

Factors Influencing Growth of Women owned Micro and Small Enterprises A Survey of Kitale Municipality

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Abstract

This study was exploring on the growth status of micro and small enterprises owned by women in Kitale municipality, Trans-Nzoia County, Rift valley province in Kenya and the factors that influenced the growth. The dependent variable in the study was growth, while the independent variables were education, social, cultural, environmental condition, skills, technology and financial capacity. A total of 70 respondents were interviewed using an interview guide instrument carefully developed with structured and unstructured questions. The aim of the study was to determine the factors influencing the growth of women entrepreneurship in Kitale and specifically to determine, the women's level of education, skills and technology they employ, the social/cultural environmental conditions within which they operate and their financial capacity. The 70 respondents represented the target population which was within Kitale Municipality, selected by stratified random sampling procedures. Details in this project include the introduction, problem statement, the purpose, main and specific objectives of the study, research questions and the scope. A discussion of the available literature on women owned micro and small enterprises, included the enterprises' start-up, undertakings and growth, the missing middle, the social, cultural and environmental conditions, the entrepreneur's education level, skills technology and financing they access. The interventional efforts and growth models were also discussed. The literature review wound up with a critique, a conclusion and the missing gap. The methodology used in conducting the study was explained in details that included descriptive research design, the population, target population, sample size, sampling technique and procedure, the instruments, data collection procedure, processing and analysis. A questionnaire was administered orally to 70 women in MSE within the municipality in order to gather data. The research findings analyzed using the statistical package for social sciences (SPSS), were discussed using a triangulation style along with tables and figures the major factors affecting growth were found to be lack of training, finance, and

multiple roles. The rate of growth was found to be between low and moderate. The whole research process was summarized concisely, concluded and relevant recommendations outlined. This study has made some contribution to research and added to knowledge in the existing literature all of which have been pinpointed in the summary and conclusion. The appendix included the research instrument, some tables, figures, introduction letters, a budget and a work plan. The research findings have helped unravel the problem by answering the research questions outlined and may therefore significantly play the role of assisting the stakeholders in addressing the problem of women in the MSE sector. The stakeholders include the government organs, NGOs, financial institutions, women proponents, the women entrepreneur's, professionals and the society at large. It is hoped that the recommendation made shall be adopted by the concerned party to improve the growth of women owned MSEs in Kitale municipality and the nation at large.

Key Words: Women Entrepreneurs, Micro and small enterprises (MSE), Growth, Finance.

1.0.0 Introduction

Women in entrepreneurship within Kitale municipality exhibit very low if not retarded growth of their enterprises, several Kenya session papers have highlighted on the challenges and constraints faced by women in entrepreneurship as, gender disparity/ inequality, culture and traditional practices, lack of education, multiple roles, discrimination and, lack of information (G.O.K session papers No.2 1992 & 2005). The Kenyan government views entrepreneurship as a key engine for faster economic growth and also as focus towards more specific objectives in supporting women in the developing world (Kenya vision 2030, 2007). Numerous interventions have been put in place by several stakeholders, supported by equally numerous policy measures, however little positive impact on growth of enterprises has been observed. It has not been clearly established why else this enterprises may be stagnated.

In 1972 the International Labor Organization (ILO) released a report on a study in Kenya. The report highlighted on the role of informal sector in the country's economic development process. The report highlighted on the existence of dual economy in Kenya, that is the informal sector referred to as Jua Kali (hot sun) and the formal sector (ILO 1972). Based on this report, the Government, Non-Governmental Organization and other interested parties have been engaged in serious activities and progress aimed at promoting the small enterprise sector (SES). Over the years, the government has adopted a number of strategies to enhance economic development and the need to integrate women in the process. This acknowledges that women should be integrated in the development process and their participation ensured in all sectors of economy.

Chapter three of session paper number 2, 1992, on small enterprise and Jua Kali development in Kenya, highlights on the challenges and constraints faced by women in the sector. They include gender disparity, lack of education, multiple roles, cultural and traditional practices, discrimination and lack of information. Gender inequality as well as the above listed are also highlighted as challenges to development of micro and small enterprises in chapter 3 of session paper number 2, 2005. Both papers have agendas for action to addressing these issues.

