

**MEDIATING INFLUENCE OF NICHE POLICY IN THE RELATIONSHIP  
BETWEEN ENTREPRENEURS' PROFILE AND WOMEN ENTREPRENEURIAL  
ACTIVITY IN SELECTED WESTERN KENYA COUNTIES**

**BY**

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## DECLARATION

### Declaration by the Student;

This thesis is my original work and has not been presented for a degree in any other university or any other award

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## DEDICATION

I dedicate this thesis to my family: Dear wife Stellah Kananu Ramari; beloved children Kimathi Wambani, Wafula Mugambi, Ramari (Jnr) and RoseCeline Nameme, and; my loving parents, the late Mzee Alfred Mukhebbi Sangurah ‘Siamoni’(*Kikayi Wamilele Wamitungu- Omumeme*) and Mum Colleta Nanjala Mukhebi (*Nekoye Nabwami*). Thank you for your support.

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## ABSTRACT

There has been little emphasis on public policy, research and popular media interest in women entrepreneurship, a situation that has left women entrepreneurs prone to both general and gender-specific barriers. The need for a women-specific policy, which was the basis of this study therefore cannot be over-emphasized. The study sought to assess the mediation influence of the niche entrepreneurship policy in the relationship between women entrepreneurs' profile and their entrepreneurial activity as the broad objective. The specific objectives were to analyze: The contribution of women entrepreneurs' profile to their entrepreneurial activity; the relationship between women entrepreneurs' profile and the niche policy; the relationship between niche policy and the women's entrepreneurial activity; the mediating influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of new venture start-ups they create and; the mediating influence of resource support in the relationship between women entrepreneurs' motives and their ventures' growth. The study design was a Cross-sectional Survey, guided by Motivational and Resource-based Theories. It adapted a Positivist Paradigm and used a Quantitative Multi-method approach. Structured questionnaires and document review were used to collect primary and secondary data respectively. Through multi-stage sampling, a sample of 375 women entrepreneurs participated in the study. The data was analyzed in two phases. Descriptive Analysis in phase one and Inferential Analysis in phase two. In phase two, correlation coefficient and coefficient of determination were the specific techniques used to assess the strength of the relationship between and among variables. Hypotheses testing results revealed there being significant direct and indirect relationships. For example, the correlation coefficient results for the first hypothesis (**H0<sub>1</sub>**): *There is a significant relationship between women entrepreneur's traits and the number of new venture start-ups they create*, were;  $R^2=.9629$ ,  $p=.00$ , meaning that 96% change in the rate of new start-ups initiated was directly attributed to promotional efforts. Also, the coefficient of determination results for the fourth hypothesis (**H0<sub>4</sub>**): *There is a significant mediating influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of new venture start-ups they create*, were;  $k^2=.1391$ , 95% BCa CI (.0811, .2041) and  $b=.0199$ ,  $z=4.4065$  and  $p<.001$ , meant that 14% change in the rate of new start-ups initiated was caused by the mediation influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of the new venture start-ups they created. The study therefore concluded that niche policy programs mediate in the relationship between Western Kenya women entrepreneur's profile and their entrepreneurial activity. The findings will help policy makers address women entrepreneurs' unique entrepreneurial challenges. They are a prescriptive niche policy model that can be used to enhance women entrepreneurship and foster inclusive and therefore sustainable economic development in Kenya, and other developing countries. They also provide a useful research output to tertiary learning institutions for teaching-learning purposes and guiding other academic researches on women entrepreneurship.

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**ABBREVIATIONS**

<b>ACHVT</b>	: Achievement Trait
<b>AfDB</b>	: African Development Bank
<b>ACEG</b>	: African Center for Economic Growth
<b>CBS</b>	: Central Bureau of Statistics
<b>D.V</b>	: Dependent Variable
<b>EJBM</b>	: European Journal for Business and Management
<b>GEM</b>	: Global Entrepreneurship Monitor
<b>GEMINI</b>	: Growth and Equity through Microenterprise Investments and Institutions
<b>H</b>	: Hypothesis
<b>GII</b>	: Gender Inequality Index
<b>GDP</b>	: Gross Domestic Product
<b>GOJ</b>	: Government of Jamaica
<b>ICBE-RF</b>	: Investment Climate and Business Environment Research Fund
<b>IDB</b>	: Inter-American Development Bank
<b>IFC</b>	: International Finance Corporation
<b>ILO</b>	: International Labor Organization
<b>IEA-K</b>	: Institute of Economic Affairs, Kenya

- I.V** : Independent Variable
- Ksh** : Kenya Shillings
- KWFT** : Kenya Women Finance Trust
- KIE** : Kenya Industrial Estate
- KIPPRA** : Kenya Institute of Public Policy Research and Analysis
- KMO** : Kaiser-Meyer-Olkin measure of sampling adequacy
- MFI** : Micro Finance Institution
- MSME** : Micro Small and Medium Enterprises
- M.V** : Mediating Variable
- NACOSTI** : National Commission for Science Technology & Innovation
- NCSE** : National Council for Small Enterprises
- NHIF** : National Hospital Insurance Fund
- NSSF** : National Social Security Fund
- OECD** : Organization for Economic Co-operation and Development
- PROM** : Promotion
- PSD** : Private Sector Department
- RIDCs** : Rural Industrial Development Centers
- RSUPPT** : Resource Support
- ROK** : Republic of Kenya

<b>ROSA</b>	: Republic of South Africa
<b>SA</b>	: South Africa
<b>MOTIV</b>	: Motives of being in Entrepreneurship
<b>SSE</b>	: Small Scale Enterprises
<b>SEIPM</b>	: Small Enterprise Policy Implementation Program Mission
<b>SSJKE</b>	: Small Scale and Jua Kali Enterprises
<b>SIET</b>	: Small Industries Extension and Training
<b>SPSS</b>	: Statistical Package for Social Sciences
<b>UNIDO</b>	: United Nations Industrial Development Organization
<b>UNDP</b>	: United Nations Development Program
<b>USAID</b>	: United States Agency for International Development
<b>WB</b>	: World Bank
<b>WEAs</b>	: Women Entrepreneur Associations



## OPERATIONAL DEFINITION OF KEY TERMS

**An entrepreneur-** a person who undertakes learned processes to create something new with value by devoting the necessary time and effort, in return for the resulting rewards of monetary and personal satisfaction and independence after assuming the accompanying financial, psychic, and social risks.

**An enterprise** - a business unit that provides goods, services or both to buyers at a profit.

**Barriers** - the factors that inhibit entry and success in entrepreneurship.

**Entrepreneurial capabilities-** learned skills and motivation/ determination necessary for successful venturing in entrepreneurship/ self-employment.

**Entrepreneurial culture** - a set of attitudes, values and beliefs operating within a particular community that leads both to enterprising behavior and to aspiration towards self-employment.

**Entrepreneurial potentials-** capabilities in terms of motivation, knowledge and skills an entrepreneur or potential entrepreneur applies to perceive and exploit an opportunity at a profit.

**Entrepreneurship policy** - measures taken to stimulate more entrepreneurial behavior in a region or country

**Entrepreneurial activity-** the process of generating value through the creation of new start-ups or growth of existing MSEs by identifying and exploiting new products, processes or markets

**Growth** – positive changes in the number of employees, sales and profits of a venture

**Micro enterprise** - a business that employs between one and ten (1-10) workers.

**Niche entrepreneurship policy**- measures taken to increase entrepreneurial activity  
amongst specific groups of the population

**Small enterprise** - a business that employs between eleven and fifty (11-50) workers.

**Start-ups** - newly initiated firms

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Overview**

This chapter introduces the study by giving its background, stating the problem investigated, and the objectives through which the investigation was carried out and the hypotheses tested. The section also delineates and justifies the study, and ends with a discussion on the theoretical framework.

#### **1.1 Background to the Study**

Entrepreneurship is considered in every economy today as having an important impact on development, innovation, and job creation (Nuogera, 2012 25). Entrepreneurship and new innovations are modern drivers of economies, as they help sustain a dynamic market. For example, MSEs are now responsible for seventy five per cent of employment and sixty percent of the Gross Domestic Product (hereafter GDP) in China and the US. The MSEs are the primary source of new jobs in these countries (Imakando, 2012 5).

In Africa, the case in South Africa suffices to justify the role of MSEs in economies. Although not all small-scale businesses are entrepreneurial, collectively they significantly contribute in the economy of the Republic of South Africa (ROSA). Their growth and development has been identified by stakeholders as being of utmost importance in creating employment and addressing poverty (ROSA; South African Survey 2006/2007).

Here in Kenya, the 2005 Economic Survey by the Government (ROK, 2005 73), established that MSEs created 5.1 million jobs, which increased from 4.2 per cent in 2001. The sector accounted for seventy seven per cent (77%) of all employment opportunities created in 2004 (International Labor Organization- ILO, 2008 4 citing Republic of Kenya's-ROK Economic Survey 2005). More recently, the 2016 Economic Survey by the Kenya National Bureau of Statistics (hereafter KNBS) showed that the growth in new jobs in 2015 was 841,000. Of these, 84.7 per cent were created by the informal sector (The Standard, 4<sup>th</sup> 2016 7). However, most of these jobs are also informal, precarious and poorly remunerated. People take them up simply because going without a job is an alternative they cannot afford (Kiranda *et. al.*, 2017 ii.).

