use of IT and internet users have increased exponentially in recent years, so has the rise in application on MSEs and performance (Mureithi, 2011). Internet can be seen as a truly global phenomenon that has made time and distance irrelevant to management of many firms (Goh, 2011). An analysis of technology and its uses show that it has permeated in almost every aspect of our life. According to Tero et al., (2004) many

enterprise activities are handled electronically due to the acceptance of technology. Therefore, the concept of technology in MSEs is associated with the idea of a flow- generation and dissemination of information to customers (Goh, 2011).

In business, networks are very important for enterprise development. The central tenet of networking according to Zuwarimwe and Kirsten (2010) is to serve as a conduit for information while Tata and Prasad (2013) claim social network provides resources and other economic opportunities at below market level. In addition, Sabatini (2006) recognizes social network as lubricant and glue that provide a bridge between the economy and society. There is a positive relationship between the use of marketing information and performance of MSEs in the manufacturing industry in Malaysia. Apulu and Latham (2011) found that the competitiveness of MSEs will be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those MSEs which have technological innovation have a higher growth compared to the MSEs which are not creative in the sales turnover, investment and job.

According to Morse et al. (2007), technological capabilities benefit MSEs in several ways they enhance SME efficiency, reduce costs, and broaden market share, both locally and globally. As noted by Lee (2001), a small business that adopts greater levels of technological sophistication can be expected to grow more rapidly than a similar firm that does not. Romijn (2001), and Yusuf et al. (2003) point out that low technological capabilities hinder and discourage MSEs from fully reaching their potential. As noted by Wendel Clark (2012), countries with high levels of technological growth tend to have high levels of entrepreneurial growth.

Research on the growth of women enterprises suggests very strongly the establishment of networks as a critical need factor (Davis and Long, 2009). Consequently, women entrepreneurs with high growth resources tend to use more formal social networks (Kickul, et al. 2007). Kamauet, al, (2009) share similar views that the presence of good working relationships with customers, financiers and other constituents to the business has been effective strategies.

Obura et al (2013) belief enterprise networking develops through an evolutionary process. In their view, entrepreneurial phase is the first stage which is characterized by entrepreneurs' engagement with family, friends and colleagues to seek social support on starting an enterprise (Bridge et al, 2008, Larson and Starr, 2003). Obura et al (n.d) explain that at this stage, professional or organizational actors play an insignificant role in micro enterprises. This stage is followed by start up, business development and finally expansion or contraction. They claim entrepreneurial and start up stages overlap and leave a thin line dividing them. Benefits of enterprise networking. Enterprise networking realizes tremendous benefits from increased collaboration and better communication such as business growth, cost optimization and innovation (Maria, 2011). Sathiabama (2011) shares similar views and belief that women gain by networking through enhanced awareness, self confidence, sense of achievement, increased interaction, decision making capacity and involvement in solving problems related to women and community. On the other hand, women networks are faced with challenges that reduce their effectiveness. Kibas (2005) mentions lack of effective communication to negotiate favorably, management of debtors, poor record keeping, patriarchal social structure that makes women depend on males in their lives and resistance from family as disincentive to business. Education and

training can be used to ameliorate the effects of some of these challenges.

### **Government Policy & Regulations**

MSEs in developing countries suffer more than large firms from many policy and institutional constraints arising from imperfect markets, and, as a consequence, they benefit disproportionately from reforms. According to Lumpkin and Dess, (1996) the growth of MSEs are affected by its business climate. Clement et al., (2004) noted that an unfavorable business climate has negative affect on small firm growth. Brown (2007) identified competition as one of the major hindrances to the growth of small firm. Davidsson(1989) noted that an unfavorable tax system, complicated rules and regulations can heavily hamper small firms' growth. Krasniqi (2007) showed that corruption is a major source of the rise in unfair competition. He further emphasized that the cost of complying with regulations and increased tax rates increases small firms' expenses while limiting their growth. Likewise, StJean et al. (2008) noted that unfair competition from the informal sector, cumbersome regulations, and tax rates are the main obstacles on small business growth.