It is a matter of great concern that in a span of thirteen years, the same challenges and constraints have been duplicated in the government session papers. This implies that either the issues have never been addressed or were inadequately addressed despite the agendas for action drawn. It is within this context that the study on factors influencing the growth of women MSEs has become necessary. This is a research project focusing on the growth of women owned enterprises within Kitale municipality

1.1.0 Background information

Women constitute around half of the world's population while in most nations, Kenya included, they are in fact more than half of the world's population. Women are therefore regarded as the better half of the society (Khanka 1999). Biblically, the woman, as written in the book of Genesis was created to be the man's 'help meet' or assistant (Genesis 2:20-23). In traditional societies, women have been confined to the four walls of the house, performing household activities mostly as wives and mothers. This has played a major role in having the men a step ahead of women in entrepreneurship.

However, things have changed and the global evidence buttress that women have not only started to take up entrepreneurial roles but are performing exceedingly well in different spheres of activities like academics, politics, businesses and law. Entrepreneurship is about being a risk taker, an organizer and an innovator (Perter 1966, Webster 1966) all of which many global women are. They have started plunging into engineering and entrepreneurial activities with as much success as their male counterparts. The role of women in the world economy has been growing in importance with time. Women are taking the decision to start enterprises either after a career break or by making the transition from the salaried employment to self employment. However, these groups of women although significant, remain largely invisible both in terms of published research on entrepreneurship and in terms of business support infrastructure to assist the potential. (Beaver and Harrison, 1994, Cohen, 1997, Carr, 1998).

Women within Trans Nzoia have also plunged the pool of entrepreneurship in the effort to earn a decent living. Unfortunately, their enterprises continue to exhibit stagnated or slow growth.

The latest National Development Plan (NDP) in Kenya is the Vision 2030 long term national planning strategy on development. The government in its 8th (NDP 2007), Vision 2030 aims at achieving industrialization by 2015, economic and political stability by 2030. The government views micro and small enterprises (MSE) sector as one of the engines for faster economic growth. In this respect, the government has made specific allocation of funds to the MSE sector with special consideration to the gender (Women), youth and vulnerable groups. The Jua Kali sector has also been considered, (Medium Term Plan (MTP) report 2008 – 2012).

Over the past several years, people have become increasingly aware of the need to focus on the entrepreneurship as a more specific objective in supporting women in the developing countries like Kenya. (Donde 1990) in his article "the role of NGOs in developing Jua Kali and small scale enterprises (SSE) for women", emphasized the potential for women in the Jua Kali and SSE. Those women have played a major role since independence in mobilizing themselves in rural and urban income generating projects and hence need to be given support.

The 2030 Vision for gender, youth and vulnerable groups is a gender equity, improved livelihoods for vulnerable groups and responsible globally competitive and a prosperous youth. The goal for 2012 is to increase opportunities all round among Women, Youth and

disadvantaged groups. Specific strategies will involve increasing the participation of women in all economic, social and political decision making processes through higher representation in parliament, improving access of all disadvantaged groups to business opportunities, health and education services, housing, justice and minimizing vulnerability through prohibition of retrogressive practices such as female genital mutilations (FGM), child labour and scaling up training for people with disability and special needs (Medium Term Plan (MTP) report 2008 – 2012). The efforts of this plan are also in line with those of session paper number 2 of 2005. The flagship projects for 2012 are six and they include; Increase the women enterprise fund from kshs 1 billion to kshs 2 billion, establish consolidated social protection fund.

In an effort to implement the flagship projects, the government conceived women enterprise and development fund (WEF) in December 2006. This is a strategic move towards addressing poverty alleviation through social economic empowerment of special groups. The fund is to facilitate enterprise and development initiatives among the women through a revolving loan disbursement to individuals and groups of entrepreneurs. The programmes and projects are being facilitated through the ministry of gender, children and social development. Services are offered at district levels countrywide. The lending process has borrowed a lot from the Grameen model first used with Bangladesh women entrepreneurs.

Several non-governmental organizations are also involved in the efforts to promote micro and small enterprise under the umbrella name of small and medium enterprise development agencies (SMEDA). They include the world Bank, Africa Development Bank (AfDB), Asian Development Bank, International Monetary Fund (IMF) United Nation Industrial Development Organization (UNIDO) to name but a few. Kenya women finance trust is one such finance institution that targets specifically in lending to women entrepreneurs. Some of these promoters give an impression that they offer non-financial support services to the beneficiaries. However, little impact has been observed, neither through some form of evaluation nor any observable indication such as growth and/ or improved performance of the entrepreneurs.