The demand for economic growth and the accompanying benefits highlighted above means that like male entrepreneurs, women entrepreneurs have also played an important role in society. Their entrepreneurship has been a fundamental driver of firm creation and growth and consequent economic growth (Nuogera, 2012 25), leading to the women entrepreneurship topic being addressed from social, political, and academic fronts.

Governments have developed policies to promote women entrepreneurial activity, as a means to socio-economic inclusion. Women having better access to paid employment and real decision-making power in public and private spheres ensures that development is equitable and sustainable (United Nations, 2016 19).

Niche entrepreneurship policies aim at promoting entrepreneurial activity among excluded and vulnerable groups like women, to address gender inequalities and foster sustainable economic growth and development. A growing amount of research for example

shows that countries which failed to address gender barriers also lost out on significant economic growth (IFC / World Bank, [www.ifc.org](http://www.ifc.org)).

### **1.1.1 Women Entrepreneurship**

Entrepreneurship is a complex and multifaceted phenomenon (Kyaruzi & Markovic, 2009 299). It however represents an appropriate opportunity for the excluded and vulnerable groups like women, as it responds to flexibility to entry, change and innovation (Kitching & Woldie, 2004 in Kyaruzi & Markovic, 2009 299).

Women have owned enterprises ever since (Brush, 2006 18), and been important players in economic development through entrepreneurship and the MSE sector. Women entrepreneurship has driven firm creation and consequent economic growth (Acs *et. al.*, 2011 66). Women empowerment is therefore a prerequisite for sustainable development and pro-poor growth. Governments need to appreciate the fact that achieving this empowerment require sound policies, holistic in approach and long-term commitment and gender-specific perspectives integrated at design and programing (Organization for Economic Co-operation and Development-OECD, 2012 1).

Despite its importance articulated above however, women entrepreneurship has attracted less research, public policy and popular media interest than entrepreneurship in general (Brush, 2006 18). The Schwartz's '*New Frontier*' (1976) was amongst the earliest published works on women entrepreneurship. It examined characteristics, motivation, attitudes and barriers. Several other studies followed, mainly focusing on personal characteristics (the human capital) (Brush, 2006 xiv).

Neergaard and Marlow (2011 4), in their Paper to the 56<sup>th</sup> ICSB Conference, Stockholm Sweden, demonstrated that historically, policy, practice and research assumed the natural entrepreneur was a man, and women were on the whole, not interested in or not suited for it. This exclusion from mainstream policy drives women in entrepreneurship as the only alternative on hand to overcome or reduce poverty rather than actively pursuing entrepreneurial opportunities as an economic choice (Rambe, 2016 94). They also face unique challenges in terms of family and society support, financing sources and problems they are facing (Kyaruzi & Markovic, 2009 300).

In the absence of other viable alternatives to provide for or supplement household incomes, entrepreneurship is the only viable option. Also, their firms are characterized by low capital requirements, low barriers to entry, low income and largely concentrated in the service sector (Richardson, 2004 17; OECD, 2014 21 & Rambe, 2016 94).

Most women in developing countries also do the bulk of unpaid work, including caregiving and household tasks. Those in self-employment are necessity entrepreneurs, courtesy the many societal barriers and constraints they face (Marlow *et. al.*, 2008 335; UN, 2016 21 & Ouida, 2017 11-12). They face both general barriers for the development of MSMEs that include weak institutional support, inaccessible credit and services; and gender-specific ones related to uneven sharing of privatization gains like lack of collateral, lack of networks, and traditional views on their role in society (Esim, 2001 9).

The OECD (2004 51) highlights more female-specific obstacles as; type of education, lack of role models in entrepreneurship, gendering of entrepreneurship, weak social status, competing demands on time between family and enterprise and inaccessibility to finance. Basing on these gender-specific constraints Kenyan women entrepreneurs are categorized

in three, using demographic profiles, previous entrepreneurial experience, needs, access to resources and growth orientation (Stevenson and St-Onge, 2005 9 & ILO, 2008 6).

The Jua Kali micro-enterprisers own unregistered (informal) firms, have little formal education (less than secondary school level) and lack entrepreneurial and business experience. They have little access to credit, and limited awareness of markets and market opportunities. Household responsibilities and marital status like obtaining permission from spouses to travel for training or trade fairs are a real constraint to them (ILO, 2008 6).

The very small micro-enterprisers, the second category may be registered and operating from legitimate business premises and have acquired at least, secondary level education with some previous experience from employment. Some women entrepreneurs in this category are well supported by spouses who may be directly or indirectly involved in the enterprise activities. Their main constraint is inaccessibility to funds due to lacking title deeds to use as collateral for large loans. Their firms have potential for growth as well as entry into international markets, and some are already in the export trade (ILO, 2008: 6).

Successful small-scale women firm owners form the third category. These are mostly university graduates from entrepreneurial families, with managerial experience from the corporate world. They access finance easily and are married to supportive husbands. The majority of this category are already engaged in international business (ILO, 2008 6).

Although women entrepreneurs significantly contribute to the success of an economy, there are various challenges that hinder their entrepreneurial progress. Their firms are known for low start up and working capital. Women's enterprises have low growth rate and limited potential partially due to the type of business activities they run (Siwadi, 2011 in the European Journal of Business and Management-EJBM, 2016 178). Kimathi (2009 in

EJBM, 2016 178) emphasize that women-owned businesses are held back by tough local conditions. Some are unable to raise huge collaterals demanded by banks to access loans.

With women entrepreneurship being the new buzz phrase in inclusive development, many governments and international development actors are interested in supporting women to engage in business. To ‘unleash this untapped potential for growth’ and economically empower women, numerous policies have been implemented across the African continent promoting women’s entrepreneurship. These have been through the design and implementation of solutions instruments by key public and private actors needed to address barriers faced by women in starting and running viable businesses and influence their entrepreneurial behavior (Saskia, 2016 2).

Addressing the inequality will lead to improved outcomes not only for women entrepreneurs themselves, but for families and the society as a whole (EJBM, 2016 178). Since entrepreneurial opportunities arise from markets and entrepreneurial capabilities, women entrepreneurs need facilitation to take advantage of market opportunities (United Nations Industrial Development Organization - UNIDO, 2003 12) and grow their enterprises (Bwisa & Ongach, 2013 2).

The challenges in women entrepreneurship however remain pronounced. Gender inequality continues to be a serious economic issue. This work therefore investigated how much the government has facilitated through niche policy, the women to start and grow enterprises in western Kenya counties. The women entrepreneurs have continued to face challenges as demonstrated in problem statement below, despite various policy interventions targeting them (Rambe, 2016 98).



## 1.2 Statement of the Problem

Women entrepreneurial activity is a culture exhibited among women in their high numbers creating new start-ups and using acquired capabilities to take advantage of market opportunities to manage the start-ups created for growth. The niche policy has two programs; promotions and resource support. Promotional programs motivate women entrepreneurs and aspiring ones to create more new start-ups, while resource support programs enable them manage start-ups to limitless growth. Women remain more vulnerable to the effects of poverty than men. They constitute the majority of the world's poor. They face social, economic, and political barriers which limit their coping capacity.

In Kenya, several policies have been formulated to promote entrepreneurship among women as an under-represented group. Despite these niche policy efforts however, a bigger fraction of women seem to lag behind their men counterparts in the MSE sector. For example, seventy six percent of women-owned MSMEs on average employ only 1.54 versus 2.1 persons in men-owned/managed MSMEs.

These enterprises are smaller in size, and make an average gross income of KES 4,344 only per month. Women seem to pursue certain businesses at the expense of others. They are virtually absent from the high return manufacturing and construction sector and are over-represented in the low return consumer sector and mostly engaged in retail businesses. Most of them also fail to transit to medium and large sizes before their third birthday.

The above scenario warranted this study. The study focused on the importance of the women entrepreneurship niche policies and investigated if they have helped enhance the women entrepreneurs' entrepreneurial activity by improving their profiles or not. To answer this question, the study pursued five objectives in the immediate next section, 1.3.

### **1.3 The General Research Objective**

This study's broad objective was to assess the mediating effect of the niche policy in the relationship between women entrepreneurs' profiles and their entrepreneurial activity in selected Western Kenya counties.

#### **1.3.1 The specific research objectives were to analyze:**

- i. The contribution of women entrepreneurs' profile to their entrepreneurial activity.
- ii. The relationship between the women entrepreneurs' profile and the niche policy.
- iii. The relationship between the niche policy and the women's entrepreneurial activity.
- iv. The mediating influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of new venture start-ups they create.
- v. The mediating influence of resource support in the relationship between women entrepreneurs' motives and their ventures' growth.

From the above objectives, eight "alternative" hypotheses in the immediate next section 1.4, were derived and tested in chapter four.

### **1.4 Research Hypotheses**

Based on the objectives, gaps identified in the literature and entrepreneurship related theories guiding this study, the following eight "alternative" hypotheses were formulated.

