

# ***Entrepreneurial characteristics among micro and small- scale Women owned enterprises in North and Central Meru districts, Kenya.***

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## **Abstract**

*The role of the micro and small-scale enterprises (MSEs) sector in the development process has been at the center of development debate for the last three decades in Kenya and elsewhere in the developing world. Economic hardships experienced in the formal sector in Kenya and indeed in other developing countries have contributed to the enthusiasm now associated with the MSEs sector. Increasingly, the sector is perceived as a critical component in the creation of much needed skills, employment, and generation of livelihoods for a growing number of people within the urban as well as the rural sector. This paper seeks to contribute to this effort through examining entrepreneurial characteristics of women owned enterprises in Meru North and Meru Central districts in Kenya, and how these impact on the growth of these enterprises. The paper is based on an empirical survey conducted in randomly selected divisions of Meru North and Meru Central districts, which targeted 1,024 respondents, also randomly selected. In addition, key informants were purposively selected and interviewed to provide insights to the research problem. The data were analyzed to yield descriptive and inferential descriptors. Findings from this study show that entrepreneurial characteristics such as age, education, attitudes and perception have a significant relationship on the growth of micro and small-scale enterprises in the study area. Other characteristics that are critical to the growth of MSEs include start up capital, environment, both business and regulatory. The paper suggests that future development of MSEs especially those owned by women should be deliberately targeted and guided by clear policies, which are broad and holistic in their content and approach.*

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## INTRODUCTION

Knowledge of female entrepreneurship in Kenya is still fairly limited. Until now the work of ILO (1972); McCormick (1988); Livingston (1991); King (1996) have been the most influential studies in this area. This study was designed to build on previous work in documenting constraints which women face but also

to emphasize the methods by which such problems are overcome.

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## Research Design

The researchers adopted a survey method of investigation. This provided the opportunity to conduct an in-depth exploration of the ways in which businesses, especially those owned by women develop. An inventory survey of 1,024 women enterprises was supplemented by a further in-depth study of 257 women enterprises (19 small scale enterprises and 238 micro-businesses).

The sample was structured to reflect different business and industrial situations. As such, it is illustrative rather than representative, of the variety of ways in which women participate in business. The businesses ranged from conventionally female activities such as catering and retailing, to non-traditional activities such as construction and transport (*Matatu* businesses).

Enterprises in the sample varied in age between one to ten years. Sole traders and partnerships were the most common type of enterprises especially among the younger businesses. Limited liability enterprises were favored by older, more established businesses.

The business owners came from a wide range of backgrounds. The majority of women were married, and a large percentage (75 percent) of the women surveyed had children. The number of dependants ranged from one to nine with the majority of the entrepreneurs supporting one to six dependants including the entrepreneur's own children, and other extended family

members. The education backgrounds of the women were, generally, low. Only 19.9 percent had taken part in full or part-time education and of these none attained any meaningful qualification. In general, business and technical training did not appear to be a high priority for Meru women entrepreneurs. About one entrepreneur in three had received some type of training in the past. Two thirds of the training offered was in the area of production and marketing. There was no training at all in the all-important area of accounting and general record keeping. Previous work experience indicates that a majority of the sample was highly motivated towards a career of some kind and had spent a large proportion of their lives at work or looking for jobs. In addition, most had an exceptionally positive attitude towards working.

A very low proportion of the sample (18 percent) had some family connection with self-employment. Eleven percent had husbands or close relatives who were self-employed, and seven percent came from families where either their mother or father were self-employed. The 257 businesses surveyed provided employment for 198 proprietors, 146 family members, 179 labourers, 57 apprentices and 21 part time workers. This translates to a total of 601 people or approximately 2.34 positions per business.

