DETERMINANTS OF PERFORMANCE OF WOMEN-OWNED SMALL AND MEDIUM ENTERPRISES IN NAIROBI COUNTY

BY

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DECLARATION

I, the undersigned, declare this my original work and has not been submitted to any other college, institution or university other than United States University in Nairobi for academic credit.

Signed __________________________ Date: __________________________

Zipporah Mwathi (ID 120914)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed __________________________ Date: __________________________

Timothy C. Okech, PhD

Signed: __________________________ Date: __________________________

Dean - Chandaria School of Business
ABSTRACT

The general objective of this study was to assess factors that influence their performance of women-owned small and medium enterprises (SMEs) in Nairobi County. The specific objectives were to: examine entrepreneur factors that affect women owned SMEs in Nairobi County; determine socio-economic factors that affect the performance of the women owned enterprises; and analyze organizational factors that affect the performance of the women owned enterprises. Descriptive study design and survey method were employed on a stratified sample size of 253 women randomly drawn from Westlands, the central business district (CBD), Village Market and Milimani areas of Nairobi County. Data was finally collected from 179 respondents.

On the entrepreneur factors, the study revealed that education level is an important determinant of performance for women owned SMEs in Nairobi. Masters holders had registered the highest level of positive growth followed by Undergraduates while Diploma and Secondary school level registered same levels of growth. The study also reaffirms the importance of customer care as an important skill in attracting, retaining and growing customers whereby respondents ranked it with the highest mean score of 3.71 out of 4. On the other hand, the study highlighted the low levels of innovation and poor ICT competencies as major hindrances to the performance of women owned enterprises.

On the socio-economic factors, the study found that spousal support, availability of mentors, government regulations and access to loans were key determinants of performance of women-owned SMEs. The study further cast doubts on the often stated assertion that marital status hinder women entrepreneurs by limiting their movements thus they miss out on available business opportunities. Many women ranked inability to travel due to marital duties as the least hindrance to their performance with a mean of 2.4 out of 5. The study further challenges the often cited motives for women venturing into businesses. The findings show that majority of women were in employment before starting business hence they were not seeking for a source of livelihood as is often cited. However, the study confirms the earlier assertions that women entrepreneurs need both financial (access to loans) and non-financial supports such as business networks, peer-based support and customer interactions opportunities. The study further
identifies high taxes and ever increasing government regulations on health, safety and employment as major hindrances to the business performance.

The study concludes that having a good business plan with clear vision, attracting and retaining highly qualified staff, choosing a strategic business location and registering an appropriate business type contributes to 67% of business performance. The study further confirms that women entrepreneurs in Nairobi engage in business venture mainly along their gender roles. More women (21.4%) are in food and beverage and clothing and textile (17.1%) as compared to real estate (6.8%) and ICT (7.7%).

The study recommends that women should diversify their sectors of operation to include manufacturing and ICT in order to access high value markets. The government should also strive to reduce the cost of compliance to its taxes and regulations as well as increase awareness of such regulations as they are mainly perceived as a major hindrance to business performance. Further, governments need to use instruments of culture transformation such as education to change perceptions of the roles and abilities of women entrepreneurs by promoting support for women property ownership rights. Pro-women empowerment organizations also need to recognize the important roles of the husbands or partners of the women and carry out joint capacity buildings for the entrepreneurs and their spouses to sensitize them on the importance of their support and to improve their decision making capabilities. Moreover, women entrepreneurs need to change tactics and start copreneur enterprises that involve both husbands and wives to help reduce the opposition costs between partners and lower the social costs of non-compliance.

The government should further support holistic system and policy interventions that incorporates both financial and non-financial components. The non-financial components should include business networking, and mentorship programs for women entrepreneurs. On the other hand an enabling environment should be created that compensates for high taxation and reduces corruption. At the organizational level, women entrepreneurs should invest in well trained and experienced staff to boost performance. They should also build their own capacities to play vital roles like accounting and marketing to avoid over dependency on their staff.
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DEDICATION

I would like to dedicate this research to my late mother Hannah Njoki Mwathi, my mentor, friend and ultimate example of a woman in business.
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>CBD</td>
<td>Central Business District</td>
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<td>GPFC</td>
<td>Global Partnership for Financial Inclusion</td>
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<td>MDGs</td>
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<td>United Nations Development Programme</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Small and Medium Enterprises (SMEs) play a key role in the economic development of any nation. They are the major creators of new jobs and generators of creativity and innovation that drives the economic growth (Khan, Bhatt, & Amu, 2014). The development and progress of SMEs is strongly influenced by the entrepreneurs that lead them. These entrepreneurs may be categorized according to their level of education, motivation, age, business characteristics and gender (IFC and McKinsey, 2011). However, in all these, gender seems to be a great determinant of the success and performance of an SME. Women entrepreneurs face numerous barriers as compared to their male counterparts. These barriers include; limited or regulated access to resources, discriminative customary laws and practices, lower levels of education and training and restrictions on mobility due to numerous demands on their time among others (Global Partnership for Financial Inclusion and International Finance Corporation [GPFC & IFC], 2011).

Women’s engagement in entrepreneurship can help reduce inequality and expand the economy. It is estimated that women-owned SMEs form 31- 38% of formal enterprises in emerging markets (IFC and McKinsey, 2011). Moreover, it was projected that the failure to attain the Millennium Development Goal (MDG) target 3 that promotes gender equality and empowerment of women would lower the per capita growth rates by between 0.1 to 0.3 percentage points.(Abu-Ghaida & Klasen, 2004; Baliamoune-Lutz & McGillivray, 2007). The crucial roles played by women in economic growth are underscored in Kenya’s vision 2030 where SMEs are identified and prioritized as key drivers for growth and development. Currently, the country has about 7.5 million registered SME’s that contribute about 44% of the GDP (Kenya National Bureau of Statistics [KNBS], 2016).

The contribution of women-owned SMEs to the economic growth has been faced with numerous challenges. They include: inadequate capital, poor infrastructure, rapid technological changes, limited market access, inadequate knowledge and skills, unfavorable regulatory environment and corruption (Deloitte, 2016). In order to mitigate some of these
challenges, the government enforced legislations to promote local production and consumption of goods, encouraged “Build Kenya” policies in public procurements. In addition, various funds such as Women Empowerment Fund (WEF) and UwezoFund among others were established to support women, youth and persons with disabilities (Adeyeye, 2017).

Despite the government’s concerted efforts to support the SMEs especially in the areas of capitalization and micro financing, almost a half a million SMEs close down annually. The cumulative number of new SMEs that do not get to their second year of operations is estimated at 2.2 million. The wholesale and retail traders, motorcycle and motor vehicle repairs were the leading casualties accounting for 74% of the closures. On average, SMEs were closed at the tender age of 3.8 years with new businesses having less than two years of operations being the most vulnerable to collapsing (KNBS, 2016).

WOEs continue to endure the most of the shocks of the tumultuous industry environment. In Kenya, 31.4 % of the licensed SMEs are owned by women as compared to 48% owned by men and 17% owned jointly by both men and women. On the other hand, 61% of unlicensed SMEs are solely owned by women while those owned by men only accounted for 6.4 % in the unlicensed category (KNBS, 2016). Generally, WOEs are formed every year but their growth often stagnates in terms of size, sales, profits and capitalization. Over 57% of new women led establishments do not exceed two years of operation and the ones that survive experience insignificant growth. They tend not to advance beyond 5 employees (Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2014).

Onyonyi, (2016) argued that the life span of an SME is short because either it graduates to a big business or it dies into oblivion. Her sentiments echoes those of Kinyanjui, (2006) who posited that some SMEs are self-limiting and are easily edged out by unfavorable conditions. Other researchers have also observed that 82% of women owned enterprises are in trade and services industries with a paltry 0.8% in information technology and manufacturing industries. This high representation in low value based sectors brings about market saturation and crowds the space for growth leading to stunted progress (Kiraka, Margaret, & Katwalo, 2013). There is therefore serious need to for WOE to invest in innovation and new product development to access higher value markets.
Sharma et al (2012) observed that in many developing countries women run microenterprises, not majorly as a business opportunity but as a matter of survival. In some cases, enterprises are started simply to exploit a funding opportunity. On the other hand, women may be enthusiastic about business enterprises but are limited by the socio-cultural systems in which they operate. It has been reported that many families support the women to start the business but the support fizzles out the moment she is perceived to be gaining financial independence (Mwobobia, 2012). Others see the dismal growth of women owned businesses as a problem caused by the hostile environment and personal predicaments. These include limited and shrinking markets, lack of business skills and knowledge, diversion of funds to other pressing issues, low literacy levels and lack of loan security (Kiraka, Margaret, & Katwalo, 2013). International Labor Organization (ILO, 2007) concurs with such sentiments by attributing the challenges to social processes, weak credit systems, poor institutional arrangements, cultural practices that deny women financial freedom, lack of managerial experience and poor implementation of supportive policies.

As part of the government intervention to help women owned businesses to grow, Women Empowerment Fund (WEF) was set up to deliver affordable credit for seed capital and expansion. Since its inception in 2007, WEF has so far disbursed Kshs 6 billion to one million women in all the 290 constituencies (WEF, 2012). Increasing access to funding and capitalization is expected to spur growth and investments especially among new market entrants with poor financial bases (Kinyanjui, 2006). However, access to finance alone is not an end in itself since outcome of the enterprise is dependent on the way the funds is utilized (Ijaza, Mwangi, & Ng’etich, 2014). It is therefore important for women entrepreneurs to access both financial and non-financial support structure.

1.2 Statement of the Problem

The role of SMEs in innovation, job creation and long term economic growth cannot be over emphasized (Khan, Bhatt, & Amu, 2014). However, there are relevant questions about the effectiveness of strategic planning and implementation to enhance economic development. Development policy makers have noted that striking weaknesses in continuous innovation, financial acumen, market access, entrepreneurial flairs and human resources management hinder many firms from reaching their full potential (Gatukui & Katuse, 2014). SMEs further
face the challenge of negative perception. Potential clients sometimes view their products and services as inferior in quality and limited in scope. In many instances, larger companies are awarded tenders and contracts purely based on their influence and brand in the industry (Amyx, 2005).

Women owned SMEs are further disadvantaged by their characteristically low startup and working capital. They are also limited by their social cultural environment and the nature of businesses that most of them engage in (Siwadi & Mhangami, 2011). Despite this myriad of challenges, could there be women owned businesses in Nairobi County that seem to flourish? Have some defied all odds to grow and expand in a sustainable manner? Previous researches have concentrated on the challenges facing the SMEs but very little has been done to profile the star performers in various SME sectors to identify their strategic success factors (Douglas, Douglas, Muturi, & Ochieng, 2017).

This study therefore sought to identify and profile women owned businesses in Nairobi County that survived the forbidding disadvantages to register economic growth over the years. The researcher also sought to find the determinants of growth in size, sales, capitalization and profits as perceived by the business owners.

1.3 General Objective

The general objective of the study was to determine factors that influence their performance of women owned SMEs in Nairobi.

1.4 Specific Objectives

The specific objectives of the study were:

- To examine entrepreneur factors that affect women owned SMEs in Nairobi County
- To determine socio-economic factors that affect the performance of the women owned enterprises
- To analyze organizational factors that affect the performance of the women owned enterprises
1.5 Importance of the Study

The closure of one SME is accompanied by financial and non-financial losses. Hence, the collapse of over 400,000 registered SMEs within the first two years of inception dents the Kenyan economy (KNBS, 2016). This study investigated the key determinants of performance that help stop the imminent collapse of startup SMEs and promote their growth and survival. The study further makes important contributions to the following audiences:

1.5.1 Researchers

The findings contribute to the growing body of research that seeks to understand reasons for success or failure of women owned enterprises. This is important in guiding policy formulations and government interventions to promote the survival and performance of women owned enterprises.

1.5.2 The Family, Partners and Spouses of Women in Business

The study was carried out with a view to understand the socio-economic aspects that affect business performance. It will inform the immediate family members and the rest of society of their role in supporting female entrepreneurs through their attitudes and expectations.

1.5.3 Women Entrepreneurs

The study highlights the entrepreneurial factors that affect the performance of women owned businesses. It will therefore help women entrepreneurs to identify and prioritize the requisite skills and attributes that will guide them in marketing strategy formulation, operations management and human resources planning.

1.6 Scope of the Study

The study focused on women owned enterprises located in Nairobi County. The research was confined to SMEs operating in the sectors of real estate, manufacturing, ICT and service providers. The selected firms had a maximum of 50 employees and an annual turnover of not exceeding Kshs 800 million. The research was limited to the socio-economic, organizational and entrepreneurial factors that enhance or limit the growth of SMEs in Nairobi County. Fieldwork and data collection was carried out over a period of five weeks from mid-March to late April 2018. The main challenges included accessing information about the annual turnover of
the respondents and the accurate information on the ownership and location of the business premises. From the Nairobi County Rent Register, it was hard to trace the respondents because some of them had moved locations yet the list had not been updated. The lack of information on the annual turnover was substituted by only considering the enterprises that had been in existence for more than three years and that had less than 50 employees.

1.7 Definition of Terms

1.7.1 Corporate Vision
This is a description of the aspirations of an organization. It outlines what the firm would like to become or accomplish in the foreseeable future. It gives clear guidelines for the strategic actions the firm takes (Hill, Jones, & Schilling, 2014).

1.7.2 Growth of SMEs
This is the increase in sales, employees, production and service lines (Onyonyi, 2016)

1.7.3 Industry Policy
This can be defined as any form of government policy or intervention that aims at improving the business environment to offer better economic prospects for growth or societal welfare (Warwick, 2013).

1.7.4 Factors
These are economic, cultural and social influences that may affect women entrepreneur’s activities and general operations in SMEs (IFC and McKinsey, 2011).
1.7.5 Microenterprises
These are business entities that have a maximum of 10 employees and limited annual turnover of Kshs 500,000 (Government of Kenya, 2012).