The MSEs Sector has attracted significant and increasing Attention from policy makers in many jurisdictions. In the developed economies, this attention has focused on business birth rates, entrepreneurship and SME's development. In developing economies the MSEs sector is seen as the source of indigenous economic development to match the development achieved by inward investment activity. Hart et al (2000) report on the impact of the Local Enterprises Development Unit in Northern Ireland reveals that a change of policy in that organization resulted in different approach to the provision of financial assistance to small fmns(John F Dalrymple, 2004). Punyasavatsut (2009) in his study on integrating MSEs into east

Asia production networks found that government support, which included support from nongovernmental organizations was not well distributed and access to services offered were too costly for many MSEs. Further, the researcher noted that the government offered assistance through programs focusing on helping firms to enhance technology development and transfer to MSEs, and programs were providing information on marketing.

Despite the Thai government having put in place a variety of programs to help MSEs upgrade their technologies; the extent of support in this area seemed to be quite limited. The respondents argued that assistance in this area was not yet effective and was less accessible by many MSEs. As for market information, programs focusing on improving more reliable market data and information for business partners were recommended, and perceived as the most effective and accessible ones. The researcher concluded that more government efforts and resources were needed to improve technological capabilities of MSEs.

Attention was thereafter focused on small enterprises. The government policy before and thereafter has not been very favorable to the small enterprises. Harper (1984) observes that governments that are concerned with the promotion of small enterprises should examine the impact of its policies and programmes on the small businesses, Mann et al (1989) makes similar observation that government regulation about wages, taxation, licensing and others are among the important reasons why informal sector business develops. Without careful attention, government policies could crush the small business sector of any economy.

## **Empirical Review**

According to Gray (2007), MSEs Use the traditional ways of marketing and these no longer give rise to high levels of revenue and product recognition. This factor has also been identified by Burns (2016) in his survey in UK and Nigeria. Lack of information and market detection are other possible causes as well (Burns ,2016) further states that marketing, which is a common source of economies of scale (EOS), spreading cost of advertising over a greater range of output in media markets, is still low and this impact on their growth of MSEs. Cambridge Small business Research Centre (2018), also identified marketing skills among other factors as affecting a firm's growth progression. Furthermore, it appears that when compared to other functions of their business, MSEs owners have a problem with marketing; they appear to give marketing a low priority, often regarding marketing as "something that larger firms do" (Tybee 2013).

A study conducted in South Africa by Fatoki&Garwe (2010), Stevenson & stone (2015) revealed that the problem of access and availability of finance to entrepreneurs in south Africa was ranked second after lack of entrepreneurial and management competencies in most inspiring and existing entrepreneurs in the MSEs sector in South Africa, consistent with the study by Hermington& Wood (2013) who also conducted their studies in South Africa. However, a research by Bowen et al (2016) relegates access to credit to fourth place with competition and poor security ranking first and second respectively. However, the degree to which limited financial resources alone are a major obstacle is still debatable.

Okpara& Wayne (2000) in a study in Nigeria found that 65.6% of the firms studied depended entirely upon personal saving for capital, 10.9% had access to saving, 9.4% used commercial banks and 7.8%

drew resources from partners, shareholders and other resources. Atieno (2009) in her research investigated the nature of linkages among MSEs as well as with financial institutions, and the effect of such linkages on enterprise performance using primary data collected in two urban centres of Kenya. The results show that although limited, the small-scale clothing enterprises have different forms of linkages both among themselves, and with other institutions like financial institutions. Such linkages include associations which help to mobilise and allocate financial resources among their members, informal groupings, and savings with financial institutions. Linkages with financial institutions mainly took the form of loans with MFIs while the interaction with commercial banks was limited to savings services only. The paper concluded that there is need for deliberate policy measures to strengthen the institutional networks among MSEs, which enable them access resources as a way of overcoming some of their constraints, thereby enhancing their contribution to economic growth.