**H<sub>1</sub>**. There is a significant relationship between women entrepreneur's traits and the number of new venture start-ups they create;

**H<sub>2</sub>**. There is a significant relationship between women entrepreneurs' traits and promotional efforts;

- H3.** There is a significant relationship between promotional efforts and the number of new venture start-ups created;
- H4.** There is a significant mediating influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of new venture start-ups they create;
- H5.** There is a significant relationship between women entrepreneur's motives and their ventures' growth;
- H6.** There is a significant relationship between women entrepreneur's motives and resource support;
- H7.** There is a significant relationship between resource support and venture growth;
- H8.** There is a significant mediating influence of resource support in the relationship between women entrepreneurs' motives and their ventures' growth;

Although the study sought to test the mediating influence of the niche policy in the relationship between women entrepreneurs' profile and their entrepreneurial activity, hypotheses H<sub>4</sub> and H<sub>8</sub>, the other six hypotheses, H<sub>1</sub>- H<sub>3</sub> and H<sub>5</sub> – H<sub>7</sub> were formulated with the purpose of fulfilling pre-mediation modelling conditions (Andy, 2013 410 & Hueh-Sheng, 2011 19-24), that: The predictor variable must significantly predict the outcome variable in the first model; the predictor variable must significantly predict the mediator variable in the second model; the mediator must significantly predict the outcome in the third model and; the predictor variable must significantly predict the outcome variable less strongly in the third model than it did in the first model.

### **1.5 Scope and Delimitation of the Study**

There were different issues that could be researched on in relation to women entrepreneurship. However, guided by psychological and resource-based theories and adopting a Cross-Sectional Survey Design, this study investigated a phenomena (the niche policy) that had been in implementation over a period of time, at a point in time.

Applying multi-quantitative methods, this particular study restricted itself to the influence of the key entrepreneurship niche policy programs of promotion and resource support on the women entrepreneurial activity in western Kenya counties' MSME sector. The study population was women entrepreneurs from Trans Nzoia and Bungoma counties, who had operated for three or more years and enjoyed government support of Enterprise Development Policy measures under different programs.

### **1.6 Limitations of the Study**

Although efforts were made, the researcher faced some challenges while undertaking this study. First, the majority of the respondents' educational levels were low and this created some difficulties in filling the questionnaire. Also, since the respondents were scattered in different sites, some difficulties were faced in giving orientations, following up respondents and collecting responses.

The locality of the sample of the study was therefore restricted to accessible regions of Bungoma and Trans Nzoia counties, although this is reasonably representative of both counties. To mitigate low educational levels, research assistants translated questionnaires in local languages. The findings could also be limited by the extent to which the respondents were honest, careful and without bias in responding to the survey instrument.

The database of the study was obtained from the Women Enterprise Development Fund and Uwezo Fund of Bungoma and Trans Nzoia counties, responsible for female entrepreneurship development. Although this database was further cross-checked with Youth Enterprise Development Fund, Small and Medium Enterprise Development department and the two counties' women and Small enterprise development offices, it cannot be considered as an exhaustive list of all women-owned MSEs.

Nevertheless, 375 usable completed questionnaires were collected out of 420 that were distributed, yielding an eighty nine percent (89%) response rate. Hart (1987 20) recommends between 17 and 60 percent response rates in business. Therefore the response rate of eighty nine percent was above tolerable rates for business surveys. It may therefore be noted in this context that a larger sample size and high response rate lowered the likely error in generalizing the results from the sample to the population (Neuman, 2006 20).

### **1.7 Significance and Justification of the Study**

This study's findings add to the body of knowledge on the importance of the niche policy promoting women entrepreneurial activity, women empowerment and sustainable economic development. This would sensitize government policy makers to the needs of informal sector female entrepreneurs and how they can facilitate them through target policy programs. As observed earlier in this same work, there are very few known studies in countries, Kenya included, on female entrepreneurship (Lingelbach, De La Vina, & Asel, 2005 342). The study therefore provides useful research output that can be used within government and tertiary learning institutions.

The research aimed to develop a conceptual framework for female entrepreneurial activity identified as *a prescriptive entrepreneurship policy model* that may be used to contribute to driving and enhancing females' economic development in our country, Kenya. Since women entrepreneurship in developing countries is the least studied of the significant economic and social phenomenon present within the social and economic fabric, any research that may provide new knowledge in this regard is valuable in its own right (Lingelbach, *et. al.*, 2005 7).

Early research works in entrepreneurship generally tended to revolve around the question of who becomes an entrepreneur (Brown, 2008; Bygrave & Zacharakis, 2007 98), relatively very few examining who becomes successful and under which policy framework. Consequently, the role of sound entrepreneurial policy within the context of developing economies remains rather vague and understudied. Few that have looked at policies measured direct relationships (Sorenson, 2007 61).

In response to the above research limitations, this research thesis investigated the mediating influence of Kenya's niche entrepreneurship policy on women entrepreneurs' profile and their entrepreneurial activity in the developing Kenyan economy. The study aimed at deepening understanding and insight in the area of female entrepreneurial activity. Knowledge of entrepreneurship policy in developing countries of Africa is very limited. The thesis findings have therefore contributed to the improvement of existing policies and practice of women entrepreneurship in Kenya and Africa as a continent.

As noted above, this study was selected for the main reason that studies on women entrepreneurship are scarce compared to other disciplines, more so in African countries like Kenya (Carter & Marlow, 2007: 2). The few studies conducted in these countries are

mainly from Asia, particularly India. Worse still, there are conflicting schools of thought about women entrepreneurship, one being that women entrepreneurship has been relatively neglected. However, the researcher supports the view by Carter and Marlow, (2007: 7) and Makombe (2006: 10) that women entrepreneurs are not only neglected but also regarded as having minority interest of specific research in developing countries (Ssendi, 2013 7).

This work was also driven by the fact that the researcher has been voluntarily assisting women entrepreneurs in Trans Nzoia to obtain credit, where a number of interesting issues that required more investigation to understand how women targeted policy efforts have influenced their entrepreneurship activities. The researcher also wanted to establish if there are any underlying factors in the policy which may require reviewing so as it serves its purpose of promoting female entrepreneurship in the country. Therefore, there is need to understand the process, activities and experiences of Kenyan female entrepreneurs under the current niche entrepreneurship policy framework.

## **1.8 The Theoretical Framework**

Different definitions of entrepreneurship have been put forward by specialists, hinging it on several disciplines including economics, sociology, and psychology. The varied views within the field as to definitions and frameworks suggest that entrepreneurship lacks a universal definition, but it is a paradigm of deliberate behavior. It is about turning knowledge into a money producing business (Mariotti, 2000 in Imakando, 2012 17).

The economists' entrepreneur is an innovator, risk-taker and arbitrageur that contributes to economic growth by introducing new technology, competition and new markets (Imakando, 2012 17 citing Kirzner, 1973, 1979). Drucker (1985), a management expert

alludes that entrepreneurs are characterized by their ability to learn from mistakes, entrepreneurship being the discovery, evaluation and exploitation of commercial opportunities (Imakando, 2012 17 citing Fayolle, 2001).

Schumpeter saw entrepreneurship as a dynamic, proactive and endogenous force that disturbs the economic status quo through innovation (Schumpeter, 1983 3). His definition considers forces within the entrepreneur, endo level of analysis, within a development context. Schumpeter (1934 3) therefore termed entrepreneurship “a creative destruction process”, because its new innovations destroy the old by bringing more value to the market.

This study was about the influence of the Kenya’s niche entrepreneurship policy on women entrepreneurial activity. The focal point of the investigative light was on understanding the mediating influence of the policy on female entrepreneurs’ profiles and their success in entrepreneurship. Since evolution of women entrepreneurship has not differed from that of general entrepreneurship (Ssendi, 2012 11), it permits different approaches including the above-mentioned ones in women entrepreneurship research.

Theories related to entrepreneurial success therefore apply to this study. They include but not limited to: Added Value Theory; Innovation Theory; Alertness Theory; Risk Taker Theory; Conducive Economic Conditions Theory; Psychological Theory and; Resource-based Theory. Although this study adopted the Psychological and Resource-based theories, the above entrepreneurship related theories are discussed in the paragraphs below.

The theory of Added Value postulates that the entrepreneurial function is central to the economic process rather than an exogenous factor. Entrepreneurs are economic agents who transform resources into products and services, creating added value (Menger, 1994 34). According to Joseph Schumpeter, entrepreneurs’ innovations are central to entrepreneurial



activity, and these innovations result in economic development through a process of disturbance and change instigated by the entrepreneurs (Betta, Jones, & Latham, 2010 10).

The Alertness Theory is on the Kirznerian entrepreneur who restores market to equilibrium from disturbances by Schumpeter's entrepreneur. The alert entrepreneur recognizes opportunities in the disequilibrium by identifying underpriced factors and proceeds to act on this knowledge to earn profit.

According to the Risk Taker Theory, an entrepreneur is a risk taker who makes profit (Cantillon, 1755). Among Cantillon's (1680-1734) three economic agents; landowners, hirelings and entrepreneurs, he considers the entrepreneur as the most active of all. Without entrepreneurs, the rest of the factors remain dormant.

Conducive Economic Conditions Theory asserts that entrepreneurship is a result of conducive economic conditions, and the demand for entrepreneurship arises from the demand for change (Casson, 1988 22). Economic factors that encourage or discourage entrepreneurship in this case are taxation policy, industrial policy, easy availability of raw materials, easy access to finance on favorable terms, access to market conditions information and opportunities, availability of technology and infrastructure.

Psychologists on the other hand postulate that a combination of factors, rather than any single factor alone, provides the impetus for people to create ventures. Motivations such as achievement, independence, and locus of control have been widely investigated with regard to their influence on new start-ups (Pérez & Hernández, 2016 in Rambe, 2016 98-99). Many entrepreneurship scholars attempt to understand the entrepreneur by his/her traits.