1.7.6 Medium Enterprises
These are business entities with a turnover as from Kshs 5 million to 800 million with employees ranging from 50 to 99 people (Government of Kenya, 2012).

1.7.7 Small Enterprises
These are establishments that have an annual turnover range of between Kshs 500,000 to 5 million and employ from 10 to 49 people. (Government of Kenya, 2012).

1.7.8 Women-owned Enterprises
These are businesses owned and controlled by women. The women make key decisions concerning the business (ILO, 2012).

1.7.9 Performance
This is the sum total of operations and activities carried out by women entrepreneurs to boost their growth and strengthen their enterprises (Wube, 2010).

1.8 Chapter Summary
This chapter has provided the background of the study as well as the statement of the problem. The purpose and the specific objectives of the study were also highlighted. The rest of the dissertation is organized as follows. The second chapter reviews literature on women owned enterprises, the concept of business growth and survival, and the government support structures for women owned SME’s. The third chapter identifies the research design and describes the study area, population and sampling procedures. The chapter further offers a detailed description of key variables of the study. The data collection instruments and procedures are also outlined. Data analysis procedures employed in the study are then discussed. In the fourth chapter the study findings are analyzed and presented according to the demographics and the objectives. Finally chapter five contains the discussion, conclusions and recommendations of the findings of the study. The chapter further provides an in-depth summary of the findings.
and their interpretations by comparing them with previous studies cited in the literature review, the major conclusions are then drawn and recommendations made for improvement.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter contains both theoretical and empirical literature reviews from various scholars covering the concepts of entrepreneur factors, socio-economic factors and organizational factors that affect the performance of women owned SMEs. Sources of literature used include, textbooks, journal articles, reports and organizations websites. This chapter is structured as follows: the first section will begin by a review the dependent variable, which is the performance of the businesses, while the next section will look at the independent variables, which are the socio-economic factors, entrepreneur and the organizational factors.

2.2 Performance of Women Owned Business
Several indicators can be used to measure the performance of an enterprise. These include; number of employees, sales revenue, level of capitalization, gross sales turnover and size of the business among others (Kessy, 2013). Successful business can also be viewed as an enterprise that has been in existence for more than 2 years, has more than 5 employees, has made profits and has expanded in terms of infrastructure and market share (Yazdanfar & Öhman, 2014).

SME performance can further be measured in terms of finance and operations. Financial performance indicators may include: turnover, net profit, return on investments, sales, employment levels and market share. The operational performance measures include: quality, innovation, resource and capacity utilization, customer satisfaction, continued existence, expanding infrastructure and meeting of personal goals (Saunila, 2016). New product development is also a way of attaining success and measuring performance (Douglas, Douglas, Muturi, & Ochieng, 2017).

Businesses performance ensures the growth or stagnation of the enterprise. Growth can be described in terms of revenue generation, expansion volumes and value addition. It can further be measured in qualitative features such as market position, customer’s good will and product quality (Cassia & Minola, 2012). Throughout their life cycle, firms must grow in order to
sustain their position in a competitive environment (Isenberg, 2011a). Growth is seen as a reliable evidence of the entrepreneurs return on investment and as a security against failure (Coad, Frankish, Roberts, & Storey, 2013). Enterprise growth can be viewed in different theoretical perspectives, among them are: the resource-based perspective, strategic adaptation perspective, motivation perspective and the configuration perspective (Gupta, Guha, & Krishnaswami, 2013).

The resource-based dimension places emphasis on the enterprise’s resources like finances and human capital for business growth and expansion. The firm’s resources are fully engaged to identify and exploit growth opportunities in the market. Firms with more abundant resources therefore are better placed strategically to enhance their growth capabilities to acquire and retain more competencies (Ferreira, Garrido Azevedo, & Fernández Ortiz, 2011). Strategic adaptation emphasizes more on structural complexities, power distribution and control mechanisms. However, the motivation perspective focuses on the entrepreneurs’ driving force and their resulting actions. Finally, the configuration perspective looks at the growth processes to identify managerial problems to propose their possible solutions (Gupta, Guha, & Krishnaswami, 2013).

The expectancy theory as advanced by Vroom (1964) may also be used to explain SME performance. The theory postulates that a person’s propensity to act in a particular way is contingent on the expectation that a certain outcome will follow the behavior and that the outcome will be favorable to the person’s goals. Therefore, women entrepreneurs would engage in growth-seeking activities that are consistent with their personal goals and abilities and if they believe that such activities would lead to increased yields and growth (Maziku, Mashenene, & Majenga, 2014). This theory finds ready relevance in women-owned SMEs in Nairobi as it promises their growth if socio-economic and entrepreneur factors favor their goals and boosts their ability.

The theory of planned behavior as proposed by Ajzen (1991) provide insights on the motivations of women-owned SME performance. The theory states that the intention to create and grow an enterprise is influenced by personal attitudes towards the business, subjective norms such as the social pressure to engage in the business and the entrepreneurial behaviors influenced by parental role modelling, support and opinions. The intention is further influenced
by the entrepreneur’s perceived sense of control and the ability to perform the activities of interest (Maziku, Mashenene, & Majenga, 2014). The theory highlights the principal role of intention as a motivational factor in influencing behavior and in determining how much effort entrepreneurs are willing to put in to perform a desired behavior (Ajzen, 1991). Therefore, the intention of women entrepreneurs to aim at increasing growth and better performances will be influenced by their individual beliefs, society’s expectations, and their attitudes towards business growth. Motivations may further be explained by the goal-setting theory that emphasizes the importance of a goal as a principal source of work motivation. Edwin Locke (1960) contended that resolute intentions help motivate individuals towards the attainment of goals. Difficult goals have the capacity to improve performance than easier tasks. He also emphasized the vital role of feedback and performance measurement in improving motivation and promoting growth (Lillbacka, 2010). Women entrepreneurs should therefore set clear goals as outlined in business plan to act as a source of motivation.

2.3 Entrepreneur Factors and Performance of Women-owned SMEs

Entrepreneurial factors such as behavior, characteristics, qualifications, gender, motivations, self-efficacy and personality influence the performance and the management of the business (Hove & Tarisai, 2013) (Kessy, 2013). Entrepreneurship skills enable an individual to function effectively in a turbulent business environment (Msoka, 2013). They include qualities and attributes required to start and successfully operate a business. Entrepreneurial skills such as record keeping, financial management, reporting skills and ICT competencies promote effective management, performance evaluation and decision-making (Akande, 2011).

2.3.1 Technology

Technological innovations like the mobile money services have enabled women entrepreneurs to access financial services through platforms like M-Pesa and M-Shwari (Kamau, Kamau, & Muia, 2015). Internet mediated businesses eliminate the need for face to face transactions, thus demographic factors such as age and gender that are used as bases for discrimination are invalidated. Thus technology has reduced financial exclusion and traditionally discriminating practices that have always been put before the women.
Digitization may also assist women with disability to function normally, increase productivity and improve the quality of work life (Obeng, Robson, & Haugh, 2014). The use of technology enhances innovation which is key in promoting product creativity, obtaining competitive advantages and creating superior customer value. It follows that women entrepreneurs should strive to acquire requisite technological competencies to enable them come up with new solutions in response to their customers’ demands (Wube, 2010). On the other hand, enterprises that fail to harness technology to their advantage often suffer from low productivity, inefficient operations and low quality products hence they cannot compete suitably in a dynamic market (Barbero, Casillas, & Feldman, 2011).

2.3.2 Customer Care
SMEs have better opportunities for customer focus due to their proximity and close interactions and relationships. They should not just view customers as source of revenue and profits but as a resource for gaining and sustaining competitive advantage. Moreover, customer care is paramount in attracting, retaining and growing customer numbers to ensure business profitability, competitive advantage and growth. Entrepreneurs who treat their clients with utmost respect always record higher sales and increasing growth hence good performance (Agbim, 2013).

2.3.3 Marketing
Sales and marketing skills help the entrepreneurs with the knowledge of current trends, product and price fluctuations, ability to determine customers need and the choice competitive strategy to adopt (Msoka, 2013). SMEs without effective marketing strategies are frustrated in establishing effective distribution channels, communicating their product features or service offers and implementing sales and marketing efforts. Such businesses lose out on opportunities to win and retain new customers thus limiting their abilities to expand their businesses (Blackburn, Hart, & Wainwright, 2013). According to ILO (2012), poor market access and marketing opportunities are a major restrain for women entrepreneurs in Kenya. Many women struggle to access current information about customer behavior, acceptable prices, best sources of inputs and the emerging trends. Market access can be enhanced through promotional approaches such as trade fairs, exhibitions, pamphlets and catalogues of products by women, use of social media and websites, along with subcontracting linkages. (ILO, 2012)
Several factors can either hinder or promote the growth of enterprises. Ndungu (2017) identified effective entrepreneurship as the most important factor in enterprises growth. The study assessed the factors that affect enterprises growth in Zimmerman ward in Nairobi County. It was noted that good entrepreneurial practices combined with information Technology (IT) could create synergistic effects that lead to sustainable growth. His findings differ slightly with previous researches who considered entrepreneurship as a mere moderating variable and not an explanatory variable (Cassia & Minola, 2012).

In a study to identify characteristics of hyper growth firms, Cassia and Minola (2012) concluded that hyper-growth occurs mainly due to extraordinary business opportunities and extraordinary access to knowledge based and financial resources. Such extraordinary opportunities and resources include provision of venture capital, training, private equity financing and promotion of mergers and acquisitions.

### 2.3.4 Social Networks

Entrepreneurs operate in a social network structure that doubles up as an opportunity structure providing the social connections necessary for transforming the opportunities into a business startups or expansion. Strong social networks may facilitate the acquisition of resources and ideas that otherwise may not have been identified. The collective competence in the networks represents a cultural capital that entrepreneurs can tap into to enhance their performance (Hanson & Blake, 2013). Women entrepreneurs who join business and social networks get opportunities to market their brands, obtain information and mentorship. Moreover, networks seem essential for the survival of women led enterprises because it is through the networks that well performing businesses gain access to capital/ loans, financial advice, and the vital information needed to scan the business environment for strategy development (Omwenga, Mukulub, & Kanali, 2012). Family networks may also act as channels of gaining access to information, finance, affordable labor and emotional support.

All these are very important for women entrepreneurs. Moreover, support from strong ties such as family, spouse and relatives do more to enhance business performance and growth that weak ties support from collaborators, acquaintances, or former co-workers. In the context of women entrepreneurs, help and emotional support from a spouse plays a very important role in the success and survival of their businesses (Mutuku, Olubandwa, & Odero, 2006)
In Kenya, women entrepreneurs face shortage of peer support and networks as compared with their male counterparts. This holds true despite the fact that many women entrepreneurs and industry associations have been created to provide specific platforms for women entrepreneurs to network, exchange information, share experiences as well as learn from the seminars, workshops and the training programs being offered. (Omwenga, Mukulub, & Kanali, 2012). Mutuku, Olubandwa and Odero (2006), explained that due to marital responsibilities women find themselves overburdened without free time to attend to these network meetings. Their sentiments may be understood in the context of Max Weber sociological theory. The theory states that social culture is an important driving force of entrepreneurship and that the entrepreneur only plays a role of an actor in conformity to the societal expectations guided by religious beliefs, customs and taboos. Because the society expects the women to be homemakers, they prioritize family duties above business (Kamunge, Njeru, & Tirimba, 2014).

2.3.5 Demographics

Personal attributes and demographics such as age, marital status, family background and level of education may also affect the performance of women owned enterprises. Early studies by Birley (1987) profiled women entrepreneurs based on personal characteristics and background. He noted that female entrepreneurs were most likely first borne from upper or middle class families educated and had a self-employed father. Most women entrepreneurs were married with children and started their own enterprises at the age of 45. They were ambitious and self-driven to start new businesses. The current situation in Kenya is slightly different with over 80% women entrepreneurs aged below 40 years with only 18.5% aged between 40-45 years (ILO, 2008). Study assessing the determinants of performance in Malaysia found that even though most women entrepreneurs were middle aged and married, age had no significant relation with the success of the women entrepreneurs. The study also established that over 80% of women entrepreneurs were previously employed before venturing into private business and were operating mostly in the service industry. (Palit & Sarker, 2014). According to ILO 2008 report, the majority of women entrepreneurs (36%) have a secondary education followed by primary level of education at 34%. Recent researches by (Ndungu 2017) and Kamau, et al (2015), have supported these figures.
Other researchers have studied the personal demographics of women and men and noted striking differences in their financing strategies, business and industry choices, growth patterns and structures of governance. These differences notably reflect their motivations and goals, strategic orientation and organizational values (Blackburn, Hart, & Wainwright, 2013). Formal or informal education are key influencers of culture. Education therefore helps in transforming cultural values from one generation to the next. Thus, it can promote support for women by changing societal attitudes against women entrepreneurs to give them right to property ownership and involvement in decision-making processes (Douglas, Douglas, Muturi, & Ochieng, 2017). Education and skills are necessary in running SMEs.

Research however shows that women entrepreneurs with more education and training are more likely to perform better. Muthathai, (2017) noted that low levels of education is a precursor to poor management and a barrier to acquisition of more skills. She observed that women entrepreneurs that did not have college education were more prone to make poor decisions and had relatively limited access to networks and resources. Her sentiments were echoed by Githinji and Rugami (2017) who observed that education had positive influence on sales turnover, gross profit, and number of employees in the business over time. Women entrepreneurs with better education are more able to understand the theory and practice of financial literacy, prepare financial statements and keep business records (Mugo, 2012).