Proponents of women entrepreneurs' special entrepreneurship support programmes claim that women entrepreneurs face many constraints in running their enterprises. This constraints are; difficulty in accessing finance, lack of information on market of commodities, lack of skills to run enterprises, market saturation due to lack of access to higher value markets and lack of innovation, lack of knowledge on government regulations, gender roles and responsibilities, occupational segregation, internal constraints and cultural values (World Bank, 1989 Koper 1993, Dawson 1997, ILO 1999 and Kanter 2001). There arises a need to examine and investigate features influencing the much needed growth of the women owned enterprises. This study is focusing on those women enterprises in Kitale municipality.

1.2.0 The statement of the problem

Micro and Small Enterprises (MSE) owned by women within Kitale municipality are unable to achieve optimum growth. Women entrepreneurship has equally continued to show very limited trend in growth if not retardation, the women entrepreneur's poverty level is high in this municipality. Kenya's session paper two of 1992 highlighted on the challenges and constraints faced by women in the sector as; gender disparity, cultural and traditional practices, lack of education, multiple roles, discrimination and lack of information. Gender inequality is also

highlighted as a challenge to development of the micro and small enterprises in session paper number 2 (2005). The government in its 8th NDP (2007) Vision 2030 aims at achieving industrialization by 2015, economic and political stability by 2030. Entrepreneurship is the process of using private initiative to transform a business concept into a new venture or to grow or diversify an existing one. The government views micro and small enterprises (MSE) sector as one of the engines for faster economic growth. For Kenya to achieve her stated goal in the Vision 2030 “equity and poverty elimination” one of the strategic plans is to increase opportunities all around women. Specific strategies involve increasing women participation in economic, social and political decision making processes as well as their access to business opportunities, health and education services, housing and justice by 2012, implying that it is already late. However for these goals to be achieved ever, women owned enterprises growth is fundamental. In this respect, the government has made specific allocation of funds to the MSE sector with special consideration to the Gender (Women), youth and vulnerable groups. The jua kali sector has also been considered, Medium Term Plan (MTP) report 2008 – 2012). Numerous interventions have been put in place by several stakeholders, a culture and environment favorable to entrepreneurship has been emphasized in the government policies, however little positive impact has been observed. It has not been clearly established why else this enterprises could be stagnated and, hence need for the study

1.2.1 Purpose of the study

The purpose of the study is to investigate and examine the factors that affect growth of women owned micro and small enterprises (MSEs) in Kitale municipality.

Specific objectives

1. To determine the financial capacity of the women in micro and small enterprises in Kitale municipality
2. To investigate and establish the effect of the above factor on the women owned enterprises growth and suggest recommendations for intervention.

2.0 Literature Review

2.1 Financial support

Many women are ‘income poor’ yet have to provide for their families. Competing financial needs between family and business become one of the major constraints to entrepreneurial growth. With many women being poor, the little income earned is sometimes used for what appears to be urgent family requirements irrespective of why it was set aside. This results in a reduction of the capital invested and hence curtail further growth (Stevenson and St-Onge; Alila et al., 2002). According to the 1999 MSE survey, both formal and informal financial assistance are received by the MSE operators. However the survey noted that the bulk of the MSE credit (69.1%) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS). This was in line with the findings that only 4% of

accessed credit obtained is from formal financial channels such as NGOs micro Finance schemes commercial banks and SACCOS. At the same time there were 150 organizations with credit programmes for MSE in Kenya of which 130 are NGOs. The fact that there are many formal organizations providing credit and only 4% of MSEs credit is from them implies a gap exists in their effectiveness. This calls for further research to establish why. Women entrepreneurs often have difficult gaining access to loans (Dawson, 1997; ILO, 1999; and World Bank, 2004). In some cases this is due to requisition of smaller loans that are not profitable for formal financial institutions to offer. Banks may not have enough information about clients, making them unwilling to advance loans due to the perceived risks involved. Women often have fewer opportunities than men to gain access to credit for various reasons including lack of collateral, unwillingness to use household assets as collateral, the small amount of loans requested and negative perceptions of female entrepreneurs by loan officers (Chenet *al.*, 1996 and OECD, 2005). Key informants confirmed that micro finance organizations fill the important need. However, the group savings used for collateral, common to all MFI programmes, restricts a member's ability to re-invest profits in her business: hence growth is substantially slower. Even though group-based delivery of savings and credit reduces the financial institutions cost of service delivery, interest rates are very high in most schemes accompanied by numerous constraining conditions from the lending institutions,(African Development Bank,2003). It is in recognition of such problems that the government conceived the Women Enterprise Fund (WEF) in 2007 in an effort to intervene.