Entrepreneurial literature shows existence of a positive correlation between entrepreneurial training and performance (Luthje & Frank, 2002, Charney & Libecap, 2000). Studies by University of Arizona and New York University corroborate this finding and reveal that people who received entrepreneurial education perform better at running their own business but are not better at startup. The literature also shows trained entrepreneurs are higher on record keeping and sales but not higher on profit. Similarly, Peterman and Kennedy (2003) found that attendance at an entrepreneurial program has positive effect on both the desirability and feasibility of starting a business. Kessy and Temu (2010) examined the impact of training on entrepreneurs in Tanzania and concluded that recipients of business training have higher levels of assets and revenue compared to

enterprise owned by non-recipients of training. Edgcomb (2002) too notes that training has significant impact on participant characteristics and final participant outcome.

On the other hand, Stoney (2004) argues that there is very little empirical proof of the positive impact of education on entrepreneurship and entrepreneurial success. However, a women training project in Peru by the World Job and Food Bank (2011) showed that the training enabled women to increase their self-esteem and confidence. It encouraged women to reflect on their own experiences, assess their needs and developed individual and group goals. Such trainings could be replicated for other women to increase self-esteem because their position in society is significantly eroded by prejudice in Kenya. A research has been conducted by Cacciolatti, Fearn, and McNeil (2011) indicated that MSEs that make good use of structured marketing information presented a higher probability of growth. The research of Mahmoud (2011) concluded that the higher the level of market orientation, the greater the level of performance in Ghanaian MSEs. The study of Keh, Nguyen, and Ng (2007) showed that there was a positive relationship between information utilization and the firm performance.

Mitullah (2003) in her study on street trade in Kenya found that most urban authorities in Kenya were operating on colonial by-laws that had yet to be reviewed. The policies were deficient and the urban authorities had not only failed to enforce them, but in reality given their form and coverage, they were not possible to enforce. The research further revealed that, while the basic idea is that licensing which originally intended to enable entrepreneurs to conduct their businesses productively and profitably, had become a stumbling block. In spite of the number of people who can be licensed being limited, once the license is given, it is shrouded with many other outdated restrictive requirements

relating to public health, building requirements, and other regulations outlined in the Local Government Act. This had resulted in most traders evading licenses, and therefore flouting most regulations laid down by authorities. The study concluded that there was need for Local Authorities to put in place relevant policy frameworks and reviews of the existing by-laws if they have to conform with government policy of enhancing the performance of MSEs.

In a study carried out by ECA (2001) on enhancing the competitiveness of small and medium enterprises in Africa, the mission found that many African countries do not have a legal and regulatory framework that supports the growth of the SME sector. In the case of Uganda, an extensive number of outdated and cumbersome laws and regulations had increased the transaction costs of MSEs, thereby hampering their economic performance and growth. In Ethiopia, the complexity of the customs system and the many forms and declarations required had a negative impact on the general business climate, diverting entrepreneurs' efforts from more productive tasks. Evident showed that custom duties and tariffs discriminated against local producers.

A study done by International Finance Corporation (IFC; 2013), based on responses of more than 45,000 firms in developing countries, found that the top obstacles to their operations are a poor investment climate, especially red tape, high tax rates, and competition from the informal sector, and inadequate infrastructure, especially an insufficient or unreliable power supply. Whereas informality is a major hindrance of MSEs in middle-income countries, an inadequate power supply is the most important challenge for companies in low-income countries.

## **RESEARCH METHODOLOGY**

This chapter focuses on the research design and methodology that was employed to gather data for the study.

### **Research Design**

The study adopted a descriptive survey design. A descriptive survey design as described by Mugenda & Mugenda (2008) is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables.

### **Target Population**

The target population under the study was the 6000 women MSEs spread throughout Embakasi sub-county.

### **Research Instruments & Data Collection Procedure**

Data was collected using open and closed ended questionnaires.

### **Pilot Study**

A pilot study was undertaken on 60 Women MSEs. The purpose of a pilot test was to test the reliability and validity of the questionnaire and enable the researcher to amend the questionnaire as appropriate so as to capture data accurately.

### **Data Analysis and Presentation**

The data collected was quantitative. Once the questionnaires were received they were coded and edited for completeness and consistency. Quantitative data was analyzed by employing descriptive statistics and inferential analysis using statistical package for social science (SPSS) version 22 and excel.