However, not all researchers agree that education plays such a big role in business performance. In a study involving women entrepreneurs in Tanzania, it was observed that the attitude of the husband, ethnicity, and immobility due to marital duties affected performance while family roles and level of education were found to have a low positive effect on performance (Majenga, Maziku, & Mashenene, 2014). The role of education in performance may be explained by the human capital entrepreneurship theory. The theory posits that knowledge from education and skills obtained from experience combine to form a tacit resource that helps an entrepreneur to identify, manage and exploit opportunities (Becker, 2010). Human capital consist of both formal education and specific skills such as management techniques, influence and networks that the entrepreneur uses in the business (Gituma, 2017).
2.4 Socio-Economic Factors and Performance of Women-owned Enterprises

Women owned SMEs in Kenya are classified demographically into three main categories; *Jua kali* micro enterprises, “Very small” micro enterprises and small-scale enterprises (ILO, 2008). *Jua Kali* Micro Enterprisers consists of mostly unregistered enterprises led by entrepreneurs with little or no formal education. They have little access to credit, limited business know how and face challenges in identifying market opportunities. The women owners are constrained by marital status and household responsibilities. In many cases, they lack autonomy and must consult and obtain permission from their husbands to attend seminars or go for trainings. Very Small Micro-enterprisers are registered entities operating from legitimate business locations. They are ran by managers who have a high school education and some level of previous work experience and have at least ten employees. Some entrepreneurs in this category may have supportive spouses who are directly or indirectly involved in the business. Their main challenge is inability to access finances due to lack of collateral for large loans. These enterprises have great potential for growth and may regularly take part in export trade fairs and international markets.

Small Scale Business Owners are college or university graduates with corporate managerial experience and a family background of entrepreneurship. They mostly have a supportive spouse, access to finances and regularly engage in export and international trade. Women owned enterprises in these categories are associated with the typical gender roles in the society. A sizeable number of women entrepreneurs are engaged in restaurants, hotels, hairstyling retail and wholesale shops. Compared to men, women also operate smaller enterprises with fewer employees (ILO, 2012). About 70% of women enterprises are necessity driven and have low to moderate rates while only 6% are gazelles (World Bank, 2013).

2.4.1 Culture

Socio-cultural beliefs and values regarding entrepreneurship play an important role in entrepreneurial intentions and business performance. They influence motivation, self-confidence and risk taking which are important for enterprise success (Felicia, George, Owoyemi, & Adegboye, 2013). Gender related issues like women immobility, lack of support from society and ethnicity may negatively affect the performance of women owned enterprises. Level of education, family roles and availability of mentors and role models are also have a
major influence on business performance. Women often venture into businesses that are in tandem with their gender roles and societal expectations (Tundui, 2012). Furthermore, women entrepreneurs are limited by normative factors such as social dishonor that prevent them from aiming high as compared to their male counterparts (Maziku, Mashenene, & Majenga, 2014).

The role of family as the most influential primary reference group was highlighted by Gamba (2003) who emphasized its pivotal role in shaping individual values and attitudes that affects businesses. The strongly-held values instilled in childhood influence decision-making processes and worldviews in adulthood. For married women, family roles that contradict business roles may affect the enterprise negatively. Child bearing, taking care of family and husbands’ approval may prevent women from exploiting available business opportunities unlike their male counterparts (Felicia, George, Owoyemi, & Adegboye, 2013). Kenyan women operate their businesses in close family networks. Even when women carry out all managerial roles and ensure day to day operations, the husband and other significant family members tend to be part of the ownership structure and influence the decisions. The family circle often provide counsel and encouragement in the business circles.

In most cases, husbands or partners provide capital or collateral needed to access financial services (Kamunyu & Theuri, 2017). Women are more likely to be affected by the pressing demands of family life and work and will mostly respond to the family needs first. The social, cultural, political and normative expectations give them family focused values and priorities that do not change even when they venture into businesses. The delicate balance between family and work life may help explain why women owned enterprises do not grow as fast and as large as their counterparts (Barbero, Casillas, & Feldman, 2011). The motive for starting the business may also hinder growth. Many women go into enterprise as a form of employment and to supplement family income (Kamau, Kamau, & Muia, 2015). Family roles therefore interfere with the smooth operations of the business, as the latter is subservient to the former.

The types of business and the sectors that women engage in may also be influenced by cultural expectations. Women owned enterprises in Kenya are associated with the typical gender roles in the society. A sizeable number of women entrepreneurs are engaged in restaurants, hotels, hairdressing, retail and wholesale shops. Compared to men, women also operate smaller enterprises with fewer employees (ILO, 2012). About 70% of women enterprises are necessity
driven and have low to moderate growth rates while only 6% grow exponentially within a short period of time (World Bank, 2013). This concentration in the small business segment remains more competitive, labor-intensive as the small business sector tends to contribute to the bias in the performance of women-owned businesses relative to their men-owned counterparts.

The low to moderate growth rates can also be attributed to factors such as lack of adequate training results in skills differentials where new enterprises just copy what the existing ones are doing. Difficulty in securing capital /loans, shortage of entrepreneurial skills and lack of training opportunities can hinder the enterprise growth (Ndege & Van der Bijl Park, 2015).

2.4.2 Mentors
A mentor may be viewed as a person with adequate experience, qualities and position that works benevolently to support a less experienced individual. Entrepreneurial mentoring is a supportive relationship between a well experienced entrepreneur and a new entrepreneur for the purposes of promoting the latter’s business development (Etienne & Audet, 2012). Similarly, Laukhuf and Malone, (2015) note that mentorship creates a dynamic relationship between experienced entrepreneurs and the new ones that helps the latter with decision making and avoid errors while building their business acumen. Mentors nurture the women entrepreneurs by keeping the accountable, expanding their networks and promote their personal growth.

2.4.3 Government Policies and Regulations
Generally SMEs perceive taxes as a major threat as they increase operational costs that are passed on customers Since SMEs serve price sensitive customers, such price changes may lead to lower sales and profit margins (Karugu, 2014). The harsh tax policies and the complex taxation systems also discourages the SME growth among both male and female entrepreneurs. Even though the tax regimes in Kenya differ in that larger corporations pay higher rates, the impact of growing taxes have a greater negative effects on the SMEs. Blackburn, Hart and Wainwright (2013) argue that reducing tax costs and simplifying tax provisions may help reduce the tax burden on SMEs and improve efficiency and compliance with the tax laws.
2.4.4 Financial Services and Support

Difficulty in securing loans and inadequate capital is believed to be a major hindrance to enterprise growth (Ndege & Van der Bijl Park, 2015; Deloitte, 2016; WEF, 2012). In Kenya, only 9% of women in Kenya are able to access available credit. Others are not able to get more than Kshs 1 million from banks and other funders because of lack of collateral. This confines them to borrowing microcredit which consequently limits their choice of technology and alternative operational strategies (Business Consulting Team, Intellecap, 2015). In some instances, the lending conditions may require them to buy specific equipment that may serve as a collateral for the loan (ILO, 2012).

The effects of lack of capital on women entrepreneurs may be explained by the liquidity theory. Individuals of enterprises with access to financial capital are more able to acquire more resources and take advantage of business opportunities. The theory argues that entrepreneurs with individual specific resources are better placed to recognize and exploit new opportunities that their counterparts without (Grant, 2008).

2.4.5 Economic Factors

On the economic front, WOE’s are adversely affected by the external factors such as changes in the cost of production, fluctuating interest rates, lack of capital and lack of collateral security among others (Kamau, Kamau, & Muia, 2015; Kamunyu & Theuri, 2017). Supportive legal and regulatory framework, human resources capacities, access to external financing, creative climate, continuous learning and quality improvement may therefore boost their growth and yield positive performance (Bouazza, Ardjouman, & Abada, 2015)(Rasmussen, 2014).

Government policies, support structures and regulations form part of the legal, political and economic environment that SMEs must operate in. These play a vital role in helping women entrepreneur’s access funds, create networks, form partnerships, build value chain relationships and get financial information (Muthathai, 2017). The government support system and policy interventions must take a holistic approach in order to be successful. They should encompass the entrepreneurial actors, resource providers, entrepreneurial connectors and the entrepreneurial environment at large. Additionally, the government-led support systems should be embedded with quantitative and qualitative metrics for monitoring their interventions (Mason & Brown, 2014).
Nonetheless, some scholars have criticized government schemes that provide financial support arguing that “free or easy” money away will be detrimental in the long-run (Business Consulting Team, Intellecap, 2015). The scholars maintain that new entrepreneurs should get accustomed to the rigors of the market in order to develop grit and resourcefulness that will enable them succeed. They further propose that the enterprises only need to be given strategic guidance, business mentoring and leadership development skills (Isenberg, 2011a). Other researchers, while recognizing the importance of financial support at the start-up phase, argue that such support always lose their effectiveness as the get more established. Instead, they strongly advocate for more sustainable and significant interventions like networking, customer interactions and peer-based support (Brown, Mason, & Mawson, 2014).

Accordingly government policies, while not completely eliminating financial support and access to finances, are now adopting a systems based approach to support SMEs. The government interventions now focus more on developing networks, building financial institutions capabilities, aligning priorities and fostering synergies among stakeholders(Rodriguez-Pose, 2013).The Kenyan government promotes both financial and non-financial support for women led SMEs. Current trends for non-financial support entails trainings, capacity building, business advisory services and marketing (World Bank, 2013). In Kenya, various ministries and departments work together to support SMEs development. These include the Ministries of Labor and Human Resources Development, Youth Affairs, Trade and Industry and Gender, Sports, Culture and Social Services. Despite these many ministries, only a few of them are directly involved in the development of women owned enterprises, they are majorly seen as policy developers and regulators (Business Consulting Team, Intellecap, 2015).

Since the early 1970’s, the Government of Kenya and various partners have strived to develop the SMEs as a tool for wealth creation and poverty reduction. They have made tremendous steps in formalizing the SMEs informal sector. In the early 1980’s divisions of ministries were created to develop policies and monitor the implementation of SMEs programs. This led to the development Sessional Paper No. 1 (1986), entitled "Economic Management for Renewed Growth. The proposals of the sessional paper gave rise to the creation of Micro Finance
Institutions (MFIs) such as Kenya Women Finance Trust (KWFT), Kenya Rural Enterprise Program (K-Rep) (now Sidian Bank) and Faulu Kenya (ILO, 2008).

The Micro and Small Enterprises Act of 2006 provided for the creation of a council to facilitate the development of SMEs and a fund to support SME growth in the country (Government of Kenya, 2012). Government ministries have also developed favorable strategies to support women owned SMEs. The Ministry of Trade and Industry reserves at least 30% of their loans to women-led SMEs, they also have a women’s desk to tackle issues affected and conduct regular trainings for their female clients. The Ministry of Youth Affairs have also established a youth fund to support women and youth to access finance, training and business counselling.

KWFT has also been empowered to tap business financing for women youth entrepreneurs through Youth Enterprise Development Fund. The Ministry of Agriculture has further committed to the promotion of the agro-processing businesses while the Ministry of Gender, Sports, Culture and Social Services has developed policies of gender mainstreaming and inclusion in all its programs and made it easier for women to register their groups (ILO, 2012).

The banking industry has recognized the potential of women-led SMEs have introduced products targeting women entrepreneurs. For instance, Kenya Commercial Bank (KCB) offers a “Grace Loan”, which allows a six months grace period before enterprises can start repaying. The loan has flexible security, is quickly processed and come with personalized business counselling. The bank further encourages their clients to join KCB Biashara Club where they can network, receive support services, benchmark on national and international best practices and attend trade seminars (KCB, 2016). This practice resonates well with the findings of a previous study that showed that women do not necessarily need special treatment but rather want to be served differently based on their needs (Women's World Banking, 2014).

2.5. Organizational Factors that Affect the Performance of the Women-owned Enterprises

The performance of an organization is shaped by its ability to achieve the set goals. In big corporations, organizational performance may be measured in terms of financial outcomes such as Return on Investments (ROI), Return on Equity (ROE), and Return on Assets (ROA), production levels, operating expenses ratios, market share or efficiency. Non-financial measures of performance may also be used such as degree of achievement of organizational
goals, perception of leadership, individual behaviors in the organization and the organizational effectiveness. (Douglas, Douglas, Muturi, & Ochieng, 2017).

Performance measurement among SMEs may differ from large corporations to their size, scope and the motivation of the entrepreneur. Gupta, Guha and Krishnaswami, (2013) stated that SMEs performance can be best observed from the satisfaction of the owner with the profit margins, turnover and business development.

2.5.1 Innovative Strategy
Generally, SMEs strategically prioritize innovation grow faster from an earlier stage than their non-innovative counterparts. Such organizations that achieve high growth within a short period are known as gazelles. Strategies that respond promptly to possible competitors, avoid direct competition or confrontations with larger firms, drive down the costs, increases the speed of new product development or service delivery and seek to maximize customer values always leads to favorable growth(Obeng, Robson, & Haugh, 2014). Conversely, firms with poor strategy often face growth related challenges such as low productivity, vulnerability to risks, difficulties in setting up systems and limited business skills (Business Consulting Team, Intellecap, 2015). Researchers have observes that in developing strategies to achieve good performance for enterprises, not all management capabilities are required. SMEs need to focus on marketing, finances and innovation to achieve market expansion and growth (Barbero, Casillas, & Feldman, 2011).

Internal factors can help promote enterprise performance. Firms that have a business plan, clear vision and mission, marketing strategy, SWOT analysis and adequate finances have better chances of survival and growth than their counterparts without (Hove & Tarisai, 2013). Business plan is essential in starting an enterprise and is critical for securing loans and other financial support services. The business plan further helps to guide business strategy in the areas of operations, financing, human resources and marketing. Budgeting and financial projections help allocate reasonable resources for trade products, rent and other operational expenses (AfDB/OECD/UNDP, 2017). The age and the size of an enterprise is also influential in ensuring growth just like the organizations strategy or the personal characteristics of the entrepreneur (Blackburn, Hart, & Wainwright, 2013).
2.5.2 Business Location
The choice of business location determines the costs of moving or establishing a business, the accessibility to the customer’s base, the labor costs, proximity to suppliers and workforce availability or disruption (Kamunyu & Theuri, 2017)(Kinyanjui, 2006). For many SMEs in Kenya location is not dictated by choice as by availability and providence. Due to their low startup capital, many SMEs cannot afford prime locations that charge premium good will. Sharing of small offices or work places is common while some operate from illegitimate locations (Kamau, Kamau, & Muia, 2015).