Accessibility to initial capital even when available is also a major hurdle for women entrepreneurs. Micro Finance Institutions and commercial banks chose where they locate thus excluding entrepreneurs in remote regions, leading to regional disparity. Credit conditions when forming a group and joining saving plans result in delays in accessing the capital thereby worsening the women house hold financial burden (Stevenson and St- Onge; Alila et al., 2002).However this is no longer a key barrier, but lack of creativity, innovation and responsiveness on the part of the supplier which hamper women entrepreneurs in Kenya. Whereas MFIs emerged to provide initial working capital, relevant and cost effectiveness is often inappropriate in satisfying the particular needs of potential and operating women entrepreneurs (GOK, 1999).Conclusively, apart from the above mentioned, the predominant source of finance for the women in the informal are group savings, merry go rounds, RASCOS and micro finance NGOS. The 'elitists' class of women are more likely to secure finance from commercial banks but they also use their, own savings or to a limited extend participate in professional savings /credit groups like ,united women SACCOS and National Associations of Self help women of Kenya. The "missing middle" group make use of MFIs at lower level such as KWFT, but they soon out grow the lending limits, unable to meet the requirements of either, they either grow at a slower rate than they wish or participate in membership of higher level SACCO (African Development Bank 2003).

Research Methodology

3.0.0 Introduction

This chapter discusses the research design and methodology used in this study. It contains the following information, the research design, and area of focus, the population, target population and sample size, sampling procedures, instruments, data collection procedure, pilot test, processing and analysis.

3.1.0 Research design

This study employed the descriptive research method. Gay (1981) defines descriptive research as a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. In this study, focus was on the factors affecting the growth of women MSEs. This method facilitated information on the status of the women in MSEs and their enterprises, the information helped answer the research questions. Both qualitative and quantitative information was collected so that each supplemented the other to minimize subjectivity and enhance objectivity. Qualitative information includes, design, techniques and measures that do not produce discrete numerical data while quantitative information includes designs, techniques and measures that produce discrete numerical data (Mugenda and Mugenda 2003).

3.2.0 Target population

This is the population which the researcher wants to generalize results of the study on (Mugenda and Mugenda 2003), the researcher focused on women in MSE in Kitale municipality. A document obtained from the Kitale municipal revealed that there were 1700 women in MSEs spread across.

The target population was therefore 1700 women MSEs within the municipal. It would have been good to take as suggested by Gay (1981) 10% of this target population as the sample size for descriptive study. However, the fact that the population was so scattered within the municipal, that the data collection procedure was projected to be difficult, expensive and time consuming. In addition, the sample size would be about 170 in number which was still very high given the circumstances. In this respect the standard for social scientist of 5% was found most appropriate. The municipal had 1700 women MSEs registered. This formed the accessible population of the study.

3.3.0 Sampling frame

Sampling frame is a list, directory or index of cases from which a sample can be selected (Mugenda and Mugenda, 2003). Lists of registered women MSEs were obtained from institutions that directly deal with women entrepreneurs. Due to the scanty scattered population outside the municipality, the lists from Kitale branches of the institutions were found most appropriate for the sampling frame and used.

3.4.0 Sampling size and sampling technique

Gay (1981) suggests that, for descriptive studies, ten percent of the accessible population is enough for a sample size. Mugenda and Mugenda, (2003) states that the rule of thumb should be to obtain as big a sample as possible, however resources and time tend to be major constraints in deciding on sample size to use. This study was affected by the two constraints and therefore the sample size was arrived at as follows;

In social science research, the following formulae can be used to determine the sample

$$\text{Size: } n = \frac{Z^2 pq}{d^2}$$

Where;

n = the desired sample size (if the target population is greater than (10,000).