Under the psychological theory, several authors (Brockhaus, 1982; Gartner, 1989; Low & MacMillan, 1988; McClelland & Winter, 1971) have identified a single trait or collection

of traits capable of successfully predicting entrepreneurial behavior and patterns of activities (Rambe, 2016 99). With this approach, the entrepreneur is the focus of analysis and their traits are the keys to explaining entrepreneurship as a phenomenon, because the entrepreneur (person) causes entrepreneurship process (Dzis, 2008 22).

Resource-based Theorists postulate that entrepreneurs need both human and financial capital to succeed. Research on this line has proved the importance these capitals to the creation and growth of enterprises. Human capital (capabilities, business skills and knowledge derived from education, previous work experiences, entrepreneurial family background) and financial capital differentiates successful female entrepreneurs from less successful ones (Brush *et al.*, 2006 in Dzis, 2008 22).

To study the three dimensions of entrepreneurs' profile, niche policy mediation influence and entrepreneurial activity, this study chose the psychological and resource-based theories. The choice was premised on the fact that the niche policy's promotional programs enhance entrepreneur's motives and traits that form her inner drive to succeed. Resource support programs on the other hand facilitate her capabilities development and access to financial capital. A duo-theoretical approach was therefore adopted to knit together the three dimensions on the conceptual framework, Figure 2.2 in chapter two.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter reviews the literature relevant to the study. It is organized into ten sections. It commences with this overview (section 2.0) and a discussion on entrepreneurship and SME policies and the evolution of the entrepreneurship policy in Kenya, sections 2.1 and 2.2 and ends with the chapter summary, clearly revealing the research gap, section 2.10.

Other sections 2.3, 2.4, and 2.5 discuss the link between entrepreneurship niche policy and women entrepreneurial activity, the concept of entrepreneurial activity and how to measure it, and the theoretical evidence. The next four sections; 2.6, 2.7, 2.8 and 2.9 discuss MSEs, differentiating between small businesses and entrepreneurial ones, factors that influence MSEs' growth, empirical research and the conceptual framework.

#### 2.1 The Concept of Entrepreneurship Policy

It has been demonstrated in the earlier sections of this work that MSEs contribute to economic and social development. In most economies they constitute the vast majority of business establishments, are usually responsible for the majority of jobs created and account for one third to two thirds of the turnover of the private sector. In many countries MSEs are the engine of growth in employment and output.

In developing countries the MSE sector is seen as a major 'self-help' instrument for poverty eradication, more so, among vulnerable groups like women. In transition economies, the sector provides the best illustration of the changes in ownership structures,

business culture and entrepreneurial behavior (OECD, 2004 17). In all economies however, many micro businesses and self-employed persons operate outside the ‘formal’ sector.

One of the major challenges to governments in designing institutional, organizational and regulatory frameworks is therefore to encourage entrepreneurs engage in legitimate activities. In pursuing this goal, governments have moved away from simplistic approaches, recognizing that MSEs not only create jobs but play a wider role in social, economic and political development. They are central to creating a democratic society and developing an enterprise culture (OECD, 2004 17).

Although governments alone cannot create that enterprise culture, their actions can either destroy or facilitate it. A major difficulty is that the MSE sector is highly differentiated and its power base is local. Different groups of participants in the sector are also heterogeneous in needs. This makes a coherent public policy approach to MSE needs difficult. The aim must however be to impress ‘bottom up’ approaches to development in a national framework in ways that rewards and enhance enterprise culture, since in societies the owner-managed firm is the norm for economic activity (OECD, 2004 17).

In shaping a public policy framework therefore, it should be recognized that the MSE sector will be healthy when there is: An enterprise culture that rewards individual as well as collective initiative and innovation in all citizens, including the socially excluded and minority groupings. The first step towards creating such a culture lies in education; an economic, political and social climate that encourages high rates of business startup and survival leading to an overall increase of the MSE stock; a significant proportion of quality firms in the new stock; an economic and social climate which encourages existing MSEs to grow and; a sympathetic and entrepreneurial stakeholder environment.

What is being emphasized above is the fact that entrepreneurial activities do not take place in a vacuum. Why, when and how some individuals exploit opportunities appears to be a function of the environment, opportunity, and the individual (Shane & Venkataraman, 2000 23). The environment is therefore a reciprocal interaction between an entrepreneur and the external environment, influencing each other (Smallbone & Welter, 2005 5).

Within the wider social, cultural, and political contexts for example, the GEM entrepreneurship model (OECD, 2004 17) highlights basic requirements, efficiency enhancers, and a number of innovation and entrepreneurship conditions that all contribute to entrepreneurial activity and, eventually, national economic growth. While these factors have an impact on established firms, new entrepreneurs are particularly sensitive and their presence has a significant positive impact on their development (OECD, 2004 17).

Although an entrepreneurship policy framework aims to cultivate a healthy MSME sector by nurturing a culture that rewards individual and collective initiative and innovation in all its citizens, most policy formulators have failed in properly defining entrepreneurship and MSE policies. As a result, they have prescribed wrong policies for this crucial sector. The next sub-section, 2.2.1 below therefore clarifies these policy typologies.

### **2.1.1 Distinction Between Entrepreneurship Policies and SME Policies**

Most scholars and policy makers confuse SME policies with entrepreneurship policies. It is important to clarify the difference between the two from the onset. Lundstrom and Stevenson (2005 50-51) define an SME policy as programs implemented by a ministry or government agency charged with the mandate to promote existing SMEs. It takes existing SMEs within the appropriate size class as exogenous, or given, and develops instruments to promote them. Thus, the SME policy is exclusively targeted towards existing stock of

enterprises and all programs in it are designed to promote their viability (Kyaruzi & Markovic, 2009 325).

By contrast, entrepreneurship policy has a much broader focus (Audretsch nd 19). The definition by Lundstrom and Stevenson (2005 51) for OECD countries of an entrepreneurship policy is, “measures taken to stimulate more entrepreneurial behavior in a region or country, intended to directly influence the level of entrepreneurial vitality in a country or a region reflected in a greater supply of new entrepreneurs and new start-ups.

There are at least four ways to distinguish entrepreneurship policy from SME policy according to Lundstrom and Stevenson (2005 51) and Kyaruzi and Markovic, (2009 325): The entrepreneurship policy focuses on individuals, while the SME one focuses on firms; entrepreneurship policy supports the needs of people as they move through early stages of the entrepreneurial process from awareness and motivation to pre-startup and post-startup while the SME policy supports established firms that have acquired sufficient capacity to benefit from schemes and measures; entrepreneurship policy makes greater use of softer policy measures like mentoring, and entrepreneurial promotion while the SME one uses hard policy instruments such as financial subsidies to lower the cost of resource acquisition.

Finally, the implementation of an entrepreneurship policy incorporates a broad set of institutional partners in the make-up of its support environment like educators, the media, and a diverse set of government ministries, while the SME policy is mostly implemented through a narrower set of economic institutions like economic development agencies, financial intermediaries among others (Lundstrom & Stevenson, 2005 51).

Entrepreneurship policies have been further classified into four typologies. E-extension policy aims to improve start-up support services and financing, new firm creation policy

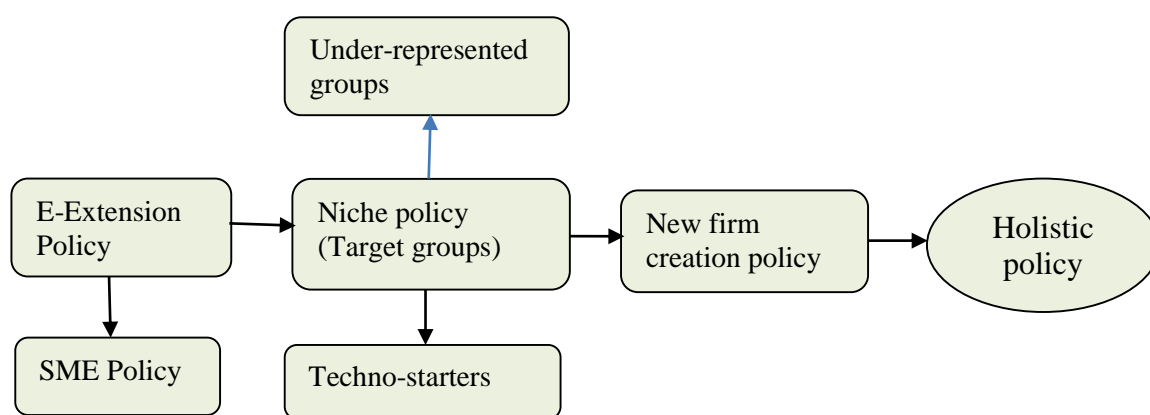
targets to reduce barriers to entry and exit, the niche policy is tailored to increase entrepreneurial activity amongst specific groups of the population and, the holistic policy aims to strengthen entrepreneurial culture, climate and capacity in the entire nation (Lundstrom & Stevenson, 2005 118).

MSEs have proved affordable and manageable by female entrepreneurs (Makombe, 2006 44). As demonstrated in other sections of this work, they create a large number of employment and income opportunities in relatively poorly developed areas and require small capital and little sophisticated managerial and technical skills. They also form the seedbeds for a broad development of the private sector throughout the country, forming the foundation for the national economy and social development especially at the grassroots where most women are found (UNIDO, 2003 12).