2.5.3 Skilled Labor
Attracting and retaining well trained and qualified staff is important for the success of a business. However, women owned SMEs in Kenya find it a challenge to provide job security and retain good talents due to the high financial implications of paying and training such workers. The recruitment process of skilled manpower also require a lot of resources and time which may be inconvenient for the small enterprises. This labor gap may be reduced by SMEs investing in interns and volunteers to provide semi-skilled labor(ILO, 2012). Nevertheless, SMEs should strive to manage well their available staff through employee orientation. Employee orientation creates a higher level of job satisfaction, ensure employee retention and reduce staff turnover. Enterprises that invest in proper recruitment and orientation of staff often win the trust and appreciation of the employees that in turn improves motivation and performance.(Wube, 2010). In comparison to their male counterparts, some women cited that their employees do not respect them unless they assert their authority (Msoka, 2013).

Other challenges to women owned enterprises emanate from the lack of registration of the jua kali businesses (KNBS, 2016). This excludes them from most government interventions and recognition. Their owners further have low education, limited leadership skills and low confidence levels (Ijaza, Mwangi, & Ng’etich, 2014). Institutional and organizational factors may further limit the performance of women owned enterprises through weak property rights, low access to markets, low utilization of technology and limited access to finance.
2.6 Chapter Summary

This chapter examines the literature on the determinants of performance of women owned SMEs in Kenya. The theoretical framework links the dependent variable which is women owned enterprise performance with the independent variables which are the entrepreneurial, socio-economic and organizational factors. The literature covered focused on challenges facing women entrepreneurs, the characteristics of women entrepreneurs and the role of support systems and their impact on women entrepreneurs. Some of the literature are obtained from international sources and the information has been generalized to the Kenyan context. These studies further had different objectives and concentrated on different target populations. The above literature, which serves well to describe the environment in which the women owned SMEs operate is however limited as it does not tell us what exactly make the successful women owned SMEs to grow in a turbulent business environment like the Kenyan context especially in Nairobi. This study hopes to fill this gap.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The chapter focuses on the research methodology and procedures that were used to collect data, analyze the data and present the findings of the study. The chapter further discusses the research design, population, data collection and analysis, the research procedure and a summary of the chapter.

3.2 Research Design

Research design is the conceptual structure on which research is carried out, it provides the systematic methodology for collection, measurement and analysis of data (Wilson, 2014). The study used descriptive research design to assess the determinants of performance of women owned SMEs in Nairobi County. Gray (2013) stated that a descriptive research designs clearly paints the picture the ground and helps answer the questions of how, what and where of the research. It further clarifies the possible variables in a situation and shows the relationships among them (Bryman & Bell, 2015). Under the descriptive design, this study employed the survey method; the respondents were interviewed using closed ended questionnaires to identify characteristics, opinions, circumstances and previous experiences to explore the possible correlations between their situations and performance.

3.3 Population and Sampling Design

3.3.1 Population

Population is a well-defined group of individuals with common or similar characteristics (Wilson, 2014). In large populations, it is recommended to select some representative members and the findings are generalized to the whole group (Bryman & Bell, 2015). In this study the total population were all registered women owned business which have between 3-50 employees, and that have been in business for more than 3 years and are located in Westlands, Kilimani, Central Business District and Village Market. This was because many businesses close within the first two years of inception (KIPPRA, 2014) hence surviving for more than three years is an indication of stability. Having more than 3 employees would also indicate
growth as many SMEs start with two employees (IFC and McKinsey, 2011). The above four locations are selected for they are high-end areas that only successful enterprises can thrive in for more than 3 years.

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Sampling frame is a list of individuals within a population from which a sample can be drawn (Bryman & Bell, 2015). The sample frame consist of 803 businesses drawn from the Nairobi City County Rent Register of women owned businesses that operate in the 4 selected areas.

3.3.2.2 Sampling Technique

The study employed a stratified random sampling technique. The population was divided into subgroups according to the location. Each element in the population had an equal chance of being selected. Stratified random sampling technique was used because the target population is assumed to exhibit different characteristics based on their locations and business sectors. According to Gray (2013) stratification provides a more effective way for collecting data from various subgroups than random sampling. The business women were selected randomly as in a lottery from each stratum to eliminate bias to arrive at the expected sample size.

3.3.2.3 Sample Size

A sample size is dependent on research purpose, complexity, margin of error tolerable, time constrains, previous researchers on the area and financial limitations (Wilson, 2014). Mugenda and Mugenda (2003). For this study, the formula below was used to derive the representative sample:

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

Where:

n is the calculated sample

N is the Population
e is the sampling error

\[ n = \frac{803}{1 + 803(0.052)} = 253.2 \]

The sample size was obtained from the formula shown and it was deemed appropriate because it involved the whole population. The sample sizes within the strata were obtained based on the proportions shown in Table 3.1

Stratified random sampling was preferred as it reduces the cost per observation and it also provides better analysis for the sub populations (Gray, 2013).

Table 3.1 Sample Size

<table>
<thead>
<tr>
<th>Location</th>
<th>Population Size</th>
<th>Percentage Composition</th>
<th>Sampling Ratio</th>
<th>Representative Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Market</td>
<td>171</td>
<td>21.3%</td>
<td>0.213</td>
<td>54</td>
</tr>
<tr>
<td>CBD</td>
<td>234</td>
<td>29.2%</td>
<td>0.292</td>
<td>74</td>
</tr>
<tr>
<td>Westlands</td>
<td>195</td>
<td>24.3%</td>
<td>0.243</td>
<td>61</td>
</tr>
<tr>
<td>Kilimani</td>
<td>202</td>
<td>25.2%</td>
<td>0.252</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>803</strong></td>
<td><strong>100.0%</strong></td>
<td></td>
<td><strong>253</strong></td>
</tr>
</tbody>
</table>

Source: Nairobi County Rent Register 2012

3.3.4 Data Collection Method

The study mainly used primary data that was collected using structured questionnaires. The questionnaires were both closed and open ended and were drafted based on the research objectives. The questionnaire was then divided in sub sections to cover background information, organizational, socio-economic and entrepreneurial factors that may affect the performance of women owned SMEs.

3.3.4.1 Research Procedures

The researcher obtained a letter of introduction from the university which was photocopied and attached to the questionnaire. The questionnaire was pre-tested randomly among ten respondents selected from Westlands and CBD because of their proximity to the researcher.
The pilot test data was coded and run on SPSS to test for reliability using Cronbach Alpha coefficient tests.

The Cronbach Alpha coefficient score of 0.701 showed that the tool was reliable for data collection. The comments and challenges with understanding the questions were noted and necessary adjustments made. In administering the questionnaires, the researcher introduced herself and requested for an opportunity to have the business women fill the form on the spot. In the event that the respondents were busy, then the forms were left and later collected.

### Table 3.2 Cronbach Alpha Coefficient Result Tests

<table>
<thead>
<tr>
<th>Case Processing Summary</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>117</td>
<td>100.0</td>
</tr>
<tr>
<td>Excluded(a)</td>
<td>0</td>
<td>.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th>Cronbach's Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.701</td>
<td>49</td>
</tr>
</tbody>
</table>

\(a\). Listwise deletion based on all variables in the procedure.

#### 3.3.4.2 Data Analysis Method

The Statistical Package for Social Sciences (SPSS) spreadsheet was used to analyze the data gathered. The quantitative data was analyzed using both descriptive and inferential statistics. Each section of the questionnaire is presented in frequency distribution tables, percentages, bar graphs and pie charts.

#### 3.4 Chapter Summary

The chapter outlines the research design that was used and the justification for the same. It also covers the method for sample size determination, data collection methods, research procedures and data analysis methods. The presentation of the results and findings of the study are provided followed by summary, discussion, conclusion and recommendations in chapter five.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction
This chapter presents the findings of the data collected from the field and their analysis. The purpose of the study was to assess the women owned SMEs in Nairobi to determine the factors that influence their performance. The first section of this chapter covers the general information concerning the respondents. The second section provides an in-depth analysis on the entrepreneur, socio-economic and organizational factors that may affect the performance of Women Owned SMEs in Nairobi County. The final section explores the perceived hindrances to the performance of the SMEs.

4.2 Response Rate and Background Information
In this sub-section, the response rate and background information is provided. The first sub-section provides response rate followed by respondents’ background.

4.2.1 Response Rate
A total of 260 respondents were contacted in the 4 locations selected namely; Westlands, Village Market, CBD and Milimani. A total of 179 respondents filled the questionnaires and submitted them to the researcher. The study therefore achieved a response rate of 71 % representing 179 respondents out of the targeted 253 participants in the Small and Medium Enterprises in Nairobi County as shown in Table 4.1

<table>
<thead>
<tr>
<th>Location</th>
<th>Population Size</th>
<th>Composition (%)</th>
<th>Sampling Ratio</th>
<th>Representative Sample</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Village Market</td>
<td>171</td>
<td>21.3%</td>
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<tr>
<td>Westlands</td>
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<td>0.243</td>
<td>61</td>
<td>43</td>
</tr>
<tr>
<td>Kilimani</td>
<td>202</td>
<td>25.2%</td>
<td>0.252</td>
<td>64</td>
<td>48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>803</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>1.0</strong></td>
<td><strong>253</strong></td>
<td><strong>179</strong></td>
</tr>
</tbody>
</table>
However for data analysis only 117 met the eligibility criteria of having been in business for more than 3 years and were therefore used in the study. The number though appearing small is acceptable because previous studies on similar topic used the same range of sample size (Kamunyu & Theuri, 2017).

4.2.2 General Information

This section outlines the summary analysis of the general information about the respondent’s business sector, age, and type of business, marital status, years of operations and the general demographic data.

4.2.2.1 Business sector

The study sought to establish the type of businesses that the various women owned SMEs engage in by their sectors. This would give an overview of the sectors performance in terms of growth and help highlight sector specific challenges. Findings are as illustrated in Figure 4.1. The findings show that more women in the sampled population are engaged in food and beverage 21.4% (25), textile and clothing 17.1% (20) and purchase and supplies 16.2% (19). On the other hand ICT and Real Estate had 7.7% (9) and 6.8% (8) respectively indicating less popularity among the legible respondents. The other category consisted of lawyers, consultants, social entrepreneurs, retailers, handmade manufacturers, curio shop owners among others. Cumulatively they formed 30.8% of the respondents.

Figure 4.1 Business Sector
The study further assessed the influence of the business sector on the performance of women owned businesses. Analysis of Variance (ANOVA) was used to gauge the importance of business sector on the business growth as reflected by the increase in the number of employees. ANOVA Table 4.2 shows the regression model used to predict the impact of business sector on growth. The Sig. column P is 0.044 which is less than 0.05 hence implying that business sector may predict the outcome of growth.

Table 4.2 ANOVA\textsuperscript{a}

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>19.09</td>
<td>1</td>
<td>19.09</td>
<td>83.3</td>
<td>.044\textsuperscript{b}</td>
</tr>
<tr>
<td>Residual</td>
<td>26.11</td>
<td>114</td>
<td>0.229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>45.2</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{a} Dependent Variable: Business Performance  
\textsuperscript{b} Predictors: (Constant) Business Sector

Figure 4.2 Levels of Growth among Different Sectors

\[\text{Figure 4.2 Levels of Growth among Different Sectors}\]

4.2.2.2 Age

The study deemed it necessary to determine the respondents’ age categories to get an overview of their distribution. The findings are as shown in Figure 4.3
A total of 33.3% (39) of the respondents were in the ages between 25-34 years followed by 35-44% and 45-54 years both at 19.7% (27). However only 4.3% of the respondents were aged between 15-24 years. A Pearson product-moment correlation coefficient was computed to assess the relationship between the age of the business owner and business performance as measured by the increase in the number of employees. There was a negative correlation between the two variables, $r = -0.142$, $n = 117$, $p = 0.126$.

**Figure 4.3 Age of Business Owner**

### 4.2.2.3 Marital status

The marital status of the respondents was considered to assess how it may affects the performance of women enterprises. Table 4.3 shows the distribution of the marital status. 48.7% (57) of the respondents were married while 45.3% (53) were single never married. Only 6% (7) were widowed or divorced. A Pearson product-moment correlation coefficient was conducted to assess the relationship between the marital status of the business owner and business performance as measured by the increase in the number of employees. There was a small positive correlation between the two variables, $r = 0.050$, $n = 117$, $p = 0.595$. Table 4.4 shows the results. Overall, there was a weak positive correlation between the marital status and business performance in that married entrepreneurs had a slightly better performance.
To measure the performance based on marital status, means of the variables was calculated and converted into percentages of growth. The findings are shown on Table 4.3.1 and Table 4.3.2

### Table 4.3.1 Correlation of business performance with marital status

<table>
<thead>
<tr>
<th></th>
<th>Business Performance</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.050</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.595</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.050</td>
<td>1</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.595</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>117</td>
<td>117</td>
</tr>
</tbody>
</table>

### Table 4.3.2 Reported business with marital status

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>% of Total Sum</th>
<th>% of Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGLE NEVER MARRIED</td>
<td>.2453</td>
<td>53</td>
<td>1.89032</td>
<td>32.5%</td>
<td>45.3%</td>
</tr>
<tr>
<td>MARRIED</td>
<td>.4035</td>
<td>57</td>
<td>1.98080</td>
<td>57.5%</td>
<td>48.7%</td>
</tr>
<tr>
<td>WIDOWED/ DIVORCED</td>
<td>.5714</td>
<td>7</td>
<td>2.29907</td>
<td>10.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Total</td>
<td>.3419</td>
<td>117</td>
<td>1.94388</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The marital status was further compared with the importance of support and approval from a spouse or a family to venture into business. The finding are shown in Table 4.4.
It is interesting to note that 53.1% (34) of the single never married respondents feel that family support or spousal approval is very important while 30.2% (16) consider it as absolutely essential. Among the married respondents, 52.6% (30) consider spousal approval as very important while 31.6% of them find it absolutely essential. More married women (15.8%) think spousal approval is of average importance as compared to the single never married respondents who ranked the same at 5.7%.