Z = the standard normal deviation at the required confidence level.

p = the proportion in target population estimated to have characteristics being measured.

q = 1-p.

d = the level of statistical significance set.

$$nf = \frac{n}{1 + n/N}$$

Where;

nf = the desired sample size (when the population is less than 10,000).

n = the desired sample size (when the population is more than 10,000).

N = the estimate of the population size.

In the calculation used

$$Z = 1.96. \quad P = 5\%. q = 1-p. \quad N = 1700.$$

For $N \geq 10,000$

$$n = \frac{(1.96)^2 (5\%) (0.95)}{0.05 \times 0.05} = 72.99 \approx 73 \text{ MSE population.}$$

Therefore, for $N \leq 10,000$

$$\frac{73}{1 + \frac{73}{1700}} = 69.99 \approx 70 \text{ MSE population}$$

Applying this formulae, the desired sample size for a target population greater than 10,000 (n) was found to be 73 and the desired sample size for a target population of less than 10,000 (nf) was found to be 70.

Five percent of the target population was used because the suggested 10% by Gay (1981) yielded 128 respondents, which is still unmanageably too high. 5% was considered as a fair enough representation in the study since it was a homogeneous population with very little variation in the characteristics. Therefore the sample size arrived at was 70 women in MSE from Kitale municipality.

3.4.1 Sampling procedure

This is the process of selecting the subjects or cases to be included in the sample. To select a representative sample, a researcher must first have a sampling frame (Mugenda and Mugenda 2003). The list obtained from the relevant institutions that deal directly with women entrepreneurs was used to select those women MSEs at least 6years old. The stratified random sampling is such that, existing subgroups in the population are more or less reproduced in the sample. Under stratified sampling the population is divided into several sub-populations that are individually more homogenous than the total, known as the strata (Mugenda and Mugenda 2003). Items selected from each stratum constitute a sample (Kothari 2004). The criteria used was to consider the various sections in the municipality, which are the estates and the central business district (CBD).Therefore six respondents were drawn from the CBD and four from each estate.

3.5.0 Data collection instrument

According to Mugenda and Mugenda (2003), structured questions are those accompanied by a list of all possible alternative responses they have the advantage of being cheaper, easy to administer and analyze. Unstructured questions are those that give the respondents all freedom of response they are simple to form, permit greater depth of personal response, and stimulate feelings of respondents. Contingency questions are follow-up questions so as to get further relevant information. In this study the main collection instrument was an interview schedule. A questionnaire was administered on a face to face encounter. Therefore the questionnaire served as an interview guide. An interview guide was developed by paying special consideration to the objectives of the study and used on all the respondents. It combined all the three types of questions discussed above.

3.6.0 Data collection procedure

The research was conducted on a face to face encounter, one on one, the researcher and the respondent, this method of data collection has the advantage of providing in depth data that is both qualitative and quantitative. It facilitated clarification through interaction and effectiveness. Since a good part of the population is semi illiterate, it was possible to translate the questions to understandable language to them through interaction in the interview (Mugenda and Mugenda 2003). It was also possible to probe the respondents where necessary. This was advantageous in getting a chance to observe the real MSE situation as well. The researcher contacted the respondents prior to conducting the interview so as to establish a rapport and a friendly relationship with them this helped prepare them for the exercise. The list of names and contacts in the sample frame facilitated the above process. Permission to carry out, the interviews was sort from the municipality administration Authority. The approval letter is carried in the appendix.

3.7.0 Pilot test

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials while validity is the accuracy and meaningfulness of inferences, which are based on research results. Reliability is influenced by random error which results in deviation from the true measurement and is due to factors not effectively addressed by the researcher. In this case, reliability was well taken care of by the researcher through the method of data collection such that random errors were eliminated by addressing all the factors effectively. Validity is the degree to which result obtained from the analysis of data actually represent the phenomenon under study (Mugenda and Mugenda, 2003).

A pilot test was done by interviewing five women entrepreneurs with similar characteristics of those described in the study, within Kitale central business district. The pilot data was also analyzed. This gave room for adjustments on the instrument used and the mode of questioning technique. Some question items were re-framed, rephrased added and/or removed. This ensured validity and reliability of the research instrument.

