Drivers of Growth of Women-Owned Micro Enterprises in Meru Municipality, Kenya

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Abstract: The study aimed at assessing the drivers of growth of women-owned micro enterprises in Meru Municipality, Kenya. The study employed descriptive research design. Self administered questionnaires were used to collect data from the respondents. Descriptive statistics was used to analyze the data. Analyzed data was presented in the form of frequency tables, pie charts, bar graphs and percentages. The study concluded that, there is need for women entrepreneurs to participate in entrepreneurship trainings and beneficial associations. The study recommended that: Private sectors and NGOs in collaboration with the government should be encouraged to come up with programs of inculcating women entrepreneurship culture through business conferences, exhibitions, foreign tours. Such forums will act as learning centres for women entrepreneurs.

Keywords: Women-owned, Micro enterprises, Drivers, Growth, Meru Municipality.

INTRODUCTION

Women constitute around fifty six percent of the world’s population. Women are therefore regarded as the better half of the society [1]. In early days, women used to perform household chores mostly as wives and mothers. They played a major role in having the men a step ahead in entrepreneurship [2]. In recent times, women entrepreneurs around the world have started taking entrepreneurial roles. Entrepreneurship is about being a risk taker, an organizer and an innovator [3] all of which many global women are. Women contribute various ideas to their communities, create job opportunities as well as create additional work for suppliers and other by-product business linkages [4]. They are the major players in the informal sector [5] and contribute to the economic development of developed and developing countries [6]. They are passionate about their enterprises. Their entrepreneurial skills have rendered them to start micro enterprise either after a career break or by making the transition from the salaried employment to self-employment [2].

In Kenya, women owned micro enterprises account for over 48% of all SMEs [7]. Several women entrepreneurs in Kenya operate enterprises associated with conventional women’s roles such as, hairstyling, restaurants, hotels, retail and wholesale outlets [7]. They contribute to 20% of Kenya’s GDP. The 462,000 jobs created annually since 2000 in Kenya, 445,000 jobs have emanated from the informal sector, where 85% of women’s businesses are found [8]. The government of Kenya in its Vision 2030 aims at achieving economic and political stability by 2030. The government views entrepreneurship as one of the engines for faster economic growth. In this respect, the government has made specific allocation of funds to the micro-enterprises sector with special consideration to women, youth and vulnerable groups (Medium Term Plan report 2008 – 2012). A number of NGOs are also involved in the efforts to promote micro enterprise under the umbrella name of small and micro enterprise development agencies (SMEDA). They include the world Bank, Africa Development Bank (AfDB), Asian Development Bank, International Monetary Fund (IMF) United Nation Industrial Development Organization (UNIDO) to name but a few [2]. Kenya women finance trust is one such finance institution that targets specifically in lending to women entrepreneurs. Some of these promoters give an impression that they offer financial and non-financial support services to the beneficiaries. However, little impact has been observed, neither through some form of evaluation nor any observable indication such as growth or improved performance of these entrepreneurs [9].

In addition, these women owned micro-enterprises are characterized by failures or early closures due to financial distress and not much progress seems to have been achieved (Kenya National Bureau of Statistics, 2007). Many women owned businesses enter and exit these markets every year with a turnover rate of about 38% per annum (Organisation for Economic Co-operation and Development, 2001). The social set-up in which they operate present challenges...
like financial constraints, lack of education and training, lack of social support, lack of managerial experience and absence of supportive policy which significantly affect the growth of their business [7]. For a country to make a key step in development it has to address the hurdles facing women in business [10].

However, many empirical studies existing internationally are lacking coherence and have not looked at drivers of growth of women-owned microenterprises. For example, Ongachi & Bwisa, [2] conducted a study on factors influencing growth of women owned micro and small enterprises and concentrated on the financial capability aspect only. Koech & Namusonge [11] carried out a study on the factors influencing performance of women-owned micro and small enterprises in Nairobi County, Kenya. Nevertheless there is no known study by the researcher on the drivers of growth of women owned micro-enterprises during this era of sustainable development hence, the need for the study. This will enable the stakeholders to understand areas to address when tackling sustainable development goal nine on fostering innovation and promoting sustainable industrialization.