## **DATA ANALYSIS, PRESENTATIONS AND DISCUSSIONS**

This chapter presents analysis and findings of the study as set out in the research methodology. The chapter presents the analysis of data collected from

respondents who filled in the questionnaire from the sampled respondents.

### **Response Rate**

The study targeted 188 respondents in collecting data with regard to the drivers of performance of women owned micro and small enterprises in Kenya with specific reference to the MSEs in Embakasi Sub-county (Kenya). Questionnaires were distributed to the entrepreneurs and managers of women MSEs. From the study, 98 questionnaires were returned and qualified to be processed making a response rate of 52.55%.

### **Position in the Organization**

The study asked the respondents to indicate the position held in the enterprise. According to the study 78% of the businesses are managed by the owners whereas the remaining (22%) were being taken care of by trusted employees. This implies that majority of the respondents were the entrepreneurs and could provide the information sought by the study.

### **Duration of Enterprise Existence**

The study requested the respondents to state the duration of time their business has been in existence since they established them in the area of study. According to the study results, 48 % of the respondents indicated that their businesses had been in existence for more than 5 years, 32% of the respondents indicated that their businesses had been in existence for 1-3 years, 18% of the respondents indicated that their businesses had been in existence for 4-5 years while 2% of the respondents indicated that their business had been in operation for less than 1 year. This implies that majority of the respondents were in existence for a long period thus the study could gather the necessary information sought by the study.

### **Number of Employees in Enterprises**

The study sought to establish the number of employees in the study enterprises. From the study findings, 62% of the respondents posited that they had 10 and below employees in their businesses, 28% of the respondents indicated that they had between 11 and 20 employees in their businesses, 7% of the respondents indicated that they had between 21 and 30 employees in their businesses while only 3% of the respondents indicated that they had above 30 employees in their businesses. This implies that most of women MSEs under study had less than 10 employees.

### **Entrepreneurial Training**

The study went further to find out whether the respondents had acquired any level of training prior to establishment of the businesses. From the study findings 5% of the respondents indicated that they had previously acquired formal training in entrepreneurship (Diploma), 3 % of them had some entrepreneurial training obtained via a certificate course, 14% from seminars, 58% through on-job training, 10% from business incubation whereas 22 % had no prior training before establishing the business. This infers that the majority of the respondents had not acquired training on entrepreneurship thus hindering performance of their businesses.

### **Financial Accessibility**

In this study the respondents were asked to indicate the influence of access to finance on women Mses Performance. The respondents were requested to indicate reasons the source of funds to establish business and reasons of not accessing funds From the study results, 35% of the respondents indicated that they accessed finance for their businesses from commercial banks, 14% of the respondents indicated that they accessed finance for their



businesses from NGOs, 26% of the respondents indicated that they accessed finance for their businesses from micro finance institutions, 12% of the respondents indicated that they accessed finance for their businesses from government institutions and 14% of the respondents indicated that they accessed finance for their businesses from SACCOs. This implies that commercial banks, NGOs, government institutions, SACCOs and own savings as the main sources of financing businesses.

### **Technological Capacity**

In this study, it was established from the respondents by indicating the way in which technology had affected their businesses. 43% of respondents stated by facilitating communication with both the supplier and customers, 23% indicated by easing the transportation of goods, 15% stated by easing the marketing of our products, 33% of the respondents indicated by offering a new distribution channel. This indicated that technology is an important factor that can enhance businesses. The study findings are in agreement with literature review by Apulu and Latham (2011) found that the performance of MSEs would be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those MSEs which have technological innovation have a higher growth compared to the MSEs which are not creative in the sales turnover, investment and job. According to Morse et al. (2007), technological capabilities benefit MSEs in several ways they enhance SME efficiency, reduce costs, and broaden market share, both locally and globally.