3.8.0 Data processing and analysis

The section describes the process used to examine statistics for independent and dependent variables and assesses the factors influencing the growth of women owned micro and small enterprises in Kitale municipality. The statistical package for social sciences (SPSS) was employed. The system is an easy to use comprehensive data analysis program. Essentially, the variables (factors) were allocated values and the number of values used to create a number of cases (respondents). Qualitative data was analyzed by coding and organizing it into themes, categories and patterns, after which both qualitative and quantitative data were entered into the program and manipulated to output analyzed result in various forms. After all data was collected, the researcher conducted data cleaning which involved identification of incomplete and inaccurate responses which were corrected to improve the quality of the responses. After data cleaning, the data was coded and entered in the computer for analysis using the Statistical Package for Social Sciences (SPSS) version 20. The research yielded both qualitative and quantitative data. **Quantitative techniques such as descriptive statistics and inferential statistics were used to understand relationships between different variables.** Qualitative data was analyzed qualitatively using content analysis based on analysis of meanings and implications emanating from respondents information and documented data.

Data collected were analyzed using both descriptive statistics; means, standard deviation, and standard error and inferential statistics using Pearson Product Moment Coefficient Correlation. The correlation analysis was used to establish the relationship between two variables in a linear fashion. Correlation Coefficient was employed to determine relationship between the factors and women enterprise growth. It was appropriate to use the technique for interval and ratio-scaled variables and determine the relationship between one variable and another. Use of descriptive statistics for the variables under study was preferred method as this method was adopted to describe the demographic characteristics and also to explain the interaction and relationship among the variables of the study. Inferential statistics was used to estimate

populations' parameters and answer the objectives of study. Simple descriptive statistics was employed to analyze quantitative data. **After analysis, data was presented in tabular form and charts using frequencies and percentages alongside inferential statistics.**

4.0. Research Findings and Discussion

4.1 Financial capacity of the women in micro and small enterprises

The third objective of the study was to investigate the financial capacity of the women in micro and small enterprises in Kitale municipality. This was found to be important in order to establish the capacity of the women enterprises.

4.2 Sources of finance at the beginning

The sources of finance in the women enterprises were sought during the study. The findings showed that the sources of finance at the beginning of the business was varied thus; 19(27.1%) were from friends, 17(24.3%) from own savings, 10(14.3%) from husband support, 9(13%) were from multiple sources such as a combination of own saving, family, merry go round and bank loan. There was a clear indication that many of the respondents avoided borrowing from MFIs at the starting point. The main reason respondents sighted was fear of inability to pay back or service the loans which demand high interest rates and specific conditions. *"We have seen our friends stocks and property being auctioned due to failure to service loans,"* respondents quipped. These findings also agree with 1999 survey that the bulk of MSE credit came from informal savings.

Table 4.1 Sources of finance at the beginning

Sources of finance	Frequency	Percentage
Friends	19	27.1
Own savings	17	24.3
Husband	10	14.3
Family	1	1.4
KWFT	5	7.1
WEF	1	1.4
Bank loan	3	4.3
Merry go round	4	5.7
SACCO	1	1.4
Multiple sources (more than 1 source)	9	13.0
Total	70	100.0

4.3 Sources of finance for operation

The findings showed that the sources of finance for operation of the business were varied. 31(44.3%) was from business self sustenance, 20(28.7%) from bank loans and 8(11.4%) from multiple sources including merry go round, family and bank loan comprised of 8(11.4%). This indicated an increase of MFI borrowers among respondent at this stage. This was attributed to

the women having a reasonable capacity to service their loans and the need to boost their enterprise growth.

Table 4.2 Sources of finance for operation

Sources of finance	Frequency	Percentage
Self sustaining	31	44.3
Family	1	1.4
KWFT	5	7.1
WEF	1	1.4
Bank loan	20	28.7
Merry go round	4	5.7
Multiple sources (more than 1 source)	8	11.4
Total	70	100.0

The greatest barrier facing women entrepreneurs in Kenya is access to finance is an issue because of requirements of collateral. In Kenya only 1% of women own property and that makes it very difficult for women to provide collateral for banks. Most women who venture into businesses in the rural areas and need financing lack the needed collateral to enable them secure bank loans as already sighted by (Chenet al., 1996 and OECD 2005). Responsibility of entrepreneurs for dependants has limited opportunities to make savings or undertake business expansion and diversification Athanne (2011). The financial aspects of setting up a business are without doubt the biggest obstacles to women (Zororo 2011). Women entrepreneurs often lack information about how to get a loan, lack the necessary collateral to obtain one and /or face discriminatory laws or practices related to finance and credit (Common wealth secretariat 2002).