LITERATURE REVIEW

Resource Based Theory

The Resource-Based theory argues that competitive advantage lies in the resources an organization can access and exploit, not in its ability to manage the environment [12]. The Resource-Based theory maintains that firms possess a bundle of resources in the form of assets, competencies, processes, skills and knowledge; and it is their value, rarity, difficulty to imitate and substitute that provides the organization with a competitive advantage [13]. These attributes explain organizational differences and performance, since each organization possesses a different bundle of resources from its competitors. Micro-enterprises consider this theory as a framework for identifying and analyzing resources available to a firm. The theory encapsulates resources into property that are tradable and non-specific and knowledge as ways of transforming tangible input resources [14]. Arising from the theory, Mukiri [14] identifies sources of knowledge based resources as age, education, family business history, entrepreneurial experience, industry specific knowhow, training and social capital.

Stages of Enterprise Growth

Howard [15] in a study stated that organisations go through seven stages of growth and concluded the initial three stages are of significant importance and influence on enterprises. The first stage is when a micro business is just beginning with markets and products that are being developed. The second stage is expansion, with the focus on increased sales, revenues, market share and employees. Stage three is professionalization and the desire to formalize the operations of the organization; this stage is closely linked to expansion. The fourth stage consolidates the activities of the organisation and attempts to solve problems faced by the firm. Diversification is the fifth stage, with the focus on developing new products for exiting markets. Stage six is integration, attention on building an infrastructure to sustain multiple business units. The last stage is decline and revitalization; this stage focuses on rebuilding the entire organization at all levels to guarantee continued survival.

Scott and Bruce [16] posited that a micro enterprise moves from stage 1 (inception) through to stage 5 (maturity). At each of the stages, it is assumed that the role played by top management, the management style and the organization of structure change is dissimilar. Storey [17] depicted that, micro-enterprise growth considers three components. These components are the starting resources of the entrepreneur, the firm and the strategy. Storey [17] argued that these components may be considered as overlapping or intersecting circles. They cannot be considered wholly independent.

Empirical Review

Yeboah [18] define business growth as absolute or relative changes in sales, assets, employment, productivity, profits and profit margins. Delmar et al. [19] claimed that sales and employment are two important indicators when measuring firm growth. Employment is often used, because it is comparatively easy to access and measure as well as because it lies within interest for policy makers. Sales are also commonly used to measure firm growth, though sales are susceptible to inflation and exchange rates. Besides, it can be difficult to compare sales figures in unlike industries. Therefore, Delmar et al. [19] concluded that researcher should use multiple growth indicators when studying firm growth. In the last decade or so, different authors argue that MEs differ from larger enterprises, because they do have dissimilar growth possibilities. They intimated that large firms witness expansion during recessions/recoveries, whilst MEs often seems to grow in booms.

Makena, Kubaison, and Njati [20] carried out a study on challenges facing women entrepreneurs in accessing business finance in Kiambu County, Kenya. They found that the number of women who have graduated with a degree or a diploma and are in business is very low. This could be interpreted in two ways. One, majority of educated women are absorbed in formal careers and only the few unlucky who do not get an opportunity immediately decides to start a business as they wait for the opportunity to come. The second assumption is that most women especially those from disadvantaged backgrounds find it difficult to acquire formal education and even those do, the highest level they manage is either a certificate besides O-level. The other observation is that even those who succeed to
receive the formal education at any level, the training they undergo is not entrepreneurial in nature. This is in agreement with the sessional paper no.2 (GoK, 2005) which indicated that the capacity of resources in most institutions is limited compared to demand. Therefore the graduates who leave the institutions are inadequately and inappropriately prepared.