Women's economic empowerment is therefore a process through which their capital (human, financial and physical) endowments increase along with their access to and benefits from economic opportunities, leading to improved agency and voice (UN, 2017 1). Improving their labor market skills and increasing their financial and physical assets can not only empower them directly, but also improve their access to decent employment, with higher wages, better career prospects and competitive business performance.

Individual women entrepreneurs are a driving force for competitive MSEs as a growth base. However, the policy and institutional framework needs to be conducive to encouraging their entrepreneurial initiatives. Human capabilities and right institutional frameworks are necessary conditions for entrepreneurship to flourish, particularly among women entrepreneurs (UNIDO, 2003 12).

The niche policy programs include: Strengthening the public administration to make the regulatory and administrative environment more conducive for women entrepreneurs; developing human resource for increased competitive entrepreneurship, technology absorbing capacities and women's control over asset management and; developing advocacy and women's collective self-help capacities (UNIDO, 2003 12). The diagram below (Figure 2.1) displays entrepreneurship policy typologies.



**Figure 2.1 Entrepreneurship Policy Typologies**

**Source: Stevenson and Lundstrom (2005 118)**

From the diagram above, niche policies are two. Both types aim at stimulating higher start-up rates among specific segments of the population. Their rationale is jobs, social inclusion, gender equity, labor market integration or wealth creation. Overall aim is to either improve enterprise ownership levels of under-represented groups like women, youth, ethnic minorities and the unemployed (type 1) or to accelerate the take-up of high-tech, innovative entrepreneurship from amongst post-secondary graduates and scientifically-oriented researchers and experts (type 2). In both cases, policy intervention is justified on the basis of social, systemic or market failures (Stevenson & Lundstrom, 2005 118-122).



Women in Kenya and other developing countries face both social and economic challenges in their pursuit of entrepreneurship. The niche policy therefore is an intervention pursued through promotions, resource support and a friendly institutional environment (Ouida, 2017 11; Stevenson & Lundstrom, 2005 123). Its anticipated outcomes are improved business performance of female-owned MSEs, their increased transformation from informal to formal status and, increased start-ups, that all culminate to increased income and employment opportunities in the country (UNIDO, 2003 12).

In their research for OECD countries, Stevenson and Lundstrom (2005 123) found that type 1 niche policy is well developed in the U.S. for women, African-Americans, American-Indians, Hispanics and other ethnic minorities and veterans. Measures are promotion in mass media, support for national networks of dedicated enterprise centers, micro-loans, awards to the performing, and training, counseling and mentoring services.

Sadly, the same research, (Stevenson & Lundstrom, 2005 123) acknowledged the total lack of or availability of insufficient niche policy interventions in developing countries. As such, women remain disadvantaged as entrepreneurs. This fact is witnessed by the high self-employment rates among women (OECD, 2017 17). Where they operate their own firms, these tend to be in disadvantaged sectors, predominantly in agriculture. Even those specializing in industry or services tend to concentrate on a limited number of activities, such as catering, tailoring, beauty and food processing (OECD, 2017 17).

The international experience shows that inherited customs and social norms create pressures by reinforcing gender stereotypes, thus constituting one of the main constraints for female employment and entrepreneurship. As women need to balance business or employment with the demands of family and household care, they have to pursue economic

activities that offer less career opportunities, are less innovative and typically confined to traditional roles (Stevenson & Lundstrom, 2005 123 & OECD, 2017 17).

Women-owned businesses often lag behind male-owned enterprises in terms of size, productivity, and tendency to be less profitable, with little potential for further expansion. They are also less resilient to the impact of adverse economic shocks (OECD, 2017 17). Coupled with their markedly lower participation rates, more need to be done to address gender imbalances, as demonstrated in the next section 2.2 on the evolution of entrepreneurship policy in the country.

## **2.2 Evolution of Entrepreneurship Policy in Kenya**

Kenya's development policies have always been reactionary to employment creation for promoting income generation, poverty reduction and general improvement in the socio-economic welfare of the society (IEA-K, 2010 25). Employment creation has remained the nation's development policies' goal, entrepreneurship and MSME policies included (IEA-K, 2010 25 & ICBE-RF, 2013 19). Policy towards the development of entrepreneurship and the MSE sector has therefore varied since independence, as per the immediate problem being fixed. The official stance towards the MSE sector changed only with the publication of the 1972 ILO report on the importance of entrepreneurship.

Soon after the ILO report, official policy documents began to reflect the change in attitude towards the sector. However, there was hardly any concrete programmed support for it until the publication of Sessional Paper No. 1 of 1986 (KIPPRA, 2002 17). This scenario is discussed in details in the next subsections on the chronology of entrepreneurship policy evolution and the inclusion of female entrepreneurship in it.

### **2.2.1. The Period of Encouraging Modern Small Scale Enterprises (1964-1972)**

At independence, the young government sought to indigenize the economy by encouraging private enterprise among natives (KIPPRA, 2002 17). It released The Sessional Paper No. 10 of 1965 envisaging an economy dominated by Africans, stressing Africanizing commerce and industry by replacing white-owned large-scale firms with African-owned ones of the same size. The policy on MSEs was not initially envisioned.

Support for small firms was only mooted to achieve Kenyanization of the economy after realizing that this would not be forthcoming from large enterprises as policy makers had previously targeted. This policy therefore changed to supporting growth of “modern” small industries owned by indigenous Kenyans (Hornsby, 2012 189). The government intervention measures ranged from financial, infrastructure, legal and regulatory support.

Government financial institutions were created with this specific goal and the Kenya Industrial Estates (KIE) set up in 1967 to provide infrastructure and financial support to the sector to transit into the manufacturing sector. KIE built industrial estates in major towns and Rural Industrial Development Centers (RIDCs) in rural towns. This objective to industrialize through small-scale industries was however also not realizable due to strategic and management mistakes in operations (Hornsby, 2012 187 & KIPPRA, 2002 17).

Despite the limited success in creating modern small enterprises envisioned by planners, the government neither noticed nor encouraged parallel growth of the SME sector and entrepreneurial culture until after the ILO report (1972), which extolled virtues of the sector and its employment generation potential (KIPPRA, 2002 17). In many cases, outright hostility characterized government response to this sector (KIPPRA, 2002 18) referred to as the “informal sector”, up to today.

### **2.2.2: The Period of Officially Recognizing MSEs Without Policy Action (1973-1985)**

Kenya's MSE environment has been largely dualistic, with a portion operating formally while others informally. Informality in this context refers to unregistered firms which do not meet other statutory obligations (KIPPRA, 2016 98). This dualism was highlighted in the 1972 ILO employment mission to Kenya about the informal sector (ILO, 2002). It traced its emergence from limited formal jobs, slow economic growth, and high population growth (KIPPRA, 2016 98).

Following the mission (ILO, 1972), the government of Kenya released a report on the employment status that had its response to the mission's report (ICBE-RF, 2013 19; IEA, 2010 16; & KIPPRA, 2002 22). However, subsequent government publications had few policy prescriptions that reflected the totality of ILO recommendations. For instance, the Sessional Paper on employment of 1973 showed acceptance of the report (KIPPRA, 2002 22), but did not translate into any programmed support (ICBE-RF, 2013 19).

In the 1974-1978 Development Plan, the government did not even use the phrase "informal sector" in the policy on the sector. Rather, it referred to the need to stop official harassment of small scale industries that formed only a small part of the sector in the country then. Ronge *et. al.* (in KIPPRA, 2002 22) assert that the terminology showed the confusion inherent in official circles over the definition of MSEs and entrepreneurship.

The subsequent Development Plan (1979-1983) still had some ambivalence towards the MSE sector. It proposed a comprehensive program to support modern small enterprises through expanded and restructured KIE oriented towards modern small industries and establishment of a fund to assist informal small industries. Further, programming and evaluation for these small industries was to be established in the Ministry of Commerce

and Industry to assist District Development Committees prepare coordinated programs for the small and informal manufacturing sectors. The government was also to offer training programs to these small firm entrepreneurs (KIPPRA, 2002 22-23).

The ongoing training programs through village polytechnics, Kenya Industrial Training Institute, and Management Training Advisory centers were to continue. To enhance access to finance, credit guarantee schemes for bank loans were to be promoted, and to network MSEs with large organizations, sub-contracting was encouraged and informal sector producers were to be assisted to export through the Kenya External Trade Authority. These proposals reflected the recommendations of the 1972 ILO report although targeting was still weak. In most cases MSEs were interpreted to be modern small industries, which already faced a myriad of problems (KIPPRA, 2002 23).

Government support was still directed more towards small modern industries even in the fifth Development Plan of 1984-1988. To overcome the prevailing ambiguity over the type of enterprises targeted however, the fifth Plan tried to redefine Small Industries as those with higher investment and employees than Cottage Industries that had less than Kenya shillings fifty thousands of investment and less than six fulltime employees. The Plan (1984-1988) further proposed reserving some activities of the industrial subsector to small and cottage industries, reviewing and publishing them regularly in the Kenya Gazette without affecting earlier establishments (KIPPRA, 2002 23).

It is instructive however to note here that the government was still convinced that the best way forward was through the expansion of modern small industries through subsidized financing from organizations such as the K IE whose operational capacities were already considerably strained. What is also evident is that the government had focused on supply-

side policies to address particular bottlenecks to the expansion of the MSEs. Demand-side policies such as aggregate demand expansion that occurred in this period were not explicitly targeted at the sector although it may have also benefited (KIPPRA, 2002 24).