Table 4.4 Effect of family/spousal approval on business performance

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Support and approval from Spouse or family</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0= NOT IMPORTANT AT ALL</td>
<td>2= OF AVERAGE IMPORTANCE</td>
</tr>
<tr>
<td>SINGLE NEVER MARRIED</td>
<td>Count</td>
<td>% within</td>
</tr>
<tr>
<td>MARRIED</td>
<td>Count</td>
<td>% within</td>
</tr>
<tr>
<td>WIDOWED</td>
<td>Count</td>
<td>% within</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>Support and approval from Spouse or family</td>
</tr>
</tbody>
</table>

Marital status was also cross tabulated against the immobility caused by inability to travel or to relocate a business due to marital duties. The findings are listed in Table 4.5
A total of 20.8% (11) of the single never married respondents strongly agreed to the statement that marital status would lower their mobility as compared to the 12.3% (7) of married respondents who felt the same. On the other hand 59.6% (34) of married women simply agreed that their marital status could lower their mobility as compared to 50.9% (27) of the single never married respondents.

Table 4.5 Effect of marital status on mobility

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>SINGLE NEVER</th>
<th>MARRIED</th>
<th>WIDOWED</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1=Strongly Agree</td>
<td>Count</td>
<td>11</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td></td>
<td>20.8%</td>
<td>12.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>2 Agree</td>
<td>Count</td>
<td>27</td>
<td>34</td>
<td>0</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td></td>
<td>50.9%</td>
<td>59.6%</td>
<td>0.0%</td>
</tr>
<tr>
<td>3 Undecided</td>
<td>Count</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td></td>
<td>0.0%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>4 Disagree</td>
<td>Count</td>
<td>0</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td></td>
<td>0.0%</td>
<td>28.1%</td>
<td>0.0%</td>
</tr>
<tr>
<td>5 Strongly Disagree</td>
<td>Count</td>
<td>15</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td></td>
<td>28.3%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>Count</td>
<td>53</td>
<td>57</td>
<td>7</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The relationship between the marital status and the employment status before starting business was investigated using Pearson product moment correlation coefficient as shown in Table 4.6 and 4.6.1. Preliminary analyses were done to ensure conformity to the assumptions of linearity, normality and homoscedasticity. There was a medium negative correlation between the 2 variables, $r = -0.316$, $n=117$, $p<.0005$, with many married women having been in employment before starting the business.
### Table 4.6 Correlation between Marital Status and Employment Status before Starting a Business

<table>
<thead>
<tr>
<th></th>
<th>Marital Status</th>
<th>Employment Status Before starting Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.001</td>
</tr>
<tr>
<td>N</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>-.316**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>117</td>
<td>117</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

### Table 4.6.1 Employment status before starting business-marital status crosstabulation

<table>
<thead>
<tr>
<th></th>
<th>SINGLE NEVER</th>
<th>MARRIED</th>
<th>WIDOWED</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>20</td>
<td>27</td>
<td>3</td>
<td>50</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td>37.7%</td>
<td>47.4%</td>
<td>42.9%</td>
<td>42.7%</td>
</tr>
<tr>
<td><strong>Employment Status Before starting Business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNEMPLOYED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>24</td>
<td>22</td>
<td>2</td>
<td>48</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td>45.3%</td>
<td>38.6%</td>
<td>28.6%</td>
<td>41.0%</td>
</tr>
<tr>
<td>SELF EMPLOYED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>9</td>
<td>8</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td>17.0%</td>
<td>14.0%</td>
<td>28.6%</td>
<td>16.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>53</td>
<td>57</td>
<td>7</td>
<td>117</td>
</tr>
<tr>
<td>% within Marital Status</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
4.2.2.4 Level of Education

The respondents were asked to indicate their levels of education. This would serve to show the academic backgrounds of the entrepreneurs in the study area. Findings shown in Table 4.7 are as shows that the undergraduate respondent were the majority at 28.2% (33) followed by masters level at 25.6% (30). The secondary and diploma levels were 23.9% and 22.2% respectively. None of the respondents were of primary level or PhD level.

A Pearson product-moment correlation coefficient was calculated to assess the relationship between the level of education of the business owner and business performance as measured by the increase in the number of employees. There was a moderate positive correlation between the two variables, \( r = 0.51, n = 117, p = 0.587 \).

The level of education was further assessed against the business performance. The average mean of reported increase in the number of employees was calculated. The Masters holders had the highest average growth at 40% followed by Undergraduates at 25%. The diploma holders and secondary school leavers each registered 17.5% growth. Table 4.10 shows the findings on the influence of education on business performance.

Table 4.7 Level of Education among Women Entrepreneurs

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>% of Total Sum</th>
<th>% of Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECONDARY SCHOOL</td>
<td>.2500</td>
<td>28</td>
<td>1.97437</td>
<td>17.5%</td>
<td>23.9%</td>
</tr>
<tr>
<td>DIPLOMA COLLEGE</td>
<td>.2692</td>
<td>26</td>
<td>1.34336</td>
<td>17.5%</td>
<td>22.2%</td>
</tr>
<tr>
<td>UNDERGRADUATE</td>
<td>.3030</td>
<td>33</td>
<td>1.40278</td>
<td>25.0%</td>
<td>28.2%</td>
</tr>
<tr>
<td>MASTERS</td>
<td>.5333</td>
<td>30</td>
<td>2.77592</td>
<td>40.0%</td>
<td>25.6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>.3419</td>
<td>117</td>
<td>1.94388</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

4.2.2.5 Parents in Business

The impact or influence of parents in business was assessed. The respondents were asked to indicate if one or both of their parents previously or currently owns a business. The findings are shown in Figure 4.4.

A total of 66.7% (78) of the respondents were from families where one or both parents were business owners. On the other hand 33.3% (39) came from families that were non business owners.
The influence of having parents who were in business was evaluated against the business performance. The findings indicated in Table 4.6 show that women 72% of entrepreneurs that came from families with a business background had registered improved performance as compared to their counterparts from non-business backgrounds (27.5%).

### Table 4.8 Women Entrepreneurs from Families with Business Background

<table>
<thead>
<tr>
<th>Parents in Business</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>% of Total Sum</th>
<th>% of Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>.3718</td>
<td>78</td>
<td>2.10817</td>
<td>72.5%</td>
<td>66.7%</td>
</tr>
<tr>
<td>NO</td>
<td>.2821</td>
<td>39</td>
<td>1.58859</td>
<td>27.5%</td>
<td>33.3%</td>
</tr>
<tr>
<td>Total</td>
<td>.3419</td>
<td>117</td>
<td>1.94388</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### 4.2.2.6 Employment status before starting business

Before venturing into the current business, 42.3% (50) of the respondents were employed while 41% (48) were not employed. Only 16.2% (19) were carrying out other businesses. Figure 4.5 below gives more details.
4.2.2.7 Initial Employees

In order to determine the level of growth and performance, the study sought to find out the initial number of employees when the business began in comparison to their current number as at the time of the research. The study as depicted in Figure 4.6 found that 57.3% (67) of women owned enterprises in Nairobi started with less than 5 employees while 16.2% (19), 11.1% (13), 6.8% (8) and 5.1% (6) began with 5-10, 11-15, 16-20 and 21-25 employees respectively. Only 3.4% (4) of the enterprises began with more than 25 staff.

Figure 4. 6 Initial Number of Employees
After more than three years in operations, 43.6% of the respondents had less than 5 employees as compared to the 57.3% at the beginning. The number of respondents with 5-10 employees increased from 16.2% - 20.5% while those with 11-15, 16-20 and 21-25 also increased from 11.1% to 13.7%, 6.8% to 10.3% and 5.1% to 7.7% respectively. Figure 4.7 shows the level of growth of the employees over time.

**Figure 4.7 Comparison of Initial versus Current Number of Employees**

![Comparison of Initial with Current Number of Employees](image)

<table>
<thead>
<tr>
<th></th>
<th>Initial</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LESS THAN 5</strong></td>
<td>57.3%</td>
<td>43.6%</td>
</tr>
<tr>
<td><strong>5-10 EMPLOYEES</strong></td>
<td>16.2%</td>
<td>20.5%</td>
</tr>
<tr>
<td><strong>11-15 EMPLOYEES</strong></td>
<td>11.1%</td>
<td>13.7%</td>
</tr>
<tr>
<td><strong>16-20 EMPLOYEES</strong></td>
<td>6.8%</td>
<td>10.3%</td>
</tr>
<tr>
<td><strong>21-25 EMPLOYEES</strong></td>
<td>5.1%</td>
<td>7.7%</td>
</tr>
<tr>
<td><strong>MORE THAN 25</strong></td>
<td>3.4%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

### 4.2.2.8 Number of Years in Business

To establish the women entrepreneurs’ level of experience in the business, the study sought to find the length of time that the respondent had operated the business. Table 4.9 presents the findings.

**Table 4.9 The Number of Years in Business**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4-6 YEARS</td>
<td>53</td>
<td>45.3</td>
<td>45.3</td>
<td>45.3</td>
</tr>
<tr>
<td>7-10 YEARS</td>
<td>46</td>
<td>39.3</td>
<td>39.3</td>
<td>84.6</td>
</tr>
<tr>
<td>OVER 10 YEARS</td>
<td>18</td>
<td>15.4</td>
<td>15.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>117</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The findings shown in Table 4.9.1 indicate that 45.3% (53) had been in business for between 4-6 years while 39.3% have operated for between 7-10 years. Only 15.5% (18) had been in business for over 10 years. The number of years in operations was analyzed against the business performance. The average increase on the number of employees showed that women owned enterprises that had been in business for between 7-10 years had 70% growth while those that had been in operations for between 4-6 years had 45% registering improved growth. Interestingly, the SMEs that had been in operations for more than 10 years registered a negative growth of 15%.

Table 4.9.1 Report on years of business operations

<table>
<thead>
<tr>
<th>Years in Business</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>% of Total Sum</th>
<th>% of Total N</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-6 YEARS</td>
<td>.3396</td>
<td>53</td>
<td>1.87025</td>
<td>45.0%</td>
<td>45.3%</td>
</tr>
<tr>
<td>7-10 YEARS</td>
<td>.6087</td>
<td>46</td>
<td>1.97178</td>
<td>70.0%</td>
<td>39.3%</td>
</tr>
<tr>
<td>OVER 10 YEARS</td>
<td>-.3333</td>
<td>18</td>
<td>2.02920</td>
<td>-15.0%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Total</td>
<td>.3419</td>
<td>117</td>
<td>1.94388</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

4.3 Entrepreneurial Factors and Performance of SMEs

The effects of entrepreneurial factors were analyzed against the business performance. The perceptions of women entrepreneurs on entrepreneurial skills, business networks, customer care, use of ICT, sales and marketing skills and innovation were assessed. The results are presented in Table 4.10. Based on the perceptions of the respondent firms the most important factors contributing to the success of their businesses were; good customer care and relations with a mean of 3.71, followed by business networks and access to information and opportunities at 3.64 while entrepreneurial skills and training came third with an average of 3.40. Sales and marketing skill came 4th with a mean rank of 3.23 while the use of IT, websites and social media seemed not to be a priority as it was ranked 5th with a mean of 3.03.

Conversely, the respondents were asked to rank the degree of hindrance that lack of entrepreneurial competencies had on their enterprises. Lack of innovation and IT skills was listed as the greatest with a mean score of 4.19 followed closely by lack of operational skills at 4.08.
To further gauge the degree of influence of the various entrepreneurial determinants of performance of women owned businesses in Nairobi County, regression analyses were done on the variables. The study assumed that the variables were normally distributed and that there was a linear relationship between the independent and dependent variables. The assumptions were tested and the finding is showed in Table 4.11. The following regression model was used for analysis:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \ldots + \epsilon \]

Where:

Performance of women-owned SMEs (Y Entrepreneurial Factors) = Constant + Business Sector + Age of Owner + Marital Status + Education Level + Entrepreneurial Skills + Business Networks + Innovation + Error Term

The diagnostic test of normality had a significance score of 0.00. This is less than 0.05 suggesting a possible violation of the assumption of normality. However, this does not indicate any serious problem with the scale since skewedness is a common occurrence in social sciences research. The skewedness simply reflects the underlying attributes of the variables being tested (Bryman & Bell, 2015).
Table 4. 11 Tests of Normality

<table>
<thead>
<tr>
<th></th>
<th>Kolmogorov-Smirnov&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistics</td>
<td>df</td>
</tr>
<tr>
<td>Entrepreneurial Determinants</td>
<td>.202</td>
<td>117</td>
</tr>
</tbody>
</table>

<sup>a</sup> Lilliefors Significance Correction

Table 4.12 shows the linear regression analysis that was done to obtain the coefficient of determination (R Square). The R Square score of 0.686 implies that 68.6% of the performance of women owned enterprises in Nairobi (Dependent Variable) can be attributed by the independent variables (Business sector, age of owner, marital status, education level, entrepreneurial skills, business networks and innovation). This means 31.4% of the variation of performance may be attributed to other factors not included in this model. Nevertheless it is safe to conclude that at least one of the variables could be a useful determinant of performance of women owned SMEs (Kamunyu & Theuri, 2017).