## **Social- Cultural Constraints**

Researchers face certain methodological difficulties when relying upon verbal reports and individual explanations to investigate previous or even current experiences. Not only are there problems concerning the accuracy of retrospective recall, but also difficulties in distinguishing “perceived problems” from “real problems”. Gender –based research is no exception. The social and ethnic backgrounds of the interviewees often determine whether discrimination is perceived and recognized as such. In other instances the interview itself may be a determining factor. The process of probing and encouraging the interviewee to discuss experiences in terms of gender may raise the level of consciousness and recognition of gender discrimination aside from ethnic discrimination.

Many interviewees in this study stated that they were not feminists or tribalists and moreover, appeared hostile to that philosophy. In contrast, a significant minority (38 percent) did believe that aspects of business ownership were harder for women entrepreneurs, despite their inability to identify broad areas in which discrimination exists. Societal attitude to ownership of business by women and the lack of any previous opportunity to develop business skills and knowledge were cited as the key socio-cultural constraints.

This awareness of gender differences among women entrepreneurs in Meru North and Meru Central, may, in part, be a function of two particular factors. Firstly, the general awareness of the constraints on labor force participation for those women who had previous formal employment and secondly, direct

experience of gender discrimination as a self- employed woman.

The issue of cultural constraints is central to many of the findings of the study, particularly in the attribution of certain business problems to gender related barriers. In order to overcome this methodological difficulty, the research team took a pragmatic approach and, without external evidence to support statements made, allowed the respondents’ to describe their own beliefs at length whenever possible.

## **Reasons for Establishing Enterprise**

The sampled respondents gave various reasons for establishing their business. 12 percent of the respondents choose their business activity because they had the required experience and skills (Table 1). Nearly half 42 percent choose their activities because these were easy to start and run. Another 15 percent gave the existence of demand for their commodities and services as the reason for initiating their business venture. Very few entrepreneurs-2 percent inherited the business they were operating. Most of the respondents are, therefore, in nearly all cases, first generation entrepreneurs.

This is not surprising considering that most of the businesses are relatively young. Thus, in the sampled divisions, Igembe Central, Laare,Uringu, Tigania East, Timau, Mirigamieru East, Nknene and Buuri the mean number of years that the businesses have been in operation is 5.2,4.3,4.6,5.4,5.0,4.9,5;1 and 4.7 respectively. The overall mean age is therefore 4.9,years, which corroborates findings obtained by Ndua and Ngethe, in their 1983 study of Nakuru town.

**Table 1: Reasons for Starting Business Enterprise (% , N=257)**

| <b>Reasons for Establishing Business enterprise</b> | <b>Number of Respondents</b> | <b>Percent</b> |
|---|------------------------------|----------------|
| Experience and skill                                | 30                           | 11.8           |
| Easy to start and run                               | 109                          | 42.4           |
| Demand exists                                       | 39                           | 15.3           |
| Inherited   | 5                            | 2.1            |
| Had talent for it                                   | 3                            | 1.0            |
| High growth potential                               | 17                           | 6.8            |
| High/stable return                                  | 25                           | 9.7            |
| No competition                                      | 29                           | 11.2           |
| Total   | 257                          | 100.0          |

*Source: Survey Data, 2001.*

Additionally, the data show that the entrepreneurs' choice of a particular business activity was based either on demand or supply factors. Fifty seven percent of the entrepreneurs chose their activities because of supply factors. Almost half of the enterprises (43 percent) are demand-driven, notably those started for reasons of existence of demand (15 percent) plus those started for reasons such as lack of competition (11percent), high or stable return (9 percent) and high growth potential (7 percent).

A critical examination of these reasons shows why retail trade dominates the MSE sector. Experience and skills are an important prerequisite for starting some kind of manufacturing or service business. Yet only 12 percent gave this as a reason for going into business. In the retail trade sub sector experience and skills are much less relevant to start and run a business than in manufacturing and services.

## **Motivation for Starting Business**

The search for independence was the most cited reason for starting business. A single notion of independence, however, masks the complexities of the issue. Women at different stages of their lives defined independence differently. These interpretations usually depended upon the background, experience and aspirations of the entrepreneurs.