### **2.2.3. The Period of Concrete Policy Proposals (1986-to-Date)**

Despite the early recognition of the importance of MSE sector in economic development, it was not until in the Sessional Paper No. 1 of 1986's firm commitment to the sector's growth and development was made. In the Paper (No. 1 of 1986), the government underscored the sector's importance in terms of its potential to bring about balanced rural-urban development and create non-farm employment. The government therefore recognized the many problems in the sector and its intricate relationship with the rest of the economy, and proposed policies to catalyze it (KIPPRA, 2002 25-26).

The government's positive attitude towards the sector was once again portrayed in the 1989-1993 Development Plan in which the sector's potential in helping the country realize its growth and employment targets was reiterated. The strategy espoused in this plan was to offer direct assistance to it. Efforts were also made to improve the management, handling of loan defaulting and disbursement, increasing spatial coverage, and incorporating private sector in the provision of help to the sector.

Specifically, the government sought to create an enabling environment for the sector through policy restructuring and liberalization covering the pricing structure, trade regime liberalization, foreign exchange management, wages and investment policies, and financial restructuring. Further, it promised to amend the rules and regulations inhibitive to the development of MSEs. It pledged to minimize the negative impact of unfair trade practices

on the MSEs' survival, and be facilitative via; transparency, appropriate fiscal policies and appropriate redress to capital shortage (KIPPRA, 2002 26).

Other programs included creating an award scheme to motivate entrepreneurs in the sector to innovate and invent; increasing provision of information on markets, materials, products and technologies in local and external markets; increasing access to suitable financial, distributive and marketing infrastructure; reviewing restrictive Local Authority by-laws such; appropriate revision of building codes and increased ease of allocation of land to MSEs; and restructuring financial institutions to reduce costs of credit and have sufficient liquidity to provide start-up and working capital to MSEs (KIPPRA, 2002 26).

Later, the government jointly with the UNDP and the ILO to set up an MSE Development Policy Project. It involved all its ministries, aid agencies, industry and commerce representatives, bankers and NGOs (King, 1993 55), and formulated strategies in; policies for creating an enabling environment, non-financial promotional policies and, credit policies. The environment was to be improved by removing macroeconomic, legal, technological and fiscal obstacles to enhance demand for MSE products.

Non-financial promotional strategy aimed at alleviating the shortage of entrepreneurship, which had hindered graduation of many MSEs to the medium scale. To encourage an enterprise culture, the strategy hoped to incorporate entrepreneurship education in the formal educational curriculum at all levels, in actual fact supplementing the existing educational reform policies. The strategy to alleviate obstacles to accessing credit sought to change collateral policies and bank incentives. (KIPPRA, 2002 23).

The above three strategies were translated into the Sessional Paper No. 2 of 1992 on *Small enterprises and Jua Kali development in Kenya*. The Paper outlined several policy

recommendations which covered the three areas in the previous strategy paper namely: an enabling environment; credit for the MSEs; and non-financial promotional programs, in addition to gender-related policies (KIPPRA, 2002 23).

In this period also, Kenya's Seventh Development Plan (1994-1996), proposed continued government support for the MSE sector through creation of an enabling environment for its sustainable growth and development, as articulated in the Sessional Paper No. 2 of 1992. More private sector involvement was encouraged through provision of a wide range of measures and incentives to improve the operations on MSEs such as access to credit and provision of appropriate technology and training.

The country's plans to industrialize by 2020 as documented in the Sessional Paper No. 2 of 1997 on industrial transformation and in the 1997-2001 National Development Plan, were centered on the development of the MSEs because of their labor-intensive production techniques and use of local raw materials. In the Development Plan, the government proposed increased collaboration between various government ministries, the private sector, NGOs and community-based organizations (KIPPRA, 2002 27).

Gender issues were once again focused on (1997-2001) and proposals made to mainstream them in industrialization. Donor and private sector support was to be sought to enhance capacity in National Female Organizations and related NGOs, and re-orient female entrepreneurial activities towards industrial endeavors in the country. The Sessional Paper No. 2 of 1997 also noted that if the Small-scale and *Jua Kali* Enterprises (SSJKE) were to grow as desired, constraints hindering their expansion and transformation to larger enterprises must be addressed. The identified constraints included access to credit, land,



infrastructure, training and technical support, and access to technology and information (KIPPRA, 2002 28 & ROK, 1997 15).

The Small Enterprise Policy Implementation Program Mission (SEPIP) report of 1994 further identified the failure to address some key issues such as legislative reform, land allocation and poor infrastructure as the main weakness inhibiting the development of entrepreneurship and MSMEs. The government therefore muted the 1994-1996 Development Plan to harmonize the licensing regime and simplify other requirements to encourage commercial and industrial investment (KIPPRA, 2002 28).

Another Sessional paper No.2 on the Development of SMEs for Wealth and Employment Creation for Poverty Reduction was formulated and published in 2005. It spelt out key measures to address business registration, licensing and the tax regime to facilitate the MSEs' growth and graduation into medium enterprises. Related to the niche policy, it recognized gender gaps and proposed measures to encourage more females to take up entrepreneurship as a means of improving their economic status (ROK, 2005 29).

In recognition of the importance of the private sector in developing entrepreneurship, the Private Sector Development Strategy (PSDS) was developed (2006-2010). The strategy considered MSMEs as a central link between the private sector and poverty reduction. It therefore outlined specific policies and strategies needed to enhance private sector growth and competitiveness. It also recognized the MSMEs for being more labor intensive and therefore a tool that promotes equitable distribution of income since they are owned by poorer members of society, a significant of whom are females.

The PSDS's five key goals were: Improving Kenya's business environment; Accelerating Institutional transformation within the public sector; Facilitating growth

through greater expansion of trade; Improving the productivity of enterprises and; Supporting entrepreneurship and indigenous enterprise development (ROK, 2006 120). The strategy also identified the MSMEs sector to be constrained by lack of access to markets, limited access to capital, limited skills and ineffective representation in sector-specific and umbrella business associations that would provide a forum to articulate their issues for further redress. To these constraints, its fifth goal was to facilitate the sector's competitiveness by supporting the development of new enterprises, improving access to capital, facilitating the graduation and evolution of enterprises, promoting inter-firm linkages and broader MSMEs representation in associations (ROK, 2006 123).

The other milestones by the government regarding the revitalization of the MSEs in Kenya included the enactment of the micro-finance Act, the SACCOS Act and most recently the MSE Act 2012. The MSE Act established the *Micro and Small Enterprises Authority (MSEA)*, for the promotion, development and regulation of the Micro and Small Enterprises (MSE) Sector in Kenya.

The MSE Authority was mandated to formulate and review policies and programs, promote and develop the MSE sector, and monitor and evaluate implementation of policies, programs and activities related to MSE development (Argidius Foundation, 2015 13). In addition, the Authority was to coordinate, harmonize and facilitate integration of public and private policies, programs and activities related to MSEs in Kenya.

The MSE Act was therefore the first attempt to increase legitimate participation of micro and small enterprises in the policy formulation by providing a fully-fledged department dealing with the SME sector through the NCMSE, a corporate body, with

functions of policy formulation and sector development alongside other functions that are expected to benefit the sector (Argidius Foundation, 2015 13 & ROK, 2012 3).

Other creations in the Act relevant to entrepreneurship and MSME development included the Department of MSEs charged with formulating and reviewing policies and programs for micro and small enterprises, developing infrastructure for MSMEs, promoting market access and marketing services, promoting product development and innovation, developing capacity building programs, facilitate technology development, acquisition and transfer, acquisition of land for them, develop mechanisms, tools and programs for collection of comprehensive data disaggregated by sex, region and age and forge collaboration with stakeholders to enable planning for MSMEs (ROK, 2012 1).

The Micro and Small Enterprises Development Fund in the MSE Act provides for the establishment of a Micro and Small Enterprises Development Fund. The purpose of the fund is to finance the promotion and development of MSMEs, provide affordable and accessible credit, and finance Capacity Building, and finance research, development, innovation and technology transfer. The Act further provides prominence to MSE associations in policy formulation and management of the MSME sector by providing for Registrar of MSE associations responsible for the registration and regulation of the MSE associations, and enhances stakeholder dialogue and representation (ROK, 2012 1).

From the foregoing, it is clear that the government has over time increased its policy focus on the MSE sector, given its ability to create jobs and generate income. However, there is still lack of clear definition of entrepreneurship, MSEs and informal businesses that has resulted in formulating equally confusing policies. For example, most recent policy papers still endeavor to grow informal ventures.

The government's interest in entrepreneurship and MSMEs seems to have started in 1972 as a reaction to the ILO's report on employment, income and equity in Kenya that recognized informal and the Jua Kali sector as a means to generate income and create employment for Kenyans (ICBE-RF, 2013 19 & IEA, 2010 16). Solving unemployment has therefore remained the main driver of MSE policy formulation at the expense of formulating entrepreneurship policies that foster the general economic growth and competitiveness in the current global market (ICBE-RF, 2013 19 & IEA, 2010 16).

#### **2.2.4. Inclusion of Women Entrepreneurship in Kenya's Policy Formulation**

There has been a growing recognition that prevailing patriarchal structures and stereotypical attitudes towards the women's roles in society impact negatively on their ability to function as important economic agents (Hornsby, 2012 201). Ladies have been wrongly perceived as a marginal economic group, rather than as a positive socio-economic force. As entrepreneurs therefore, they have significant untapped potential as wealth creators (Kiraka, Kobia & Katwalo, 2013 13 citing Stevenson & St-Onge, 2005).