Table 4. 12 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R Square Change</td>
</tr>
<tr>
<td>1</td>
<td>.828&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.686</td>
<td>.643</td>
<td>4.795</td>
<td>.686</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Marital Status, Entrepreneurial Skills, Customer Care, Business Networks, Age of the Business Owner, Innovation, Education Level

b. Dependent Variable: Business performance

Regression analyses produced both the coefficients of determination and analysis of variance (ANOVA). The analysis of variance serves to show if there is any significant differences between the means of the dependent and independent variables (Bryman & Bell, 2015). The ANOVA was conducted at 95 percent confidence level.
Table 4.1.2 ANOVA of the entrepreneurial factors and performance of SMEs

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>17.593</td>
<td>6</td>
<td>2.932</td>
<td>1.304</td>
<td>.021</td>
</tr>
<tr>
<td>Residual</td>
<td>247.330</td>
<td>110</td>
<td>2.248</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>264.923</td>
<td>116</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the coefficient results of table 4.3.5 the regression equation can be established as:

Performance of women owned SMEs = 5.276 + 0.268 (Entrepreneurial Skills) + 0.299 (Business Networks) + 0.182 (Education Level) + 0.075 (Customer Care) + 0.47 (Innovation).

The marital status and age of the business owner were not included in the equation as they had a significant value greater than 0.05.

Table 4.1.2 Coefficients of the entrepreneurial factors and Performance of SMEs

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>5.276</td>
<td>12.337</td>
<td>.428</td>
<td>.671</td>
</tr>
<tr>
<td>Entrepreneurial Skills</td>
<td>.268</td>
<td>.045</td>
<td>.479</td>
<td>6.002</td>
</tr>
<tr>
<td>Business Networks</td>
<td>.299</td>
<td>.050</td>
<td>.506</td>
<td>5.939</td>
</tr>
<tr>
<td>Education Level</td>
<td>.182</td>
<td>.058</td>
<td>.279</td>
<td>3.159</td>
</tr>
<tr>
<td>Customer Care</td>
<td>.075</td>
<td>.068</td>
<td>.092</td>
<td>1.095</td>
</tr>
<tr>
<td>Innovation</td>
<td>.047</td>
<td>.077</td>
<td>.054</td>
<td>.611</td>
</tr>
<tr>
<td>Age of the Business Owner</td>
<td>.106</td>
<td>.074</td>
<td>.117</td>
<td>1.432</td>
</tr>
<tr>
<td>Marital Status</td>
<td>.061</td>
<td>.073</td>
<td>.067</td>
<td>.824</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Business performance
b. Predictors: (Constant), Marital Status, Entrepreneurial Skills, Customer Care, Business Networks, Age of the Business Owner, Innovation, Education Level
c. Dependent Variable: Business performance
4.4 Socio-economic Factors and Performance of SMEs
The respondents were asked to indicate the socio-cultural determinants that they felt would affect the success of their various enterprises. On a 5-point Likert scale, the respondents ranked business immobility due to marital status, role of mentors, spousal support, parental influence, taxes, government regulations and access to loans according to their perceived level of importance. The means of the ranking and their standard deviation were analyzed and the summary is presented in Table 4.13

Table 4.13 Report of socio-economic factors and performance of SMEs

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents in business</td>
<td>2.33</td>
<td>117</td>
<td>.473</td>
<td>.00</td>
</tr>
<tr>
<td>Having access to loans</td>
<td>2.64</td>
<td>117</td>
<td>.482</td>
<td>3.00</td>
</tr>
<tr>
<td>Support and approval from spouse or family</td>
<td>3.01</td>
<td>117</td>
<td>.969</td>
<td>3.00</td>
</tr>
<tr>
<td>Availability of mentors or role models</td>
<td>3.00</td>
<td>117</td>
<td>.788</td>
<td>3.00</td>
</tr>
<tr>
<td>High taxes</td>
<td>4.6752</td>
<td>117</td>
<td>.47031</td>
<td>5.0000</td>
</tr>
<tr>
<td>Too much government regulation</td>
<td>4.0684</td>
<td>117</td>
<td>1.00624</td>
<td>4.0000</td>
</tr>
<tr>
<td>Business immobility due to marital duties</td>
<td>3.4359</td>
<td>117</td>
<td>1.26889</td>
<td>4.0000</td>
</tr>
<tr>
<td>Lack of access to financial resources</td>
<td>4.4530</td>
<td>117</td>
<td>.49993</td>
<td>4.0000</td>
</tr>
</tbody>
</table>

On the social front, respondents identified support from a spouse as very important with a mean 3.01. It was followed closely with the availability of mentors which was ranked 2nd with a mean of 3.0. Having access to loans had a mean rank of 2.64 while the influence of parental business got a mean of 2.33. On the other hand respondents were asked to rank the perceived degree to which various socio-economic factors hinder their operations. High taxes was listed as the greatest impediment with a mean of 4.7 followed by lack of financial resources at 4.5. Too much government regulation received a mean of 4.06 while immobility due to marital duties had a mean score of 3.5.

The contribution of socio-economic factors on the performance of women owned enterprises was also examined using regression analysis. The study made assumption that the variables were normally distributed and that there was a linear relationship between the independent and dependent variables. The assumptions were tested and the finding is showed in table 4.4.2. The following regression model was used for analysis:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \ldots\ldots\ldots + e \]
Where: Performance of Women owned SMEs (Y Socio-economic Factors) = Constant + Parental Influence + Spousal Support + Mentors +Taxes +Government Regulations +Loans + Error term

Table 4.14 shows the diagnostic test of normality that was done. All the variables had a significance of more than 0.05 implying that the assumption of normality holds true.

Table 4. 14 Tests of Normality

<table>
<thead>
<tr>
<th>Variables</th>
<th>Kolmogorov-Smirnova Statistic</th>
<th>df</th>
<th>Sig.</th>
<th>Shapiro-Wilk Statistic</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.254</td>
<td>6</td>
<td>.200*</td>
<td>.872</td>
<td>6</td>
<td>.234</td>
</tr>
<tr>
<td>2</td>
<td>.188</td>
<td>11</td>
<td>.200*</td>
<td>.946</td>
<td>11</td>
<td>.595</td>
</tr>
<tr>
<td>3</td>
<td>.173</td>
<td>17</td>
<td>.190</td>
<td>.966</td>
<td>17</td>
<td>.743</td>
</tr>
<tr>
<td>4</td>
<td>.128</td>
<td>47</td>
<td>.051</td>
<td>.965</td>
<td>47</td>
<td>.173</td>
</tr>
<tr>
<td>5</td>
<td>.137</td>
<td>36</td>
<td>.085</td>
<td>.922</td>
<td>36</td>
<td>.014</td>
</tr>
</tbody>
</table>

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

A linear regression analysis was also done to ascertain the R Square score to show the percentage of dependent variable that could be attributed to the independent variables. Table 4.15 shows the findings.

Table 4. 15 Model Summary of the R-Square Score

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>.848*</td>
<td>.719</td>
<td>.704</td>
<td>2.8280</td>
<td>6</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Loans, PARENTS_BIZ, Taxes, Mentors, SPOUSE, Govt_Regs
b. Dependent Variable: Biz_Perf_SoE

The coefficient of determination score of 0.704 implies that 70.4% of the performance of women owned enterprises can be attributed to the socio-economic variables (access to loans, Parents previously in business, support from spouse, availability of mentors and the rate of
taxation) considered in the study. This implies that 29.6% of the variation of performance may be attributed to other variables not considered in the study.

**Table 4. 16 ANOVA of the Socio-economic Variables**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2252.100</td>
<td>6</td>
<td>375.350</td>
<td>46.931</td>
<td>.009a</td>
</tr>
<tr>
<td>Residual</td>
<td>879.763</td>
<td>110</td>
<td>7.998</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3131.863</td>
<td>116</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Biz_Perf_SoE  
b. Predictors: (Constant), Loans, PARENTS_BIZ, Taxes, Mentors, SPOUSE, Govt_Regs

The analysis of variance as portrayed in table 4.16 shows that the variables had a significance of 0.09 at 95% confidence interval. The P value of 0.09 is less than 0.5 hence the regression model could safely be used to determine an association between the predictors and the dependent variable. From the coefficient results table 4.4.5, the regression coefficient reveal both negative and positive associations. High taxes and government regulations are negatively associated with performance while the other variables are positively associated.

A regression equation can be established as follows:

Performance of Women owned SMEs (Y Socio-economic Factors) = 13.813 + 0.997 (Spousal Support) + 0.730 (Mentors) + -0.917 (Taxes) + -6.98 (Government Regulations) + 0.866 (Access to Loans) + Error term

Parents in business was not included in the final equation because it had a significant value greater than 0.05.
Table 4. 17 Coefficients of Socio-economic Variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>95.0% Confidence Interval for B</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Lower Bound</td>
</tr>
<tr>
<td>(Constant)</td>
<td>13.813</td>
<td>2.279</td>
<td>6.061</td>
<td>.000</td>
<td>9.297</td>
</tr>
<tr>
<td>PARENTS_BIZ</td>
<td>.802</td>
<td>.699</td>
<td>.059</td>
<td>1.148</td>
<td>.254</td>
</tr>
<tr>
<td>SPOUSE</td>
<td>.997</td>
<td>.335</td>
<td>.197</td>
<td>2.975</td>
<td>.004</td>
</tr>
<tr>
<td>Mentors</td>
<td>.730</td>
<td>.291</td>
<td>.339</td>
<td>4.572</td>
<td>.000</td>
</tr>
<tr>
<td>Taxes</td>
<td>-.917</td>
<td>-.275</td>
<td>-.199</td>
<td>3.337</td>
<td></td>
</tr>
<tr>
<td>Govt_Regs</td>
<td>-.698</td>
<td>.340</td>
<td>-.175</td>
<td>2.053</td>
<td>.042</td>
</tr>
<tr>
<td>Loans</td>
<td>.866</td>
<td>.298</td>
<td>.188</td>
<td>2.908</td>
<td>.004</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Biz_Perf_SoE

4.5 Organizational Factors and Performance of SMEs

The respondents were asked to rank the type of business, the location of the business, the ability to attract and hire qualified staff and having a business plan based on their perceived level of importance on a 5-point Likert scale. The mean and standard deviation were analyzed and the summary is presented in Table 4.18

Having a business plan with a clear vision was ranked as the most important with a mean of 3.2. It was followed by the ability to attract and recruit highly qualified staff with a mean of 2.95. The type of business obtained a mean of 2.77 while business location received a rank of 2.44 which is below the average implying that many respondents do not consider it as very important.

Table 4. 18 Report on the Organizational Factors and Performance of SMEs

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Location</td>
<td>2.44</td>
<td>117</td>
<td>1.038</td>
<td>3.00</td>
</tr>
<tr>
<td>Having a business plan</td>
<td>3.20</td>
<td>117</td>
<td>.893</td>
<td>3.00</td>
</tr>
<tr>
<td>with a clear vision</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and mission statement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Type</td>
<td>2.77</td>
<td>117</td>
<td>1.199</td>
<td>3.00</td>
</tr>
<tr>
<td>Ability to recruit</td>
<td>2.95</td>
<td>117</td>
<td>.705</td>
<td>3.00</td>
</tr>
<tr>
<td>highly qualified staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A simple linear regression was further calculated to predict the performance of women owned enterprises based on organizational factors such as the type of business, the location of the business, the ability to attract and hire qualified staff and having a business plan with a clear vision. A significant regression equation was established as (F(4,112) = 57.179, p < 0.000) with an R² of 0.671. Tables 4.5.2 and 4.5.3 shows the information respectively.

Table 4.19 Model Summary of the R-Square Score of the Organizational Factors

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.819a</td>
<td>.671</td>
<td>.660</td>
<td>2.771</td>
</tr>
</tbody>
</table>

Table 4.19. 1 ANOVA of the organizational factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1756.427</td>
<td>4</td>
<td>439.107</td>
<td>57.179</td>
<td>.000b</td>
</tr>
<tr>
<td>1 Residual</td>
<td>860.103</td>
<td>112</td>
<td>7.679</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2616.530</td>
<td>116</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.19. 2 Coefficients of organizational factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>26.681</td>
<td>1.643</td>
<td></td>
<td>.000</td>
</tr>
<tr>
<td>Biz_Plan</td>
<td>1.632</td>
<td>.328</td>
<td>.323</td>
<td>.002</td>
</tr>
<tr>
<td>Biz_Loca</td>
<td>.918</td>
<td>.350</td>
<td>.161</td>
<td>.010</td>
</tr>
<tr>
<td>Qual_staff</td>
<td>1.468</td>
<td>.314</td>
<td>.320</td>
<td>.007</td>
</tr>
<tr>
<td>Biz_type</td>
<td>1.185</td>
<td>.303</td>
<td>.263</td>
<td>.014</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Biz_Perf_Org
b. Predictors: (Constant), Biz_type, Biz_Loca, Biz_Plan, Qual_staff

Performance of women owned SMEs = 26.681 + 1.632 (Business Plan) + 0.918 (Business Location) + 1.4668 (Qualified Staff) + 1.185 (Business Type). Performance would increase by 1.632 for enterprises that adopt business plans and by 0.918 for enterprises that move to more strategic locations. Performance would further increase by 1.4668 for enterprises that invest in highly qualified staff while the type of business would lead to an increase of 1.185.
4.6 Chapter Summary

In the chapter, the findings based on the information gathered from the respondents has been provided. The first section analyzed the general demographic information about the respondents. The second section analyzed the determinants of performance in terms of socio-cultural, organizational and entrepreneurial factors. Respondents recognized good customer care and relations, business networks and entrepreneurial skills as the leading aspects in promoting and ensuring their business performance. Perceived hindrances of business performance were also examined and respondents listed high taxes, corruption and lack of Innovation and IT competencies as the major hindrances to their business performances. The next chapter will provide the summary, discussions and recommendations.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter contains the introduction, summary, discussion, conclusions and recommendations of the findings of the study. The chapter further provides an in-depth summary of the findings and their interpretations by comparing them with previous studies cited in the literature review, the major conclusions are then drawn and recommendations made for improvement.