Loans from Kenyan microfinance institutions tend to be limited in amount, have no grace period, are short term in design and carry very high interest rates. Consequently, most women entrepreneurs are likely to have multiple short-term loans to cater for both businesses and social needs. Studies have shown that loans to MSE entrepreneurs only satisfy a fraction of their financial needs (ILO report on Women Entrepreneurs in Kenya, 2008). Formal financial support is seen to be too expensive for many women entrepreneurs and hence they treat this as a last resort (Stevenson and St-Onge, 2005). Most respondents (40%) wished for reduced loan interests, minimal conditions and a grace period, (38.6%) wished for interest free loans.

Table 4.3 women financial wishes

Suggestions	frequency	percentage
Low interest, less condition, grace period	28	40
Interest free	27	38.6
None	15	21.4
Total	70	100

4.4 Effect of financial capacity on women owned enterprises growth

There was a strong positive relationship between the financial capacity on women owned enterprises growth [$r=.970$, $p<.005$], indicating a positive effect between financial capacity on the growth of their business as shown in table 4.4. Thus the more capable the women owners are the higher the growth of women owned enterprises.

Table 4.4 Effect of financial capacity on women owned enterprises growth

		Growth	Financial
Growth	Pearson Correlation	1	
	Sig. (2-tailed)		
Financial	Pearson Correlation	.970**	1
	Sig. (2-tailed)	.006	

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

The study showed that sourcing the finance to get a new business going, or to grow an existing one is a difficult challenge. It agrees with Makokha (2006) that women entrepreneurs have financial social demands that compete with business capital, leading to a diversion of capital away from business needs. The findings concurs with Kinyanjui (2006) that entrepreneurs face difficulties to obtain loans as they had to show credit records and they did not fully understand the requirements getting and paying loans.

5.0 Summary

It was found that financial capacity and the capacity to borrow and comfortably pay back had a significant effect on enterprises growth; most entrepreneurs avoided borrowing out of fear of being unable to pay and also the cost of the loans. Others did not meet the requirement for borrowing due to lack of resources. The factor greatly slowed down enterprise growth.

It was found that there was moderated rate of growth in the women enterprises, a fact that the respondent also observed. However most of them (over 60%) experienced slow growth. The evaluation on growth indicated a very low increase in the number of employees but a slight increase in the annual profit (10%), the sales turnover increased by kshs 125,000 annually over the 5years for most of the women. This rate of growth is slow considering factors such as inflation and high loan interest rates are also in play.

5.1 Conclusion

From the findings of this study it has been concluded that women MSEs in Kitale municipality are experiencing low growth a few small enterprises are experiencing high growth, while the majority of micro enterprises are experiencing slow growth. The major factors that are affecting growth negatively are lack of finance, lack of skills, lack of training and performing of multiple roles, while the positive factors in play are; an enabling environment and high demand on their products / services. Therefore the rate of growth is as slow as was reflected in problem statement.

5.2 Recommendations

1. Married women should be given support by their spouse in respect to finances, motivational encouragement, advice and actual involvement in the running of business.
2. Access to credit by women entrepreneurs at the level of micro and small-scale enterprises, should be facilitated through innovative programs and financing arrangements that go beyond the conventional approaches; which require collateral and capital among other conditional ties.
3. The public sector and formal financial organizations should be sensitized on the value of gender-balanced participation in the informal sector enterprises. A major goal should be to promote the social and economic empowerment of women, as they constitute a vulnerable social category that is critical in sustainable development endeavors.
4. The Women Enterprise Fund (WEF) should be restructured such that it works to not only offer loans but also sensitize women on the benefit of borrowing money and therefore have an impact on the MSE growth.
5. Micro finance institutions should portray a non gender based environment in order to stimulate women entrepreneurs in Kenya to do business with them
6. Strategies should be put in place with different instruments to address access to finance issues for women, like mentoring them, helping them prepare proposals for bank funding and even providing a guarantee for them.

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