For many of the younger women (under 20), the “search for independence” was associated with freedom from misery of unemployment and recognition that self-employment offered the only way out. Self-employment was therefore, seen as a long-term career option. These entrepreneurs believed they could create their own career path and liberate themselves from the indignity of poverty and unemployment.

None of these “young women” cited the profit motive as the primary motivation for starting business. They saw success in terms of personal integrity and survival. Profitability and growth was seen, initially at least, as an external confirmation of their ability to beat the odds against them than a primary goal.

Not all the younger women shared these motivations for business ownership and ambitions for bettering their lives. Some had “drifted” into business. There was often an acknowledged reflection of the drudgery and hopelessness of formal employment in governmental institutions. This often stemmed from a fear that they lacked the motivation and courage necessary to fight ethnic discrimination in these institutions. All

“drifters” were government employees before starting their enterprises even though the “push” of ethnic discrimination was not the sole determining factor in the self-employment decision. More positive, “pull” factors such as a desire for autonomy were also cited.

A paltry, about 2 percent of the respondents’ mainly older women operating small-scale enterprises (5 to 19 employees) had started their businesses after a successful managerial career, usually in a related area. Like many male entrepreneurs, these women often found employment confining and frustrating. They sought independence and autonomy in self-employment. These entrepreneurs sought independence through self-employment for several reasons. Many were frustrated because of career blocks, which they perceived as gender related. They described a ‘glass ceiling’ effect: they could see the top but not reach it. This produced feelings of lack of recognition and progression within the organization. Although nominally successful in their careers many were disillusioned with formal employment. Self-employment gave them the freedom to fulfill their ambitions in work and at home.

The last group of women entrepreneurs, comprising a mere one percent came from families where self-employment was a traditional occupation. Their perception of self-employment was unusual among the sample. Business ownership was the norm, and employment the exception. For some, their only experience of employment had been family-owned enterprises.

Although there are common threads and experiences of self-employment the study emphasizes the heterogeneity of women entrepreneurs. They responded in diverse and individual ways to: reasons and motivations for starting their enterprises.

The study finds little support for a singular explanation of reasons and motivations for starting business. Respondents stated that the impetus came through a combination of factors. Only a small minority (five percent) stated that, although they had harboured a desire for self-employment for a long period, the specific stimulus was a single factor. Most cited factors such as retrenchment or ethnic discrimination as the impetus. Others cited a change in their personal circumstances, such as marriage, divorce or death of a spouse as the factor that led them to re-evaluate their working lives. Few, however, felt that self-employment was a negative reaction. Rather it was seen to be a positive step after a, possibly, negative experience. For many respondents, especially those with management experience, there was a close link between work before and after self-employment. For other women entrepreneurs, the move into self-employment was achieved by building the business from domestic skills where relevant experience could be effectively exploited.

## **Business Choice**

Data on education shows that 91 percent of the women entrepreneurs surveyed have some education, 52 percent having primary education and 40 percent polytechnic, secondary school and above. Only 4 percent are illiterate. 56

percent of the entrepreneurs did not have any kind of business training. From Table 2(a) it is observed that 33.1 percent of women entrepreneurs with and without business training had no difficulty in choosing a business but 66.9 percent did. On the other hand, 41.3 percent of the educated and uneducated entrepreneurs had no difficulties in choosing a business activity but the other 58.7 percent did.