Mwobobia [21] in the study on the challenges facing small-scale women entrepreneurs noted 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 the knowledge needed 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 (Women entrepreneurs in Kenya, 2008). Lack of sufficient education and training for women is another impediment to micro-enterprise success. Culturally, and especially in the rural setting, the girl child was not given equal opportunity to study like the boys; hence they had limited education and training (if any) which tends to affect effective performance in later life. One woman laments:

“We are isolated socially; we lack previous work experience, and access to enterprise information and marketing facilities which the men entrepreneurs acquire. The excessive demand on our time as wives, mothers and ‘managers’ of the home front due to our chores, make it nearly impossible to successfully operate an enterprise. It is only by God’s grace that we manage to survive. This is besides our position in the family and the structure of power relations. One who ventures out there to follow the entrepreneurial spirit, does so at the expense of her family” (Women entrepreneurs in Kenya, 2008).

In addition, women are usually less educated than men, making them less well equipped to manage a business (Common wealth secretariat, 2002). Namusonge [22] noted that entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment. Despite the presence of Business Development services in Kenya not many women entrepreneurs use it because of cost, access, necessity, or availability [23].

According to Nell and Napier [24] capacity building refers to effort to generate knowledge, skills and expertise in order to enhance analytical capacity that may assist in increasing productivity and sustenance. Capacity building helps in determining the business’s competitive advantages. In order to improve the survival and performance of women-owned ventures, programmes should be implemented to assist women in selecting appropriate work-family management strategies. If work-family conflict is addressed, a potential stumbling block for women business owners will be removed. Kock [25] argued that many women want post-start-up support that is accessible after trying out the skills learned in earlier training. Mentoring is one method of providing this support, which can be very effective as it addresses the specific problems faced by the individual entrepreneur. The support can include individual as well as group-based assistance directed at specific problems where mentors serve as role models. Langowitz and Minniti [26] found that women tend to perceive themselves and the entrepreneurial environment in a less favourable light than men. Programmes aiming to improve perceptions of aspiring women entrepreneurs may lead to higher rates of business start-up and growth.

Morris and Kuratko [27] in their study on corporate entrepreneurship indicated that women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive [27]. Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter, gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models. Few women are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or subsectors and of women as individuals within any given sector. Recently in an SME Trade Fair in a country in Asia where it has been estimated that women operate around half of all SMEs, less than 20 women were registered among the approximately 250 participants and most of those were civil servants rather than businesswomen [28].

Pinchot and Pellman [29] indicated that women’s businesses are not well represented in industry, trade or business associations. Both the leadership and the membership of chambers of commerce, business, traders and industry associations tend to be dominated by men, and few women join or reach leadership positions in the mainstream business organizations. Although partly a reflection of the low number of women entrepreneurs, it means that the different needs of women entrepreneurs do not feed into policymaking through the lobbying and other activities of these organizations. Part of the reason for women’s
organizational invisibility is the difficulty of finding sufficient time to attend meetings as well as manage their families. However, business associations rarely consider such needs when scheduling meetings, and few business conferences or trade fairs provide childcare or children’s programmes in order to facilitate the participation of businesswomen. It is interesting to note, on the other hand, that many business conferences, particularly in developed countries, do provide “spouse” programmes in order to accommodate the needs of businessmen to bring along their “non-working” wives.

Many women’s business organizations, such as the FLO in India and the BCCI in Bangladesh and Women’s Chambers of Commerce and Industry (WCCI) in Pakistan have mushroomed in the region to fill this gap. However, in general, the mere existence of such organizations does not ensure voice and visibility for the women entrepreneurs. The organizations must provide needs based services as per the client’s needs as well as be effective and positive in the policy arena. Organizations must recognize that women are not homogenous and make sure that different voices of women entrepreneurs are heard. Many times the women’s organizations may lack acceptance by and legitimacy in the government and may suffer from inadequate funding [30].