### **Government Policy & Regulations**

From the study findings on whether the respondents viewed the government policies and regulations affected their businesses, 16% of the

respondents indicated that their businesses were affected through taxation, 26% of the respondents stated through licenses, 9% of the respondents stated through liberalization of the economy, 17% of the respondents stated through creation of support funds like Women Enterprise, 21% of the respondents indicated through the fund among others and 11% of the respondents stated through provision of training and development. This implies that government policies and regulations did affect operations of the businesses. The study findings are in tandem with literature review by Brown (2007) who observed that MSEs in developing countries suffer more than large firms from many policy and institutional constraints arising from imperfect markets, and, as a consequence, they benefit disproportionately from reforms. Davidsson (1989) noted that an unfavorable tax system, complicated rules and regulations can heavily hamper small firms' growth. Krasniqi (2007) showed that corruption is a major source of the rise in unfair competition. He further emphasized that the cost of complying with regulations and increased tax rates increases small firms' expenses while limiting their growth. Likewise, StJean et al. (2008) noted that unfair competition from the informal sector, cumbersome regulations, and tax rates are the main obstacles on small business growth. Punyasavatsut (2009) in his study on integrating MSEs into east Asia production networks found that government support, which included support from nongovernmental organizations was not well distributed and access to services offered were too costly for many MSEs. Further, the researcher noted that the government offered assistance through programs focusing on helping firms to enhance technology development and transfer to MSEs, and programs were providing information on marketing.

### **Performance of Women MSEs**

According to the study findings on the measurement of the performance of their

businesses, the respondents' majority (59.10%) indicated that they measured the performance of their businesses using sales. While 40.90% measured the performance of their businesses using number of customers. Further, 59.6% of the respondents' felt their method of measurement to be effective while 40.4% felt their method was very effective. This implies that by using sales and number of customers, the respondents could understand the performance of their businesses effectively.

### Multiple Regression Analysis

The study adopted a multiple regression analysis so as to establish the relationship of independent

variables and dependent variables. The study applied SPSS version 22 to code, enter and compute the measurements of the multiple regression analysis. According to the model summary Table 1, the coefficient of determination ( $R^2$ ) is used to measure how far the regression model's ability to explain the variation of the independent variables. The coefficient of determination is between zero and one (Ghozali, 2006). The data showed that the high R square is 0.776. It shows that the independent variables in the study were able to explain 77.60% variation in the performance of women MSEs while the remaining 22.40% is explained by the variables or other aspects outside the model.

**Table 1: Model Summary**

Model	R	R <sup>2</sup>	R <sup>2</sup>	Std. Error of the Estimate	Durbin-Watson
	.882	.776	.065	.010	1.887

The results of multiple regression analysis obtained regression coefficients t value and significance level as indicated in Table 2 .The study conducted a

multiple regression analysis so as to determine the relationship between the dependent variable and independent variables.

**Table 2: Coefficient Results**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	$\beta$	Std. Error	$\beta$		
(Constant)	33.675	.223		7.615	.000
X <sub>1</sub> _Et	.888	.065	.765	7.876	.000
X <sub>2</sub> _Fa	.785	.076	.654	6.654	.006
X <sub>3</sub> _Tc	.643	.123	.555	5.876	.008
X <sub>4</sub> Gpr	.599	.222	.532	4.771	.009

The general form of the equation was to predict performance of women MSEs from entrepreneurial

training, financial accessibility, technological capacity and government policy & regulation is: ( $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$ ) becomes:  $Y =$

$33.675 + 0.888X_1 + 0.785X_2 + 0.643X_3 + 0.599X_4$ . This indicates that performance of women MSEs =  $33.675 + 0.888 \times \text{Entrepreneurial training} + 0.785 \times \text{Financial accessibility} + 0.643 \times \text{Technological capacity} + 0.599 \times \text{Government policy \& regulation}$ ).

From the study findings on the regression equation established, taking all factors into account (independent variables) constant at zero performance of women MSEs will be 33.675. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in entrepreneurial skills will lead to a 0.888 increase in performance of women MSEs; a unit increase in financial accessibility will lead to a 0.785 increase in performance of women MSEs, a unit increase in technological capacity will lead to 0.643 increase in performance of women MSEs and a unit increase in government policy and regulation will lead to 0.599 increase in performance of women MSEs. This infers that entrepreneurial capacity contributed most to performance of women MSEs. Based at 5% level of significance, entrepreneurial skills had a .000 level of significance; financial accessibility showed a .006 level of significance, technological capacity show a .008 level of significance and government policy & regulation show a .009 level of significance hence the most significant factor was entrepreneurial skills.