Table 2(a) Business Training (% N=257)

| Business Training       | Not Trained | Trained | Total | Overall Frequency |
|-------------------------|-------------|---------|-------|-------------------|
| No difficulty           | 48          | 37      | 85    | 33.1              |
| Had difficulty          | 98          | 74      | 172   | 66.9              |
| Total                   | 146         | 111     | 257   | 100.0             |
| Chi- square             |             |         |       | 0.02102           |
| D.F                     |             |         |       | 1                 |
| Lambda                  |             |         |       | 0.000000          |
| Phi                     |             |         |       | 0.01726           |
| Contingency coefficient |             |         |       | 0.01726           |
| Significance            |             |         |       | 0.7868            |

Source: survey data, 2001

Table 2(b): previous Income Generating Activities (%: N = 257)

| Previous income generating activity | No other income generating activity | With other income generating activities | Total | Overall frequency |
|-------------------------------------|-------------------------------------|---|-------|-------------------|
| No difficulty                       | 17                                  | 78                                      | 95    | 37.0              |
| Had difficulty                      | 21                                  | 141                                     | 162   | 63.0              |
| Total                               | 38                                  | 219                                     | 257   | 100.0             |
| Chi-square                          |                                     |   |       | 3.86834           |
| D.F                                 |                                     |   |       | 1                 |
| Lambda                              |                                     |   |       | 0.01988           |
| Phi                                 |                                     |   |       | 0.14497           |
| Contingency coefficient             |                                     |   |       | 0.13185           |
| Significance                        |                                     |   |       | 0.0632            |



Source: survey data, 2001

Table 2(c) Education (%: N = 257)

| Education               | No education | With education | Total | Overall frequency |
|-------------------------|--------------|----------------|-------|-------------------|
| No difficulty           | 28           | 78             | 106   | 41.3              |
| Had difficulty          | 20           | 131            | 151   | 58.7              |
| Total                   | 48           | 209            | 257   | 100.00            |
| Chi-square              |              |                |       | 0.00000           |
| D.F                     |              |                |       | \$1               |
| Lambda                  |              |                |       | 0.00000           |
| Phi                     |              |                |       | 0.1147            |
| Contingency coefficient |              |                |       | 0.01147           |
| Significance            |              |                |       | 1.00000           |

Source: survey data, 200

Additionally, 83 percent of the entrepreneurs had some other income generating activities prior to starting their current enterprise (Table 2(b)). It was hypothesized that having some education, business training, and also previous income-generating activities would make the choice of business activity easier than when one is illiterate, untrained and without previous business experience. The three hypotheses: namely business training, ownership of other income generating activities, and formal education were tested. (Table 2(a), (b), and (c)).

For the entire sample, the decision to engage in a particular business activity was not influenced by business training or education. Being educated or illiterate, trained or untrained does not make the choice of business any easier or more difficult.

The third Null hypothesis (no association between having other income generating activity and choice of business) could not be rejected even though the association found is weak:  $\Phi = 0.14497$  and contingency coefficient = 0.13185. Having previous income generating activities can make the choice of current business somewhat easier.

These findings contradict Carr (1993) who found a strong relationship between education, business training and choice of a business venture on a study carried out in Southern Africa. One possible explanation for this apparent contradiction is that available business opportunities in the study area require no prior business training. Majority of women enterprises in North and Central Meru are in retail trade sub-sector. They can therefore be run with little or no

business training at all. Another explanation is that the opportunity cost of acquiring any business training is relatively high given that initial capital is a major constraint (see sources of finance to start business). These results could also be explained by the fact that training opportunities are not only unavailable but also limited. The results also support the researcher's observation that "there was a general lack of appreciation for formal business training in the study area".

Another plausible explanation is that the range of available business opportunities in North and Central Meru does not require much education to start and run. The marginal effect of an extra year of training on the difficulty of choosing a business activity is near zero. It could also be that the nature and level of aggregate demand for goods and services in the study area is low. This means that any slightly sophisticated supply driven business has limited demand for its goods and services. In other words, because of under development in both districts, existing and potential entrepreneurs are forced to engage in activities not commensurate with their training. Given this situation then, the non-existence of a relationship between education and the choice of a business activity should not be surprising.

Having previous income generating activity, especially if that activity is a business, appears to make the choice of subsequent business activity easier. The most obvious reason for this is the experience gained over time. The advantage of having been on the ground and exposed can also enable the entrepreneur to know the general trend

of business and determine where new business opportunities are. In addition, there is the advantage of having some investment funds or being able to easily raise the money from past savings. An entrepreneur entering the world of business for the first time may not have all these advantages.