Ahmad [31] adds that women are overloaded with business and family responsibilities and may not have the time to join beneficial associations and this automatically limits the women entrepreneurs’ wings of exploration. When business training is available, women may not be able to take advantage of it because it is held at a time when they are looking after their family (Common wealth secretariat, 2002). Comparative studies show that women start business at an older age than men, when they have had the family and children [32], this becomes a great challenge. The rural women appear not to be driven by profits but rather, by the need to provide for their families. They see enterprises as a means of setting them free from ‘begging’ from their spouses money for the basic necessities of their families; food, clothing and health. What they earn is totally spent for the benefit of the entire family. Another key motivating force for women to become business owners has been identified as interest in helping others. Generally women entrepreneurs in small scale business receive substantial family support at start-up and in the course of running their business. Such support is however, based mainly on social rather than economic consideration.

Conceptual Framework
The conceptual framework portrays the relationship between the independent variables and dependent variable.

RESEARCH METHODOLOGY
The study employed descriptive research design. The target population for the study consisted of women owned micro enterprises licensed to operate within the Meru municipality by the end of 2010. According to the KBNS (2015), there were a total 318 women owned micro enterprises operating within the selected locality. The respondents consisted of 318 women-owned micro enterprise in Meru municipality. Yamane [33] formula for calculating sample sizes was used to calculate the sample size at 95% confidence level and e = 0.05.

$$n = \frac{N}{1 + Ne^2}$$

Where n is the sample size, N is the population size, and e is the level of precision. This resulted to 117 respondents Type of business was used as a parameter for stratification to select the respondents to be included in each stratum. To obtain the respondents for the study the number of business was multiplied with the total sample size and the result divided by total population.

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale</td>
<td>18</td>
<td>18 x 318 = 318</td>
</tr>
<tr>
<td>Groceries</td>
<td>97</td>
<td>97 x 318 = 318</td>
</tr>
<tr>
<td>General merchants</td>
<td>74</td>
<td>74 x 318 = 318</td>
</tr>
<tr>
<td>Service</td>
<td>42</td>
<td>42 x 318 = 318</td>
</tr>
<tr>
<td>Restaurants</td>
<td>28</td>
<td>28 x 318 = 318</td>
</tr>
<tr>
<td>Clothing, design and beauty</td>
<td>59</td>
<td>59 x 318 = 318</td>
</tr>
<tr>
<td>Total</td>
<td>318</td>
<td>318 x 318 = 117</td>
</tr>
</tbody>
</table>

Available Online: [http://scholarsmepub.com/sjbms/](http://scholarsmepub.com/sjbms/)
Primary data was collected using self administered close ended questionnaires. Descriptive statistics was used to analyze the data. Analyzed data was presented in the form of frequency tables, pie charts, bar graphs and percentages.

RESULTS AND DISCUSSIONS

Response Rate

A total of 117 questionnaires were distributed and out of that, 92 questionnaires were returned and analyzed. This gave a percentage respondent rate of 79%. This percentage was rated as very good. According to Mugenda & Mugenda [34], a response rate of 50% is adequate, 60% is good and 70% and above very good. Based on the above, the response rate was very good.

![Fig-1: Response Rate](image)

Growth of Women-owned Micro-enterprises

Yeboah [18] define business growth as absolute or relative changes in sales, assets, employment, productivity, profits and profit margins. 32% of the respondents stated that their business have a positive increase in sales since they started operating. The number of employees has been stagnant for a while with 100% of the respondents stating so. Only a meagre 15.2% of the respondents have injected more capital into their business. Majority of the respondents rated their business growth as being moderate.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderate</td>
<td>68</td>
</tr>
<tr>
<td>Low</td>
<td>24</td>
</tr>
</tbody>
</table>

Table-2: Rating on business growth

Capacity Building

The first objective of the study was to determine the influence of capacity building on growth of women owned micro-enterprises. The study established that generally, women entrepreneurs had a diploma level of education with 31.1% of the sampled women entrepreneurs having a diploma level of education, 24.5% secondary level education, 16.5% primary level education, 14.6% Craft level education and 13.6% university level education, this implies that 59.3% of the respondents had post secondary education.