### **T-Test Results**

To determine the significance of the effect of independent variables (entrepreneurial training, financial accessibility, technological capacity and government policy & regulation) on the performance of women MSEs as the dependent variable is the T-test. The results of t-test on Table 4.8 were as follows:

The T-value for entrepreneurial training has a significance level of 0.000 thus the value of less than 0.05. Thus research question one is concluded that the entrepreneurial training has significant positive impact on the performance of women MSEs

The T-value for financial accessibility has a significance level of 0.006 thus the value of less than 0.05. Thus research question two is concluded that the financial accessibility has significant positive impact on the performance of women MSEs

The T-value for technological capacity has a significance level of 0.008 thus the value of less than 0.05. Thus research question three is concluded that technological capacity has significant positive impact on the performance of women MSEs

The T-value for government policy & regulation has a significance level of 0.009 thus the value of less than 0.05. Thus research question four is concluded that the government policy & regulation has significant positive impact on the performance of women MSEs.

### **F-Test Results**

F-test is done to test the effect of independent variables on the dependent variable simultaneously. According to Kuncoro (2001), F-statistic test basically shows whether all the independent variables included in the model jointly influence on the dependent variable. Based on the study results of the ANOVA Test or F-test in Table 3, obtained F-count was 126.37 greater the F-critical (8.8765) with significance of 0.000. Since the significance level of  $0.000 < 0.05$  we conclude that the set of independent variables affect the performance of women MSEs (Y-dependent variable) and this shows that the overall model was significant.

**Table 3: ANOVA**

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	10.009	4	2.5022	126.37	.000 <sup>a</sup>
Residual	3.678	192	.0198		
Total	13.687	196			

NB: F-critical Value = 8.8765;

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

The chapter provides the summary of the findings from chapter four, and it also gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to investigate into the drivers of performance micro and small enterprises in Kenya with specific reference to the MSEs Embakasi sub-county.

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

##### **Influence of entrepreneurial training on performance of women MSEs**

From the descriptive results, the study established that the respondents had acquired any level of training prior to establishment of the businesses. From the study findings the majority of respondents indicated that they had no prior training before establishing the business. According to study results obtained, some of the respondents confirmed that they had previously undertaken short courses of entrepreneurial lasting between one to ten days and majority of the respondents indicated that they have never attended entrepreneurial training course even a single day. According to the respondents, the areas felt were most essential in enhancing operations and management in their businesses which they required to be trained in future included an overview of business Management, costing & Pricing of Products/Services, record Keeping, preparing Business Plans/Projects, taxation Issues , stated marketing of Products/Services, sources of business finance, human resource Issues, business expansion

& growth Strategies, managing crisis in business, networking for business success, effective team management, financial analysis, project planning & management, quality improvement and management, the management of cash, Stock & Credit , Terms and Conditions of the Loan, Loan Processing procedures and the management of Delinquency and Default. This implies that respondents did not have adequate skills as they lacked trainings on different areas of business operations and management thus poor performance of enterprises in the study area. Further, from the inferential statistics the study revealed that the variable(Pearson correlation coefficient =.888) and p-value (.008< 0.05) statistically, strongly and significantly correlated to performance of women MSEs at 5% level of significance as it had a positive relationship with the dependent variable. This reveals entrepreneurial training is an important factor that can enhance performance of women MSEs. This also reveals that the more entrepreneurial trainingimproves the more the performance of women MSEs. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of entrepreneurial trainingon performance of women MSEs was achieved because it established that it influences performance of women MSEs.

##### **Influence of financial accessibility on performance of women MSEs**

From the descriptive results, the study found out that respondents financed their businesses from bank loans, personal savings, loans from family and

relatives, through government institutions, and through Non-Governmental Organizations; that respondents accessed finance for their businesses from commercial banks, from NGOs, from microfinance institutions, from government institutions, and from SACCOs; that high interest rates, lack of collateral, dislike to borrow from banks, and fear of losing property prevented them from borrowing money from then banks; that they were denied the loan because they had a too small equity base, lacked security to pledge, lacked guarantors, lacked managerial experience and bank statements due to non-banking. Further, the study found out that respondents pledged car logbooks, land title deeds, guarantors and business machinery as security for the loan; that financing is a setback to the growth of their businesses; that Microfinance Institutions, commercial banks, shylockers, SACCOs, Chamas and NGOs played a role in financing the growth of MSEs.