**Sources of Finance to Start Business:**

An important aspect of the nature of women owned enterprises in North and Central Meru is the small amounts of initial capital used to set up the enterprises. The average amount of initial capital investment was Ksh. 5,690. Whereas it is appreciated that this amount is not very small given the general levels of incomes in Meru in general and especially among women, and given the socio-economic backgrounds of the entrepreneurs under study, it nevertheless underscores the “ease of entry” into the MSE sector. This low figure also reflects the nature of women owned enterprises in the study area. In fact, when the modal values are considered, the smallness of women enterprises farther becomes evident. In Igembe Central, the modal figure stood at Ksh. 6,000 per enterprise while the corresponding figures for Mirigamieru East, Laare, Nkuene, Tigania East, Uringu, Buuri and Timau were Ksh. 7,000, 3,000, 5,000, 2,000, 1,500, and 1,000, respectively.

Another important aspect, which can be deduced from these “start up capital” figures is that, they seem to correspond to economic endowments within and among the divisions in which the study

was conducted. Mirigamieru East for example, which has a higher per capita income had a higher mean initial capital invested followed by Igembe Central and Nkuene divisions both of which also enjoy a higher per capita income than Tigania East, Timau and Buuri.

Money for starting operations came primarily from personal savings. Financial institutions, formal savings and lending organizations, and groups did not play a significant role in financing new women business ventures. In Igembe Central, 86 percent of the women surveyed stated that their initial capital was from personal savings with 7 percent (5 respondents) citing loan advances from friends or relatives, as the source of initial capital (Table 3). In Mirigamieru East, 90 percent of the women entrepreneurs stated that their initial capital came from personal savings. While loans from friends or relatives helped set up 8 percent of the sampled business enterprises. As regards Nkuene the other division with extensive and rich agricultural resources, it was observed that a relatively smaller percentage 60 percent (19 respondents) relied on their personal savings while 23 percent (7 respondents) deployed funds raised from friends or relatives.

**Table 3: Sources of “Initial Business Capital” by Division (%: N=257)**

| <b>Division</b>  | <b>Sample Size</b> | <b>Family and personal savings</b> | <b>Borrowed from an NGO</b> | <b>Borrowed from a Financial Institution</b> | <b>Borrowed from a friend or a relative</b> | <b>Received money from other sources</b> |
|------------------|--------------------|------------------------------------|-----------------------------|--|---|--|
| Igembe Central   | 77                 | 86.0                               | 1.0                         | 5.0  | 7.0   | 1.0                                      |
| Laare            | 18                 | 69.6                               | 6.0                         | 5.9  | 13.1  | 5.4                                      |
| Tigania East     | 10                 | 72.4                               | -                           | -  | 15.8  | 11.8                                     |
| Uringu           | 15                 | 68.6                               | 2.0                         | 1.0  | 19.2  | 9.2                                      |
| Mirigamieru East | 85                 | 89.7                               | -                           | 1.0  | 8.4   | 1.0                                      |
| Nkuene           | 32                 | 59.6                               | -                           | 3.0  | 23.4  | 14.0                                     |
| Buuri            | 12                 | 61.9                               | -                           | -  | 25.9  | 12.2                                     |
| Timau            | 8                  | 71.3                               | -                           | -  | 21.6  | 7.2                                      |

*Source Survey Data, 2001*

The data further reveal that in these agriculturally richer divisions of North and Central Meru – Igembe Central, Mirigamieru East and Nkuene, a greater majority of women entrepreneurs were more able to finance their initial capital requirements. This suggests that whatever these entrepreneurs’ were doing before venturing into the MSE sector was above subsistence level. In Tigania East, Uringu, Laare, Timau and Buuri, the importance of relatives and friends as a source of initial capital is underlined by the percentage contribution of this category. The respective percentage values were 16, 19, 13, 22 and 30 (Table 3).