<table>
<thead>
<tr>
<th>Highest Education Level Attained</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>15</td>
<td>16.5</td>
</tr>
<tr>
<td>O-Level</td>
<td>22</td>
<td>24.3</td>
</tr>
<tr>
<td>Craft Certificate</td>
<td>13</td>
<td>14.6</td>
</tr>
<tr>
<td>Diploma</td>
<td>29</td>
<td>31.1</td>
</tr>
<tr>
<td>University Degree</td>
<td>13</td>
<td>13.6</td>
</tr>
</tbody>
</table>

Table-3: Highest Education Level Attained

The study revealed that enterprise owners gained knowledge on how to develop their business by following their mentors’ footsteps and attending business seminars with 75% and 22% of the respondents stating so respectively while the rest depend on their own knowledge. The researcher noted that majority of the women owned micro-enterprises in Meru town were run on trial and error basis as the majority of the owners had never received training on entrepreneurship. This was established when only 22% of the respondents attested to have attended training on entrepreneurship while 78% have never.
Table-4: Attending training on entrepreneurship

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>22</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>78</td>
</tr>
</tbody>
</table>

Among the respondents who participated in training on entrepreneurship, 24% were trained on sales and marketing, 20% on business planning while 15% were trained on financial management.

Social Networks

The second objective of the study was to determine the influence of social networks on growth of women owned micro-enterprises. From the findings of the study, it was evident that generally women entrepreneurs belonged to social networks with 74.8% stating that they belonged to social networks and only 25.2% stating that they did not belong to any social networks. Merry go round was leading with 63.9% of the respondents being affiliated to it, 10.1% of the respondents were affiliated to women groups and 26.1% were MFI members.

Table-5: Type of social associations

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women group</td>
<td>7</td>
<td>10.1</td>
</tr>
<tr>
<td>Merry go round</td>
<td>44</td>
<td>63.8</td>
</tr>
<tr>
<td>MFI member</td>
<td>18</td>
<td>26.1</td>
</tr>
</tbody>
</table>

The findings of the study as indicated in table 4.7 revealed that generally 61% of the respondents had associations comprising of women only while 39% had associations comprising of women and men.

Table-6: Composition of the Social Network

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women only</td>
<td>42</td>
<td>61</td>
</tr>
<tr>
<td>Women and men</td>
<td>27</td>
<td>39</td>
</tr>
</tbody>
</table>

The researcher found that in general, 80.6% of the respondents had role models and only 19.4% stated that they did not have any role models. Further analysis established that out of the respondents, who had role models, 41.7% were female and 40.8% were male role models. 58.2% of the respondents were in agreement with the statement “I chose this business because someone close to me has this type of business” 39.2% disagreed with the statement.

CONCLUSION

The study investigated the factors influencing the growth of women-owned micro-enterprises in Meru Municipality. It specifically sought to establish the influence of capacity building and social networks on growth of women owned micro-enterprises. The study concluded that, there is need for women entrepreneurs to participate in entrepreneurship trainings. The study further concluded that women are overloaded with business and family responsibilities and may not have the time to join beneficial associations and this automatically limits the women entrepreneurs’ wings of exploration.

Recommendations

The study recommended that:
The public sector and formal financial organizations should be sensitized on the value of gender-balanced participation in the informal sector enterprises. A major goal should be to promote the social and economic empowerment of women, as they constitute a vulnerable social category that is critical in sustainable development endeavours.

Private sectors and NGOs in collaboration with the government should be encouraged to come up with programs of inculcating women entrepreneurship culture through business conferences, exhibitions, foreign tours. Such forums will act as learning centres for women entrepreneurs.

County governments should come up with marketing strategies for women entrepreneurs’ end products so as to increase the market share of those products. This will increase their income hence empowering them economically.

Women entrepreneurs should manage and run their social networks professionally to make them a source of great support for micro-enterprises in terms of source of capital and investment ideas.

Women entrepreneurs should invest in regular training on entrepreneurship. Through this strategy they will be equipped with critical skills and gain expertise in managing their businesses professionally as this will increase their market share.

REFERENCE