5.2 Summary

The purpose of this study was to assess the determinants of performance of women owned SMEs in Nairobi County. The specific objectives were to examine the entrepreneur factors, socio economic factors and organizational factors and their effects on the performance of women owned enterprises.

The researcher employed descriptive study design and survey method to assess the influence of entrepreneurial, socio economic and organizational factors on business performance. The study focused on a sample size of 253 women stratified and randomly drawn from Westlands, CBD, Village Market and Milimani Areas of Nairobi County. Data was collected from 179 respondents. Quantitative methods were used to analyze the data that was presented in descriptive statistics using tables, graphs and pie charts of percentages. The respondents’ answers on demographics and background information such as age, type of business, marital status and years of operations were captured to give deeper insights into the determinants of performance of their enterprises.

The study results indicate that in Nairobi majority of women (21.4%) operated businesses in food and beverage sector followed by clothes and textile17.2%. In addition many of the respondents (33.3%) were aged between 25-34 years and were previously employed before they joined business. Married women (48.7%) were slightly more than single never married (45.3%) in business. The single never married category had highest regard for spousal or family approval as very important to their business performance at 64.2% as compared to their
married counterparts whose approval ratings were at 30.2%. As far as level of education is concerned, the most respondents had an undergraduate degree (28.2%) followed closely by the master’s holders (25.6%). The role of parents in inspiring respondents to join business was clearly highlighted by the 66% of the respondents that came from families that currently or previously owned business. Over 57% of the respondents started their businesses with less than 5 employees however some 14% were able to grow the number of employees such that after at least 4 years in operations they had more than the initial less than 5 staff. On the issue of determinants of performance, respondents were asked to rank on a 5 rating Likert scale different variables in the order of their perceived importance in enhancing the performance of their businesses. The weighted mean of their responses was then calculated. In the results, respondents recognized good customer care and relations (3.71), business networks (3.64) and entrepreneurial skills (3.40) as the leading aspects in promoting and ensuring their business performance.

The respondents were also asked to rank their degree of agreement to the perceived barriers to their business performance on a 5 rating Likert Scale. The weighted means of their responses was calculated where by means close to 1 meant strongly agree while those close to 5 meant strongly disagree. high taxes (1.32), corruption (1.77) and lack of innovation and IT competencies (1.80) had the highest consensus as the major hindrances to business performances.

Inferential statistics were used to analyze the possible associations of the variables of each research objective. Regression analysis for entrepreneur factors had a coefficient of determination score of 0.686 implying that 68.6% of the performance of women owned enterprises in Nairobi (dependent variable) could be attributed by the independent variables (business sector, age of owner, marital status, education level, entrepreneurial skills, business networks and innovation). The same analysis for socio-economic factors produced an R Square score of 0.704 suggesting that 70.4% of the performance of women owned enterprises could be attributed to the socio-economic variables (access to loans, parents previously in business, support from spouse, availability of mentors and the rate of taxation) considered in the study.
Finally a linear regression analysis for the organizational factors revealed an $R^2$ of 0.671 implying that 67% of the business performance could be explained by the organizational factors that were considered in the model.

5.3 Discussions
This section discusses the determinants of performance for women owned SMEs in Nairobi County. The specific objectives were to look at the organizational, entrepreneurial and socio-economic factors and their effects on performance of women owned businesses.

5.3.1 Entrepreneur Factors and Performance of SMEs
The findings show that the majority of respondents (21.4%) operate food and beverage enterprises followed by textile and clothing at 17.1% and purchase and supplies at 16.2%. This indicates a leaning towards service industry with little representation of manufacturing and ICT. However, it may be argued that the sampling frame was drawn from high end locations away from industrial areas therefore chances of meeting manufacturing and other non-service enterprises were reduced. Nevertheless, these findings are in tandem with the ILO 2012 report stated that women owned enterprises in Kenya are associated with the typical gender roles in the society. A sizeable number of women entrepreneurs are engaged in restaurants, hotels, hairstyling retail and wholesale shops. This crowding of women in specific low value sectors such as trade and services industries has been cited as a cause of market saturation and a predisposing factor to stunted progress and poor performance (Kiraka, Margaret, & Katwalo, 2013).

On the demographic front, majority of the respondents (33.3%) were aged between 25-34 years. The number then dropped to 19.7% among the 35-44 years bracket then increased to 23.1% among the 45-54 years old. This findings mirror the ILO 2008 report that stated that over 80% women entrepreneurs in Kenya aged below 40 years with only 18.5 % aged between 40-45 years.

On the other hand, the findings show that among women below 34 years being major players in business and the number drops until after the age of 45 years. This trend may be understood through Max Weber’s sociological theory as explained by the marital responsibilities of the women. The sociological theory states that social culture is an important driving force of entrepreneurship. The entrepreneur only acts in conformity to the societal expectations guided
by religious beliefs, customs and taboos (Kamunge, Njeru, & Tirimba, 2014). Since these women are expected by society to be home makers and take care of the family, many of them may prioritize marital responsibilities and child-rearing over businesses. However, after the age of 45 when these expected societal responsibilities have minimized, then they may resume businesses or start new enterprises. Correspondingly, Bula (2012) cited family interference and heavy familial responsibilities contributed to decline in business activities.

The role of marital status was underscored in the findings. Forty eight percent (48.7%) of the respondents were married while 45.3% were single never married. Only 6% were widowed or divorced. The study sought to establish a relationship between marital status and business performance based on the increase in the number of employees as the measure of performance. After more than four years in operations, single but never married women had grown by 16% in the number of employees while married women had grown by 23%. These findings seem to go against the common grain of thought that married women owners are constrained by marital status and household responsibilities hence hindering their mobility and performance (GPFC & IFC, 2011)

The ILO report 2008 corroborated these sentiments by stating that many married women lack autonomy and must consult with their partners and obtain permission to attend seminars or go for trainings. Yet, some married women enjoy the support of their spouses who inject more capital, provide moral support and sometimes work together hence contribute towards their better performance than their single never married counterparts (Bula, Edward, & Muruku, 2014). This reason may explain why 64.2% of single never married respondent’s concurrent that family support/spousal approval was very important to the performance of business while 30.2% felt it was absolutely essential in enhancing growth.

The research found that most women (28.2%) in high end business areas of Nairobi County have an undergraduate level of education followed by Master’s degree (25.6%), secondary education at 23.9% and Diploma at 22.2%. This finding differs with Ndungu (2017) and Kamau (2015) who found that majority of women entrepreneurs had secondary education followed by primary education. The difference in studies can be explained by sampling criteria than only considered women deemed successful in that they have been in operation for more than 3 years and have businesses located in high end areas. On business performance, 40% of
Masters Holders had registered positive growth followed by 25% Undergraduates while Diploma and Secondary school level each registered a growth of 17.5%. These findings confirms previous researches that observed that education had positive influence on sales turnover, gross profit, and number of employees in the business over time. Women entrepreneurs with better education are more able to understand the theory and practice of financial literacy, prepare financial statements and keep business records (Mugo, 2012) (Githinji & Rugami, 2017).

Among the respondents, 63.2% were previously in employment while 34.2% were not employed. This large number of respondents who drifted from employment to business ownership means that they joined business not merely to earn a living but to follow a passion. Kamau, Kamau and Muia (2015) observed that many women venture into enterprise to supplement family income. Sharma et al (2012) also noted that in many developing countries women run microenterprises, not majorly as a business opportunity but as a matter of survival and in some cases, enterprises are started simply to exploit a funding opportunity. However this study finding seems to point on the opposite direction. It appears that the highly educated women operating successful businesses venture into businesses for other reasons other than to escape unemployment or to meet basic survival needs.

The study considered entrepreneurial factors as determinants of business performance. On a 5 point Likert Scale the respondents were asked to rank different variables in the order of their perceived importance in enhancing business performance. The means of the scores was calculated to assess the level of importance. On the scale 0 was the lowest score showing that the variable is not important at all while 4 was the highest score showing that the variable was absolutely essential. The most essential determinant of business performance was good customer care and relations which had an average mean of 3.71. This finding concurs with Agbim (2013), who stated that customer care is a skill that is paramount in attracting, retaining and growing customers. Entrepreneurs that treat their clients with utmost respect always record higher sales and increasing growth hence good performance.

Business networks and access to information was ranked next most essential for business performance with an average of 3.64. A regression analysis on the contribution of business networks to the performance of enterprises had a significance score of 0.000 (Table 4.11)
which is less than 0.05 hence proving that its contribution is meaningful. It is critical for women entrepreneurs to have business networks from where they can obtain pieces of advice, information on the sources of funding and marketing opportunities (Ndege & Van der Bijl Park, 2015). This holds true basing on the fact that hyper-growth and performance in businesses occur mainly because of extraordinary business opportunities and extraordinary access to knowledge based and financial resources (Cassia & Minola, 2012). In support of business networks Brown, Mason and Mawson 2014, argued for more sustainable and significant interventions like networking, customer interactions and peer-based support.

Entrepreneurial skills also got a high ranking of 3.40 as a very important determinant of performance. Such skills include record keeping, financial management and reporting skills and greatly help to promote effective management, performance evaluation and decision-making (Akande, 2011). Entrepreneurship skills also enable an individual to function effectively in a turbulent business environment (Msoka, 2013). Respondents also singled out sales and marketing skills (3.23) as an important determinant of business performance. Sales and marketing skills helps the entrepreneur with the knowledge of current trends, product and price fluctuations, ability to determine customers need and the choice competitive strategy to adopt (Msoka, 2013).

Innovation play a very important role in enhancing business growth, SMEs that are strategically oriented to prioritize innovation generally grow faster and at a younger age than their non-innovative counterparts do. Creative climate, continuous learning and quality improvement always yields positive performance through innovativeness (Rasmussen, 2014). Innovation helps to promptly respond to possible competitors, drive down the costs, increases the speed of new product development or service delivery and maximize customer values hence leading to favorable growth (Obeng, Robson, & Haugh, 2014). Despite these well documented importance of innovation it only got a rating of 3.15. This clearly shows that women entrepreneurs have not prioritized innovation as they have with customer care and business networks.

The use of social media and ICT was also analyzed. Ndungu (2017) identified effective entrepreneurship to include the use of modern technology (ICT) and social media to create a synergistic effect that leads to sustainable growth. However, the findings of this research show
that women entrepreneurs ranked the use of ICT and social media at 3.03 showing that there is more need to emphasize the importance of technology in enhancing business performance.

5.3.2 Socio-Economic Factors and Performance of SMEs

The research sought to assess the impact of parental influence on business. Among the respondents 66.7% had parents who currently or previously owned businesses as compared to the 33.3% whose parents were not in business. This high number of respondents coming from families with businesses may be explained by the theory of planned behavior. Ajzen 1991, posited that the intention to create and grow an enterprise is influenced by; personal attitudes towards the business, the subjective norms such as the social pressure to engage in the business and the entrepreneurial behaviors influenced by parental role modelling, support and opinions (Lillbacka, 2010). The role of family as the most influential primary reference group has also been highlighted by Gamba, 2003 who emphasized its pivotal role in shaping individual values and attitudes that affects businesses. The values instilled in childhood may stick and influence decision-making processes and worldviews even in adulthood. However, not all researchers agree that family influence play such a big role in venturing into business. Bula, 2012 found that only 17.8% of women entrepreneurs inherited business interests from their parents. The sentiments of Bula, 2012 were mirrored in the inferential statistics findings. A linear regression analysis on the parental influence had a significance value of 0.254 (Table 4.15) which was greater than 0.05 hence was not major contributing factor to business performance. It can therefore be argued that parental influence may be key in starting the business but may not be a key determinant of performance.

The importance of support and approval from a spouse or a family to a business venture was also analyzed. Among the married respondents, 52.6% consider spousal approval and support as very important while 31.6% of them find it absolutely essential. On the 5 point Likert scale the average weight for spousal approval was 3.01 indicating that it was very important. These findings were further confirmed by a linear regression analysis that had a significance value of 0.04 (Table 4.15) showing that spousal support plays an important role in business performance. Generally, when women are confronted by business challenges they first seek assistance from the family/spouse then close friends or former workmates. Moreover, emotional support from a spouse is more meaningful for their reassurance and success.
(Mutuku, Olubandwa, & Odero, 2006). However, study by Ndemo and Wanjiku 2007, showed that very few husbands fully understood the nature of enterprises that their wives took part in. It is therefore interesting to note that spouses who barely understand the operations of a business are the ones expected to support and in some cases approve all the major enterprise decisions. To forestall such challenges, the spouses may work together as copreneurs. Coprenuerial enterprises involve husbands and wives that run businesses together. This helps to reduce opposition costs between the couple as well as lower the social costs of non-compliance which may hinder the performance of the business (Hirigoyen & Villeger, 2017).

The availability of mentors as business role models for the women entrepreneurs was analyzed. Respondents recognized the important role of mentors with a Likert’s scale mean ranking of 3.0. A regression analysis on the contribution of mentorship to the overall performance of the business registered significance score of 0.000 (Table 4.15) this is lower than 0.05 hence it plays an important role in business performance. According to Laukhuf and Malone (2015), mentors keep the mentees accountable and promote the growth of their businesses.