The fact that the majority of women entrepreneurs, borrowed from relatives and friends, suggests that these women entrepreneurs are not likely to be significantly better off financially than their lenders. This in a sense explains the low levels of initial capital investment and confirms findings by Scott (1995:190) that women enterprises are over reliant on very limited sources of funds, “usually coming from the family unit”.

The other category of women entrepreneurs who did not cite any of the above sources of initial capital cited “others”. These are sources such as retirement and terminal benefits for those retrenched or retiring from formal employment. Some enterprises were set up after the owner disposed off an asset or farm produce, and would therefore not view the income resulting from such sale as a personal savings.

The claim by the majority of women entrepreneurs in all the divisions that they initiated their businesses out of personal savings seems somehow inaccurate given that very few claimed to have had wage employment prior to starting their businesses. The study therefore sort to clarify this issue by seeking further information on the sources of personal savings. The results are tabulated on table 4.

**Sources of personal savings:** What is surprising when one looks at the responses on sources of personal savings is that a very small minority 13 percent (Table 4) in Uringu division had some form of employment. In fact, in the entire sample in Meru North district only

49 of 120 respondents reported that they had some wage employment prior to starting their enterprises. So where did the personal savings come from? A plausible explanation is that the money must have come from wage employment in agriculture. A majority of workers in North and Central Meru in general do

not consider wage employment in agriculture as earnings arising out of employment. So when this question was put to them, they most probably understood it as seeking information on either employment from private companies or the civil service.

**Table 4: Sources of Personal Savings by Division (%: N=257)**

| Division         | Sample size | Previous employment | Sale of farm produce | Sale of assets and or livestock | Cash gifts from friends and relatives | Other sources |
|------------------|-------------|---------------------|----------------------|---------------------------------|---------------------------------------|---------------|
| Igembe Central   | 77          | 50.6                | 21.8                 | 11.7                            | 7.8                                   | 10.3          |
| Laare            | 18          | 38.8                | 19.7                 | 18.9                            | 5.5                                   | 22.2          |
| Tigania East     | 10          | 10.0                | 15.2                 | 60.0                            | 10.0                                  | -             |
| Uringu           | 15          | 13.3                | 14.6                 | 53.3                            | 6.6                                   | 13.3          |
| Mirigamieru East | 85          | 57.6                | 22.6                 | 4.7                             | 7.0                                   | 8.2           |
| Nkuene           | 32          | 53.1                | 20.5                 | 9.3                             | 6.2                                   | 12.5          |
| Buuri            | 12          | -                   | 13.9                 | 58.3                            | 16.6                                  | 8.3           |
| Timau            | 8           | 12.5                | 12.8                 | 62.5                            | -                                     | -             |

*Source: Survey Data, 2001.*

However, of all those who cited personal savings as the source of initial capital in Mirigamieru East and Nkuene division, the majority 58 percent in Mirigamieru East and 53 percent in Nkuene had some form of employment. When probed further, they revealed that most of the employment was in agricultural co-operatives. This raises the contribution of agriculture in financing rural women enterprises considerably.

Another possible explanation is that some women entrepreneurs have temporally withdrawn from the agricultural sector to join the MSE sector. Even though they consider their enterprises to be a different operation from their farms, they nevertheless considered themselves both businesswomen and farmers. It is this group of comprising 23 percent of respondents in Mirigamieru East who

claimed that the savings came from the sale of farm produce. This strong interdependence between rural women enterprises and agriculture has some very important economic implications for rural development. For instance, it can act as a remedy in alleviating unemployment of women in rural areas by providing non-farm employment. On the other hand, it could easily lead to labour shortages in agricultural areas especially during planting, weeding and harvesting, tasks which are mainly carried out by women in Meru North and Meru Central.