According to the 2010 Global Entrepreneurship Report in Jamaica, entrepreneurship in a society should contain a variety of business phases and types, led by different types of entrepreneurs, including women and other underrepresented groups (Government of Jamaica-GOJ, 2013 82). The society need to be cognizant of the differences that exist between males and females. Each gender responds to, and is affected differently by the same policies. Studies show how gender influences the way entrepreneurs organize human capital, investments, social networks and goals, in turn affecting firm structure and success (Government of Jamaica-GOJ, 2013 82).

This unequal situation of female versus male in the MSE sector was first acknowledged in Kenya in the 1992 Sessional Paper on the Development of the Informal and Jua Kali sector, then in the Sessional Paper No 2 of 2005 on Development of SMEs for Wealth and Employment Creation for Poverty Reduction. It was recognized that gender equity among entrepreneurs was undermined by special constraints faced by females, including loopholes in the implementation of equitable laws (ROK, 1992 & 2005).

Particular laws in employment and inheritance, were discriminatory and fostered negative attitudes and social practices that limited equal participation of males and females in entrepreneurial activities (ILO, 2005 14 & ROK, 1992 & 2005). In the implementation of the 1992 policy therefore, one of the actions stipulated in the 1992-1994 action plan was to identify and promote successful women entrepreneurs as role models and the CBS to facilitate the collection of accurate data on women entrepreneurs (ILO, 2005 14).

Building on the 1992 sessional paper initiatives, several other measures have been undertaken by the government, NGOs and donors to ameliorate the situation of females, particularly in promoting awareness of their rights and special measures to increase access to credit. For example, gender equity continued to be identified as a priority in the 2005 Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation, which stipulated objectives to promote female entrepreneurship.

Some of the measures included: Pursuing gender responsive policies that increase equal access to financial services by encouraging females to form (SACCOs) and by promoting their networking with micro-finance institutions (MFIs) and banks; Promoting their access to education, technological development and entrepreneurship, and influence the

orientation of females away from traditional activities to the production of non-traditional products that are more marketable and provide better remuneration (ROK, 2005).

Other objectives in the 2005 policy paper were building institutional capacity for gender integration, identify gender-related constraints and opportunities that affect equal participation of women at the local, institutional and policy levels, collect and provide sex-disaggregated data to facilitate gender-responsive planning and policy formulation, design all MSE programs and projects to ensure equal opportunities for women and men, and put in place a monitoring system that tracks the effects of government and donor activities on gender relations (ILO, 2005 14-15 & ROK, 2005).

Despite the above policy initiatives, Stevenson and St- Onge in ILO (2005 15) allude that loopholes still exist in the application of some of the laws pertaining to marriage, inheritance, and employment; gender disparities persist in education enrolment and retention rates and; social norms are still characterized by cultural practices which accord lower roles and status to females than to males.

Kenyan women still lack full access to, control over and management of resources hence obstructed to access credit, representation in cooperative societies, information and appropriate technologies (Stevenson & St- Onge in ILO, 2005 15). Both resources and decision-making have therefore remained largely the prerogative of the males in our society, Kenya. The authors, Stevenson and St- Onge further assert that weaknesses in delivering on policy objectives remains the absence of a dedicated focal point on female's enterprise development, leaving a strong risk that advocacy work necessary in favor of female entrepreneurs remains unaccomplished (ILO, 2005 15).

Confirming their assertion (Stevenson & St-Onge), the government is still promising increased support for policies and institutions devoted to promoting gender equity, and allocation of resources to enterprises led by youth and women. In addition to the Youth Enterprise Development Fund, and Women Enterprise Fund, it established the Uwezo Fund availing more loans to the youth, women and vulnerable groups to support them start ‘small businesses, not ‘entrepreneurial’ ones (ROK, 2013 xii; The Second Medium Term Plan 2013 – 2017 of the Vision 2030).

### **2.3 Linking Niche Entrepreneurship Policy to Women Entrepreneurial Activity**

As observed earlier, an entrepreneurship policy helps cultivate a healthy MSME sector by nurturing a culture that rewards individual and collective initiative and innovation in all its citizens. Nurturing such a culture lies in the education system that creates an economic, political and social climate which encourages a high rate of enterprise start-ups and survival leading to an overall increase of the MSME stock that in turn yields a high proportion of quality ventures contained in the new MSME stock (OECD, 2004 17).

Entrepreneurship policies create an economic and social climate which encourages existing MSMEs to grow and a sympathetic and entrepreneurial stakeholder environment of empathy by government, educators, regulators, banks, professionals and the large corporate sector. This facilitates the MSEs’ survival and growth. The stakeholder environment should be as entrepreneurial as the MSE sector itself (OECD, 2004 17).

There should exist institutions, infrastructure, macroeconomic stability and education system; technological readiness and market size; and a number of innovation and entrepreneurship conditions that contribute to entrepreneurial activity of a country. While

these factors impact on established firms, new MSEs are particularly sensitive and their presence have a significant positive impact on them (OECD, 2004 17).

Given the above framework, policymakers have to choose suitable policy instruments in order to stimulate positive entrepreneurial attitudes in society, and encourage entrepreneurs recognize viable opportunities and pursue skills to capitalize on the opportunities (OECD, 2004 17). Governments should also encourage entrepreneurs' aspirations to grow, innovate and help entrench these social values in order to promote sustainable competitiveness. Through the provision of supportive resources and policies, policymakers help increase entrepreneurship activities for greater national competitiveness and sustained economic growth (OECD, 2004 17).

Women entrepreneurs in particular would benefit greatly from supportive policies that facilitate them to “go for it”, which are currently lacking in most developing countries. In these countries, the socio-cultural norms subject them to negative stereotypes that have limited role the models (OECD, 2004 17). Sound policies would address gender barriers at all levels, from the legal system to the family system (ILO, 2005 11). Women entrepreneurs need more access to a full range of financial and non-financial support services. Lack of collateral, for example, limits their flexible finance sourcing options, preventing them from launching and growing their enterprises (World Bank, 2007 41).

Inadequate accesses to education and training, as well as follow-up to training inputs, limited opportunity to avail themselves for external, formal managerial capacity-building support, and difficulties finding land and premises for production and acquiring up-to-date technology are women problems. A growing body of evidence shows gendered inequalities in access to schooling, constraining productivity (World Bank, 2007 17).



Also, women entrepreneurs have not benefited from the strength of numbers that would be gained through representation by a Women Entrepreneurs' Association (WEA) that would provide networking and value-added membership services and a collective "voice" for their needs and concerns (ILO, 2005: 11). There is therefore need for special women focused entrepreneurship policy, which stimulates women entrepreneurial activity through promotional and resource support programs to facilitate start-up creation and growth of women-owned MSEs as demonstrated in the next subsections.

### **2.3.1 Entrepreneurship Promotion Programs and New Start-ups Creation**

Several studies including the works of Bennet and Dann (2000), Fielden and Davidson (2005) and Lerner et al. (1997) cited in Dzis (2008: 21) have investigated reasons why people choose entrepreneurship and concluded that several reasons provide the impetus for venture creation. Psychological motivations; achievement, independence, and locus of control have been highlighted with regard to their influence on start-ups (Lerner *et al.* 1997). However for women entrepreneurs, only a small part of the motivations are acknowledged as gender-based. Instead, 'pull' and 'push' factors provide a common explanation to their motivations (Brush, 1992 & Buttner & Moore, 1997).

Push factors, which drive most females into entrepreneurship, include elements of necessity like insufficient family income, unsatisfying salaried jobs, total unemployment, and a need for a flexible work schedule (Farington *et al.*, 2012 in Rambe 2016: 98). The pull factors relate to need for independence, self-fulfillment, and entrepreneurial drives and desire for wealth and status in society (Ducheneaut, 1997).

It has been confirmed in the literature that motivational factors play a key role in a group's entrepreneurial activity. This study therefore posited that promotional programs create these motivations in Kenyan female entrepreneurs. They are premised on the fact that entrepreneurship is embedded in a network of social relationships, within which it is either facilitated or constrained by interlinking entrepreneurs, resources, and opportunities (Aldrich & Zimmer, 1986).

Presence or absence of networks with spouses, relatives, friends and access to memberships in associations influence entrepreneurial activity. Women entrepreneurs are embedded in different social networks from men; hence divisions and barriers that limit the reach and diversity of their networks having far-reaching consequences on their entrepreneurial activity (Dzis, 2008 23). For example in an interview with Patience Nyaoga, a Kenyan entrepreneur, the *Voices of Female Entrepreneurs in Kenya* (WB nd) recommended initiation of a Women Entrepreneurship Association (WEA) that connects women to the government for simpler, shorter, and smooth firm formalization.

Promotional programs also helps win positive societal perception hence support, build and strengthen business associations that in turn build psychological characteristics related to the behavioral and personality traits of the individual female entrepreneurs (Saffu & Takyiwaa Manu, 2004 97). From this evidence, it is suffices to say that promotion breaks social barriers and creates high motivation for female entrepreneurship and opportunity driven ventures that are growth oriented.

### **2.3.2 Resource Support Programs and Firm Growth**

Research has also proved the importance of human and material capital to entrepreneurship. Bandura (1977), Becker (1964), Brush *et al.* (2006), and Carter, Van Auken & Harms (1992) found that human capital acquired from education, previous work experiences and entrepreneurial mentorship and material capital differentiate levels of entrepreneurial activity among females. Availability of resources; human, material and networks is crucial at venture start-up. According to these authors (Brush *et al.*, 2006 107).