Economic factors that were examined in the study included high taxes and continuous government regulations. On a Likert scale of 5, respondents were asked to rank their degree of agreement concerning variables that they perceived to hinder the performance of SME. High taxes seemed to be the greatest hindrance to business performance with a mean of 1.32 meaning than many respondents strongly agreed to its effects. A regression analysis of its contribution to the performance had a coefficient of -0.917 with a significance of 0.001 implying that it had a negative effect on the performance. This findings concur with the AfDB/OECD/UNDP 2017 that noted that high taxation increases the cost of operating businesses hence lowering profits. The harsh tax policies and the complex taxation systems also discourages the SME growth and have a greater negative effects on the SMEs than on big corporations (Karugu, 2014).

Government regulations was also shown to have a negative impact on the performance of women owned enterprises. A linear regression analysis revealed a coefficient of -0.698 and a P value of 0.042. This finding concurs with Adeyeye (2017) who observed that SMEs find it more difficult to comply with government regulations as compared to the well-resourced larger companies. Regulations may be an obstacle in the areas of administration and paperwork.
associated with complying and the costs of compliance. This is true especially in the areas of employment and safety regulations (Gatukui & Katuse, 2014).

5.3.3 Organizational Factors and Performance of SMEs

At the organizational level, the respondents recognized the importance of having a business plan with clear vision. The weighted mean on the 5 point Likert scale for business plan score was 3.20 indicating that it was very important. A regression analysis showed a coefficient of 1.632 with a significance of 0.002 showing that it plays an important role in business performance. This finding concur with Hove and Tarisai (2003) who observed that firms that have a business plan, clear vision and missions have better chances of survival and growth than their counterparts without.

Supportive legal and regulatory framework was also noted as significant with a Likert’s scale average score of 3.15. This findings lends credence to the assertion by Bouzza, Ardjouman and Abada (2015) who stated that the external business environment such as government policies, support structures and regulations form part of the legal, political and economic environment that may boost a firm’s growth. Muthathai (2017) emphasized that supportive legal and regulatory framework play a vital role in helping women entrepreneur’s access funds, create networks, form partnerships, build value chain relationships and financial literacy.

In a measure of perceived hindrances to business performance, a 5 point Likert scale where 1 represented strongly agree and 5 strongly disagree, high taxes and corruption were identified as the leading hindrances with a mean score of 1.32 and 1.77 respectively. This confirms that the government regulatory and support structure have potential of enhancing or hindering business performance. Too much government regulation and lack of government support were also ranked as potential hindrances with mean scores of 1.93 and 2.0 respectively.

Access to financial services and loans is viewed as a major determinant of business performance. Difficulty in securing loans and inadequate capital is believed to be a major hindrance to enterprise growth (Ndege & Van der Bijl Park, 2015; Deloitte, 2016; WEF, 2012). However, respondents in the study seemed not to pay premium attention to access to loans or finances. On a Likert scale they ranked it on a mean of 2.64 meaning that it was of average importance. This apparent contradiction to previous studies may be explained by the fact that
these sample frame only had women entrepreneurs who had been in operations for more than 4 years hence they faced fewer barriers in accessing the loans. Abraham Maslow’s hierarchy of needs theory may explain that funding may no longer be a motivation to them but other higher needs such as customer delight, business networks and quality improvements. This validates the assertion that women entrepreneurs need both financial and non-financial support structure (Ijaza, Mwangi, & Ng’etich, 2014).

The contribution of business location was also analyzed. A linear regression analysis showed a coefficient of 0.918 with a significance of 0.10. This indicates that it plays an important role in business performance. Other researchers concur that business location determines accessibility by clients, proximity to suppliers and transportation costs (Ongachi, 2013).

Human resources play an important role in business growth and performance. Firms that attract highly qualified and creative staff have a competitive edge over their counterparts (Gupta, Guha, & Krishnaswami, 2013). The study sought to find the perception of the respondents towards attracting and recruiting qualified staff.

A Likert scale of 5 obtained a mean score of 2.95 (table 4.18) implying that the respondents recognized the role of qualified staff in business performance. A regression analysis also confirmed that qualified staff had a coefficient score of 1.468 with a significance of 0.007. Nevertheless, recent research conducted in Nairobi indicates that only 38% of SMEs hire well trained and experienced staff while other use family members or more affordable staff to play vital roles like accountancy and marketing (Kamunyu & Theuri, 2017).

5.4 Conclusion

5.4.1 Entrepreneurial Factors and Performance of SMEs

The study concludes that business sector, marital status, education level, entrepreneurial skills, business networks and innovation determines the performance of women owned enterprise. The study further observes that education level plays an important role in the success and performance of women owned SMEs in Nairobi. When the sampling frame selected businesses from high end areas only that have been in operations for more than 3 years, it was noted that all the respondents had a high school education and above. The highest numbers of respondents were university graduates followed by master’s level respondents. The study also reaffirms the
importance of customer care as an important skill in attracting, retaining and growing customers. On the other hand, the study establishes that the role of innovation and use of ICT is very low among women entrepreneurs with many respondents citing lack of ICT competencies as a major hindrance to their performance.

5.4.2 Socio-Economic Factors and Performance of SMEs

The study concludes that spousal support, availability of mentors, government regulations and access to loans determines the performance of women owned SMEs by up to 71%. The study further casts doubt on the often stated assertion that marital status often hinder women entrepreneurs by limiting their movements they miss out on available business opportunities. Many women ranked inability to travel due to marital duties as the least hindrance to their performance. It was actually a majority of the single never married women category that felt that spousal approval and marital responsibilities would hinder their businesses. The research further challenges the often cited motives for women venturing into businesses. The findings show that majority of women were in employment before starting business hence they were not seeking for a source of livelihood as is often cited. However, the study confirms the earlier assertions that women entrepreneurs need both financial (access to loans) and non-financial supports such as business networks, peer-based support and customer interactions opportunities. The study further identifies high taxes and ever increasing government regulations on health, safety and employment as major hindrances to the business performance.

5.4.3 Organizational Factors and Performance of SMEs

The study concludes that having a good business plan with clear vision, attracting and retaining highly qualified staff, choosing a strategic business location and registering an appropriate business type contributes to 67% of business performance. The study further confirms that women entrepreneurs in Nairobi engage in business venture mainly along their gender roles. More women are in food and beverage and clothing and textile than in real estate and ICT.
5.4 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Entrepreneurial Factors and Performance of SMEs

Women entrepreneurs need to invest more on innovation and product development in order to improve their performances. They may also need to diversify their sectors of operations to include manufacturing and ICT in order to access high value markets. The government should also strive to reduce the cost of compliance to its regulations and create awareness as to the importance of such regulations as they are mainly perceived as a major hindrance to business performance.

5.5.1.2 Socio-Cultural Factors and Performance of SMEs

Governments need to use the instruments of culture transformations such as education to change perceptions about the roles and abilities of women entrepreneurs. This will create a level playground for women entrepreneurs and promote support for women property ownership rights. Pro women empowerment organizations also need to recognize the important roles of the husbands or partners of the women. They should carry out joint capacity buildings for the entrepreneurs and their spouses to sensitize them on the importance of their support and to improve their decision making capabilities. Women entrepreneurs may also need to change tactics and start copreneurs enterprises that involve both husbands and wives. This will help reduce the opposition costs between partners and lower the social costs of non-compliance.

5.5.1.3 Organizational Factors and Performance of SMEs

The government should further support holistic system and policy interventions that incorporates both financial and non-financial components. The non-financial components should include business networking, and mentorship programs for women entrepreneurs. On the other hand an enabling environment should be created that compensates for high taxation and reduces corruption. Women entrepreneurs should be bold enough invest in well-trained and experienced staff. Vital roles like accounting and marketing should not be entrusted only on close relatives or affordable staff but on qualified employees. In cases where the business owners my not afford the well trained staff, they should capacity build to improve their competencies in the vital areas of the business operations.
5.5.2 Recommendations for Further Studies

The research recommends that future studies should seek more to understand the attitudes of Kenyan women entrepreneurs towards copreneurship where they operate the businesses jointly with their spouses, succession planning on women owned enterprises to ensure continued survival of the businesses and the barriers the adoption of ICT by women entrepreneurs and how to overcome them.
REFERENCES


APPENDIX I: RESEARCH QUESTIONNAIRE

RESEARCH QUESTIONNAIRE FOR THE DETERMINANTS OF PERFORMANCE OF WOMEN OWNED SMES IN NAIROBI COUNTY

Date………………………………… Questionnaire Number…………………………

Dear Respondent,

This is to kindly request you to provide us with information by filling in the below form. This is a research questionnaire of a study carried out in partial fulfillment of the requirement for the Degree of Masters in Business Administration (MBA) at Chandaria Business School (USIU). The researcher would like to assess the determinants of performance of women owned Small and Medium Enterprises (SME) in Nairobi County. The study will look at Social, cultural, economic and organizational factors and their perceived effects on performance of women owned SME’s. The Questionnaire will last 10-15 minutes. Participation is voluntary and you may withdraw from the study at any time. The findings of this study will be presented in such a way that the individual identity of the respondents will remain anonymous. In case of any questions, please contact the project researcher Zipporah Mwathi (zipporah@polygraphicltd.com)

SECTION 1 – Background Information

1.1) Business Sector
[  ] Real estate      [  ] ICT      [  ] Textile     [  ] Purchasing and supplies
[  ] Food and beverages    [  ] Other……………………………………

1.2) Years in Operation
[  ] 0-3 years       [  ] 4-6 years       [  ] 7-10 Years     [  ] Over 10 years

1.3) Age of Founder
[  ] 20-24 years    [  ] 25-29 years   [  ] 30-34 years  [  ] 35-39 years
[  ] 40-44 years    [  ] 45-50 years  [  ] Over 50 years
1.4 Type of Business (ownership structure)
[ ] Sole Proprietorship  [ ] Partnership  [ ] Limited Liability Company (LLC)
[ ] Corporation (for profit)  [ ] Co-operative

1.5) Marital status
[ ] Single  [ ] Married  [ ] Widowed  [ ] Divorced

1.6) Highest level of education
[ ] Primary  [ ] Secondary  [ ] College  [ ] University Degree
[ ] Master’s Degree/PhD  [ ] None

1.7) Do your parents currently run or previously used to run a business?
[ ] Yes  [ ] No
b) If Yes, Explain the nature of business

___________________________________________________________________________
___________________________________________________________________________
c) Did it have an impact on you? And how?

1.8) Do you have other siblings in business?
[ ] Yes  [ ] No
If yes, state the nature of business. Is it related to the one you are doing?

___________________________________________________________________________
___________________________________________________________________________

SECTION 2 – Growth of Women Owned Business

2.1 Before you started this business what was your employment status?
[ ] Employed  [ ] Unemployed  [ ] Self-employed

2.1 a) When you started the business how many employees did you have? (Including yourself and family members who were directly involved)
[ ] Less than 5  [ ] Between 5-10  [ ] Between 11-15  [ ] More than 15
2.1 b) How many employee do you have now?
[  ] Less than 5     [  ] 5-10 employees     [  ] 11-15 employees
[  ] 16-20 employees   [  ] 21-25 employees  [  ] more than 25 employees

2.4 Why did you decide to venture into this business?
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Section 3: Determinants of Performance

3.1. On a scale of 0 to 4, please rank the following variables in the order of their perceived importance in enhancing the performance of your business.

0 = Not Important At All 1 = Of Little Importance 2 = Of Average Importance 3 = Very Important 4 = Absolutely Essential

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<tr>
<th>S/N O</th>
<th>VARIABLE</th>
<th>0 = Not Important At All</th>
<th>1 = Of Little Importance</th>
<th>2 = Of Average Importance</th>
<th>3 = Very Important</th>
<th>4=Absolutely Essential</th>
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<tr>
<td></td>
<td><strong>Entrepreneurial Factors</strong></td>
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<td>1.</td>
<td>Entrepreneurial skills and training</td>
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<td>2.</td>
<td>Use of IT, websites and social media</td>
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<td></td>
<td>strategies</td>
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<td>3.</td>
<td>Business networks and access to</td>
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<td></td>
<td>information and opportunities</td>
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<td>4</td>
<td>Good customer care and relations</td>
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<td>5</td>
<td>Sales and marketing skills</td>
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<td>6</td>
<td>Lack of innovation and IT competencies</td>
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<td>7</td>
<td>Lack of Operational Skills</td>
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<td>Socio-economic Factors</td>
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<td>1</td>
<td>Parents in Business</td>
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<td>2</td>
<td>Having access to loans</td>
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<td>3</td>
<td>Support and approval from Spouse or family</td>
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<td>4</td>
<td>Availability of mentors or role models</td>
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<td>5</td>
<td>High Taxes</td>
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<td>6</td>
<td>Too much government regulation</td>
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<td>7</td>
<td>Business Immobility due to marital duties</td>
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<td>8</td>
<td>Lack of access to financial resources</td>
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3.2. On a scale of 1 to 3, please, rank your agreement to the level that the following variables hinder or affect the performance of your business

1= Strongly Agree, 2= Agree, 3= Undecided, 4= Disagree, 5= Strongly Disagree
Organizational Factors

<table>
<thead>
<tr>
<th>S/NO</th>
<th>VARIABLE</th>
<th>1= Strongly Agree,</th>
<th>2= Agree</th>
<th>3= Undecided,</th>
<th>4= Disagree</th>
<th>5= Strongly Disagree</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Business Location</td>
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<td>2</td>
<td>Having a business plan with a clear vision and mission statement</td>
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<td>3</td>
<td>Business Type</td>
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<td>4</td>
<td>Ability to recruit highly qualified staff</td>
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<tr>
<td>5</td>
<td>Business Location</td>
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<tr>
<td>6</td>
<td>Having a business plan with a clear vision and mission statement</td>
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</table>

3.3. Do you know any woman Owned enterprise that closed in the recent past?

☐ Yes ☐ No

3.3 (b) If Yes, why do you think it went under?
............................................................................................

3.3 (c) For how long had the enterprise been in operation?
............................................................................................

**************************************************************************THE END**************************************************************************

Thank You Very Much for Your Time and Cooperation