In Igembe Central, the percentage contribution of farm produce to personal savings is similar to that observed in Mirigamieru East and Nkuene. In Laare division, the contribution stood at 19.7 percent, which is not statistically different from the percentage

contribution of this category in Igembe Central, Mirigamieru East, and Nkuene divisions, which stood at 21.8, 22.6, and 20.5 percent respectively. This clearly indicates the importance of agriculture as a source of income for rural inhabitants. In Tigania East, Buuri and Timau, however, the percentages are lower at 15, 14, and 13, respectively. However, the relatively low amounts are more than compensated for by the sale of livestock such as cows, which raised 60.0 percent in Tigania East, 58 percent in Buuri, and 63 percent in Timau. In these three divisions, raising livestock is more widespread than it is in Igembe central, Mirigamieru East and Nkuene. Laare division is an interesting case because raising livestock and agriculture is equally important. It follows therefore, that in these divisions most entrepreneurs would sell off some livestock and set up businesses. This finding is consistent with findings (Schragg *et al.*, 1992; Carter and Cannon, 1998; Miner, 1999) who concluded among other things that successful women entrepreneurs came from close and supportive families. This conclusion is borne out by the fact that in North and Central Meru, women do not culturally own livestock. That their husbands can allow them to sell livestock to set up enterprises more than proves this point.

**Reasons for Choosing Initial Source of Finance:** A majority 69 percent of women owning small scale enterprises and 56 percent of those operating micro enterprises were compelled to use personal and family finance due to lack of collateral required by financial institutions. The implication here is that women entrepreneurs in rural areas know the existence of formal financial

institutions but do not take advantage of them. This finding corroborates Carr (1993), who found that very few women in Southern Africa apply for loans because they fear discrimination, high interest charged on loans, are risk averse, lack collateral and lack business and managerial skills. Taking out a loan to buy equipment or rent premises is often too much of a risk for a woman who is ill equipped with technical and managerial skills. Consequently, women tend to start small businesses requiring small amounts of capital. This suggests that the problem of finance needs to be addressed if women are to engage in growth-oriented businesses with prospects for employment creation and income generation.

### **Operational Characteristics**

Broadly speaking, the same operational problems: finding clients, marketing, finance and so on, are faced by all business owners. It was difficult to establish the extent to which these problems were exacerbated by gender. Certain generic problems of running a small business: late payment of bills, a tendency to under price to accommodate the members of the extended family, getting and finding clients, sourcing for inputs were harder to resolve because of their poor access to conventional business networks and support services. The effect of running the enterprise upon the entrepreneur was especially hard to deal with because of role expectations and poor family support. The effects of these operational constraints and the strategies used to overcome them varied between enterprises.

Younger women running businesses with only a small capital base, were less

able to cope with late payments. Lack of assertiveness in collecting debts was perceived by some women as having a gender dimension. Many women entrepreneurs used Price cutting as a market entry strategy. For many respondents, persistence undercharging reflected a lack of confidence in their business skills and poor access to male dominated business networks.

Difficulties in accessing initial capital, coupled with delayed payments and underpricing had a direct impact on many enterprises. Majority of the entrepreneurs were unable to achieve desired results within the first two years. Small –scale enterprises (employing 5-19 employees), most of which invested heavily at start-up, demonstrated an ability to access ongoing and growth capital and subsequently greater rate of growth as measured by number of employees. It would seem therefore, that once obstacles regarding finance have been overcome, usually at start –up, women entrepreneurs have few problems with operating capital. The barriers for women occur at certain key transitional stages; the move from part to full time working, the start-up and the move to a new market requiring large capital inputs.

### **Delegation as a Constraint**

Employee relations were seen as posing the most difficult and intractable of all problems. Even respondents with managerial experience in larger organizations felt a need to learn new skills. Older women often successfully used an overtly matriarchal style, characterized by a family view of employee relations. Young entrepreneurs, inexperienced in

management and lacking the skills to develop a credible management style, struggled the most. Some suggested that male employees were unwilling to accept female employers and dealt with this by channeling requests through a male relative or husband. Three respondents referred to an assumed “competence”, which tends to be attributed to most men but not most women.