Further, from the inferential statistics the study revealed that the variable (Pearson correlation coefficient =.785) and p-value (0.006 < 0.05) statistically, strongly and significantly correlated to performance of women MSEs at 5% level of significance as it had a positive relationship with the dependent variable. This reveals financial accessibility is an important factor that can enhance performance of women MSEs. This also reveals that the more financial accessibility improves the more the performance of women MSEs. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of financial accessibility on performance of women MSEs was achieved because it established that it influences performance of women MSEs.

#### **Influence of technological capacity on performance of women MSEs**

The study established from the respondent's technology had affected their businesses as

facilitating communication with both the supplier and customers, easing the transportation of goods, easing the marketing of our products, by offering a new distribution channel. This indicated that technology is an important factor that can enhance businesses. The respondents stated that the business intend to use the social media network sites to access financial institutions for loan for marketing capital or operating capital, for complaint capturing, 6 complaint resolution and compliments capturing. This indicates that the social media networking sites played a significant role on enhancing performance of the women MSEs. According to the respondents they market through products through word of mouth, This implies that majority of the respondents did not use the available technology to market the products thus affecting performance of the MSEs in the study area. Further, from the inferential statistics the study revealed that the variable (Pearson correlation coefficient =.643) and p-value (0.008 < 0.05) statistically, strongly and significantly correlated to performance of women MSEs at 5% level of significance as it had a positive relationship with the dependent variable. This reveals technological capacity is an important factor that can enhance performance of women MSEs. This also reveals that the more financial accessibility improves the more the performance of women MSEs. Therefore, from these quantitative results it can be deduced that the study which sought to establish the influence of technological capacity on performance of women MSEs was achieved because it established that it influences performance of women MSEs.

#### **Influence of government policy and regulation on performance of women MSEs**

The study established that government policies and regulations have a great impact on performance of MSEs; that lack of support from the judiciary and Government inconsistency and lack of transparency

in implementing policies hinders their enterprise's growth, bureaucracy in registration hinders their enterprise's growth, that corruption diverting support programs from original beneficiaries, cumbersome laws and regulations, political instability, high compliance costs and high cost of tax/complexity of the custom system hinder their enterprise's performance, that lack of government support programs for women MSEs hinders their enterprise's performance and the illegal permits and licenses hinder their enterprise's performance and that the Government through its policies did not have a good will to improve the performance of MSEs.

Further, from the inferential statistics the study revealed that the variable (Pearson correlation coefficient =.599) and p-value ( $0.009 < 0.05$ ) statistically, moderately and significantly correlated to performance of women MSEs at 5% level of significance as it had a positive relationship with the dependent variable. This reveals government policy and regulation is an important factor that can enhance performance of women MSEs. This also reveals that the more government policy improves the more the performance of women MSEs. Therefore, from these quantitative results it can be concluded that the study which sought to establish the influence of government policy and regulation on performance of women MSEs was achieved because it established that it influences performance of women MSEs.

## **Conclusions**

From the study findings the majority of respondents indicated that they had no prior training before establishing the business and they need to be trained on the most essential areas of operations and management in their businesses such as overview of business Management, costing & Pricing of Products/Services, record Keeping,

preparing Business Plans/Projects, taxation Issues , stated marketing of Products/Services, sources of business finance, human resource Issues, business expansion & growth Strategies, managing crisis in business, networking for business success, effective team management, financial analysis, project planning & management, quality improvement and management, the management of cash, Stock & Credit, Terms and Conditions of the Loan, Loan Processing procedures and the management of Delinquency and Default. From the study findings it was evident that entrepreneurial training had the potential to positively and significantly affect performance of women MSEs and yet had only been marginally adopted by the women MSEs. Accordingly, women MSEs businesses should focus on acquiring appropriate entrepreneurial skills such as financial, marketing and management skills.