Many stated that an important feature of their success lay in earning credibility, not just with their business associates and customers, but also with their employees. Most women felt strongly that many of the problems of credibility were culturally and gender related.

### **Constraints Arising from Lack of Family Support**

Family reaction to plans for self-employment varied substantially among women entrepreneurs in the study area. Family support was of crucial importance to the decision to start an enterprise. Doubts and disapproval were common: when this occurred, role conflicts were unresolved and disheartening. Family support when forthcoming contributed greatly to self-confidence.

Attempts to overcome the conflicts between traditional female roles and the needs of businesses sometimes led to deterioration in family relationships. Studies (Ngau and Keino, 1996; Still and Timms, 2000) suggest that male business owners can expect a great deal of domestic and business support from “contributing wife or wives”. However, women cannot rely on their spouses for the same support and consequently they

have to carry the full burden of business and domestic commitments.

The effects of self-employment upon relationships with husbands were varied. A surprisingly small minority (9 percent) stated that spouse relationships had deteriorated since becoming business owners'. Majority (78 percent) felt that their relationships had improved. Married women were the least likely to have suffered in terms of personal circumstances since becoming business owners. In the light of previous studies, this result was unexpected but may be explained by a number of factors. As emphasized by Tellegen (1997), micro and small-scale enterprises are important for women since they provide an important means of earning an income. Poor people without any other source of income cannot afford to be unemployed. For many African women belonging to the poorest segment of society, a small business becomes an essential and important part of their lives. The moral

### **Strategies Employed by Women Entrepreneurs**

Strategies to overcome these and other constraints varied according to individual experience and attitude. Young women mainly those with some secondary education adopted a deliberate strategy of training as apprentice sometimes for no pay to compensate for their youth and lack of relevant business and career experience.

Older and more established women tended towards a strategy of "de-personalization" to overcome gender related problems: sublimating their gender and personal position to gain external credibility and confidence. Conversely, several women thought that

support provided by spouses therefore becomes a major asset.

### **Criteria for Measuring Success**

The respondents were asked to outline the various criteria upon which they measure success and to assess the relative performance of their enterprises. An overwhelming majority (86 percent) measured success in terms of how well the enterprise satisfied individual needs rather than in conventional terms of profitability and growth prospects. After individual financial needs were met women saw continuing or excess profitability as an external measure of success rather than a primary goal. Gender-related differences could be discerned in certain motivations that lead to business ownership, the problems faced by women entrepreneurs and in the needs, which the enterprises were designed to meet.

they were at an advantage over the competition by refusing to 'play men' using this strategy, many respondents (46 percent) stated that they were willing to exploit their femininity in certain types of negotiations to gain competitive advantage.

The most common strategy used by most women (over 90 percent) at various times, was that of networking. Not only was networking an effective management strategy, it was also used as a mechanism to drum up support at start-up, aiding the advice gathering and market research process. Many, particularly those operating small-scale enterprise used networking, as a means of establishing themselves in business.



The strategy was also used to help redress the isolation of business ownership. Established business owners recognized the need for networking as a tool to help other women in business. Consequently, many women acted as role models and “mentors” to other women starting in business in North and Central Meru.

## **Conclusion**

This study demonstrates that women owners of small and micro enterprises in North and Central Meru face specific constraints. The extent to which these are either caused or exacerbated by gender is difficult to quantify. While many self-employed women perceive gender related problems, others have either differing experiences or do not recognize constraints as having a gender dimension.

The study concludes that there are certain strategies that Meru women adopt to counter either direct or indirect discrimination associated with ownership of micro and small-scale enterprises. These vary from enterprise to enterprise and are often dependent upon the age and experience of the owner/manager. They are undoubtedly, influential in the transformation of micro-enterprise (0-4 employees) into a small –scale enterprise (5 to 19 workers).

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