The study established that entrepreneurs financed their businesses from bank loans, personal savings, loans from family and relatives, through government institutions, and through Non-Governmental Organizations; that respondents accessed finance for their businesses from commercial banks, from NGOs, from microfinance institutions, from government institutions, and from SACCOs. Majority could not access finance from the institutions due to the high interest rates, lack of collateral, dislike to borrow from banks, and fear of losing property prevented them from borrowing money from then banks; that they were denied the loan because they had a too small equity base, lacked security to pledge, lacked guarantors, lacked managerial experience and bank statements due to non-banking. Financing is a setback to the performance of their businesses. The study findings revealed that although the access to finance had the capability to positively influence performance of women MSEs they had not been fully utilized to the advantage of the MSEs. Therefore, the banks should improve on the Lending terms and conditions to the

advantage of MSEs, Collateral requirements and Number of years in order to increase performance.

Technological capacity of the entrepreneurs affected their businesses as facilitating communication with both the supplier and customers, easing the transportation of goods, easing the marketing of our products, by offering a new distribution channel. The business intended to use the social media network sites to access financial institutions for loan for marketing capital or operating capital, for complaint capturing, complaint resolution and compliments capturing. This indicates that the social media networking sites played a significant role on enhancing performance of the women MSEs

The government policies and regulations have a great impact on performance of MSEs and that lack of support from the judiciary and Government inconsistency and lack of transparency in implementing policies hinders their enterprise's growth, bureaucracy in registration hinders their enterprise's growth, that corruption diverting support programs from original beneficiaries, cumbersome laws and regulations, political instability, high compliance costs and high cost of tax/complexity of the custom system hinder their enterprise's performance, that lack of government support programs for women MSEs hinders their enterprise's performance and the illegal permits and licenses hinder their enterprise's performance and that the Government through its policies did not have a good will to improve the performance of women MSEs.

### **Recommendations**

The study recommends for training of entrepreneurs and employees on the areas of operations and management in their businesses such as overview of business Management, costing

& Pricing of Products/Services, record Keeping, preparing Business Plans/Projects, taxation Issues , stated marketing of Products/Services, sources of business finance, human resource Issues, business expansion & growth Strategies, managing crisis in business, networking for business success, effective team management and financial analysis of their businesses.

The entrepreneurs need to be facilitated to finance their businesses from bank loans, personal savings, loans from family and relatives, through government institutions, and through Non-Governmental Organizations; that respondents accessed finance for their businesses from commercial banks, from NGOs, from micro finance institutions, from government institutions, and from SACCOs. The high interest rates, lack of collateral, dislike to borrow from banks, and fear of losing property prevented them from borrowing money from then banks; that they were denied the loan because they had a too small equity base, lacked security to pledge, lacked guarantors, lacked managerial experience and bank statements due to non-banking need to be looked at by having policies as the financing is a setback to the performance of their businesses.

Technological capacity of the entrepreneurs should be enhanced to promote performance of MSEs such as communication with both the supplier and customers, easing the transportation of goods, easing the marketing of our products, by offering a new distribution channel. The businesses should use the available social media network sites to access financial institutions for loan for marketing capital or operating capital, for complaint capturing, complaint resolution and compliments capturing.

The government policies and regulations affects performance of MSEs and study recommends for policies which can support consistency and transparency in implementing policies, bureaucracy in registration ,corruption, cumbersome laws and regulations, political instability, high compliance costs and high cost of tax/complexity of the custom system ,illegal permits and licenses and good will to improve the performance of women MSEs.

### **Recommendations for Further Study**

The study was limited to internal and external variables affecting performance of women MSEs.

Further research can be the methods to explore the other variables which could be affecting performance of women MSEs in other areas for the generalization of the findings of this study. The same research should be conducted in the same areas but more focus should be on qualitative measures of performance.The study established that the available literature has shown that are scanty studies in relation to the study. The study has contributed to the body of knowledge by establishing that entrepreneurial training, financial accessibility, technological capacity and government policy and regulations affect performance of women MSEs.



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