Entrepreneurship research has focused on the tangible assets the entrepreneur avails and the competencies s/he uses to mobilize tangible resources to create and grow ventures. In this line, resource based theorists posit that entrepreneur's human capital comprise management skills and tacit knowledge (Lerner & Almor, 2002 6; Brush *et al.*, 2006 107); previous entrepreneurial experience and venture resources; capability assets, strengths and skills. It specifically focuses on the insight, creativity, vision and intelligence that are derived from educational qualifications and previous industry and entrepreneurial experiences (Lerner & Almor, 2002 80).

Entrepreneurship scholars have linked female entrepreneurs' years of college schooling, advanced professional degrees and expertise through specialized training to unique bundles of human capital that provides a good foundation for their ventures. These authors emphasize that these capabilities provide competitive advantage and underpin enterprise performance (Brush *et al.*, 2006 in Dzis, 2008 170).

Although following the introduction of free primary education in Kenya gender inequalities in enrollment at primary level narrowed to almost parity, disparities at secondary and tertiary levels persist, negatively affecting female labor force participation

and their ability to acquire the skills needed to start and grow ventures (WB, 2010 17). Also, despite the target of the Vision 2030 to industrialize the Kenyan economy by 2030 through quality human capital, emerging issues in the education sector still revolve around human resource development i.e. equity, quality and access (KIPPRA, 2016 23).

The cost of education has been cited as the most common cause for girls drop outs (WB, 2010 17). When living cost increases at the household level, families tend to prefer schooling for boys to girls (Kimalu *et al.*, 2002, in WB, 2010 17). KIPPRA (2016 29-31) highlights skewness in enrolment in learning institutions against the female gender. Primary school enrolment for example increased from 9,857,600 pupils (5,019,700 boys and 4,837,900 girls) in 2013 to 9,940,800 pupils in 2014 (5,052,400 boys and 4,898,400 girls) (KIPPRA, 2016 31). Secondary level enrolment increased from 2,104,300 (1,127,697 male and 976,565 female) in 2013 to 2,331,700 (1,202,524 male and 1,107,356 female). It gets worse as we climb the ladder. At college and university level, male students were 189,266 compared to 143,238 females in 2014 (KIPPRA, 2016 31).

As observed earlier, experience in formal employment is a source of skills in an industry and networks that facilitate resource and market access. Gender inequalities in other dimensions besides education are associated with lower growth rates. Controlling for factors like initial income, population growth, educational inequalities, and macroeconomic openness, the women share of the working-age population in the formal sector has a significant and positive correlation with economic growth. The prejudiced cultural norms however discriminate against females resulting in misallocating of labor, overlooking competent women workers because of their sex (World Bank, 2010 18).

The Kenya National Bureau of Statistics' (KNBS) Economic Survey for 2016 for example reveals that Kenya's job market is tougher for women than men. Its formal sector employed 62.9 per cent men, and the 2014 941,700 salaried women figure dropped by 21,800 in 2015 (The Standard on Wednesday, 4<sup>th</sup> May 2016 7). This relegated women to the informal sector as first time entrepreneurs. The same MSE sector accounted for 84.7 per cent of the total new jobs created in 2015 (KNBS in The Standard, 4<sup>th</sup> May 2016 7).

The ever increasing interest rates is one of the most cited obstacle access to credit from our financial institutions, more so for MSEs. As the Nation News Paper once put it 'high interest rates squeezing life out of small businesses' (Daily Nation -Smart Company on Thursday, 3<sup>rd</sup> 2015 13), loans to MSEs contribute to their mortality. Although the recent Banking Act 2016 aims to reverse this trend, high government borrowing from the same domestic banks at enticing rates will lead to crowding out effect that denies credit to the private sector, affecting MSEs more due to their lack of cash reserves.

Although access to finance is an obstacle for all MSMEs in Kenya, females consistently consider it as the single biggest constraint preventing them from growing their businesses (WB, 2010 41 & ROK, 2005). Due to their limited collateral ownership, few women entrepreneurs are able to provide the security needed for loan requests. Thus, even though female entrepreneurs makeup nearly half of all MSME owners, they have accessed less than ten (10%) percent of the available credit (ROK, 1999).

Various institutions in Kenya have been geared toward the needs of women. The Kenya Women Finance Trust (KWFT), the National Association of Self-Employed Female of Kenya, the United Female's Savings and Credit Cooperative Society (World Bank, 2010 42) and WEF (Republic of Kenya, 2007) are examples. MSEs are served by more than

5,000 microfinance institutions (MFIs) and Savings and Credit Co-operative societies (SACCOs), the latter being the biggest provider of microfinance to them in Kenya (Coetzee, Kabbucho, & Minjama, 2002 in World Bank, 2010 42).

But the MFIs sector in Kenya is highly segmented and disconnected. They target different markets and operate under different methodologies and organizational missions, without the financial and institutional capacity to diversify their lending products and support programs to their clients, the informal MSMEs (World Bank, 2010 42). Even though well-delivered microfinance is a great poverty reduction tool, it offers only limited support for females who wish to grow their enterprises beyond the micro level. Those who have outgrown their maximum loan limits have great difficulties obtaining loans as small as one million Kenya shillings from financial institutions (World Bank, 2010 42).

Limited access to capital portrays a woman entrepreneur in Kenya and African as a poor, uneducated person, with few if any of her own assets, and limited means of accessing necessary resources from others. She has limited or no experience of formal employment and business, limited networks, especially business-related networks, and is not positively motivated towards entrepreneurship. Her business is likely to be informal and micro, with inappropriate premises, in a “feminized sector”, operating in restricted locally-based markets, undercapitalized with limited profits, making minimal use of new technology and limited growth potentials (ILO, AfBD & OPSD, 2004 33).

Also important in star-ups creation, growth and survival is a supportive institutional environment (Acta, 2007 1). In the literature reviewed it is argued that societies which provide incentives and opportunities for entrepreneurship will be richer than those that fail

to do so. By reducing transactions costs and facilitating potential gains from exchange, institutions can fuel productivity and growth.

A causal explanation on how institutions affect entrepreneurship by Baumol (1988, 1990 in Jones & Wadhvani, 2006 7) suffices. He argued that institutions create incentives that allocate entrepreneurship between productive activities like innovation and unproductive ones like rent seeking or organized crime. This allocation is in turn influenced by the relative pay offs by a society to such activities (Jones & Wadhvani, 2006 7).

The third series of the WB/ IFC report 'Doing business' (World Bank, 2006), investigated the regulations affecting entrepreneurial activity comparing 155 different countries basing on starting a business, dealing with licenses, hiring and firing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. The findings revealed country differences in entrepreneurial activity. The report however supported Cusson's assertion that institutions matter to the entrepreneurial processes.

Also a World Bank report on Gender and Economic Growth in Kenya appreciates the importance of MSME formalization as an important step of growth (World Bank, 2010 52). However, most Kenyan informal enterprises are the female-owned ones. They strive to keep themselves invisible to the legal system and this also leads to limited number of customers, restricted size of the establishment, advertising problems and other outcomes that undermine their growth (GOJ, 2013 35).

The World Bank (WB) report, '' Doing Business in Kenya 2012'' highlights long and expensive processes of formalizing an enterprise in the country, scheduled in ten steps. Post-incorporation steps further include dealing with the local branches of national

agencies of the Kenya Revenue Authority (KRA), the National Social Security Fund (NSSF) and the National Hospital Insurance Fund (NHIF). Entrepreneurs also need to obtain business permits County Governments and company seals from private authorized dealers (World Bank, 2012 52).

In the same survey (WB, 2012 52), it takes between 2 and 8 days to get a single business permit from county government offices and the financial cost of starting varies from 39.3% to 48.4% of income per capita. Half of the total cost is spent on preparing incorporation documents and filing them with the Registrar of Companies. The business permit fee varies, as it depends on the local county and by business type, size, number of employees and location (WB, 2012 4). All these only help discourage formalization.

Women entrepreneurs are further time-constrained as they combine family chores with running enterprises (WB, 2010 52). The time and financial cost involved therefore make formalization impossible for most of them. The Kenya Institute of Public Policy Research and Analysis (KIPPRA) (2002 in WB, 2010 52) established that the time and cost involved in undertaking business names registration and securing trade licenses cost Kenya about 1 percent of GDP each year. In the same report, a 2004 Regulatory Cost Survey in Uganda confirm that long licensing procedures have a particularly negative impact on women who are time constrained (WB, 2010 52).

This section is summarized by Berner *et al.*'s (2012 in Saskia, 2016 3) argument that most enterprise development interventions bear the implicit assumption that all types of entrepreneurs are opportunity motivated and work to expand their business. These interventions often fail to address the specific needs of survival entrepreneurs. Survival and



growth-oriented entrepreneurs are distinct groups –not different stages in the trajectory of firms – and follow a different logic (Saskia, 2016 3).

Also, there is a clear gender dimension that distinguishes survival from growth-oriented enterprises. Although there is a small group of top-performing, growth-oriented women entrepreneurs, the vast majority of survival entrepreneurs in Africa are women (Grimm *et al.*, 2012 in Saskia, 2016 3). They face sexual harassment and discrimination in the market place and institutions and have to deal with poor infra-structure, inadequate health and education services, immobility and inaccessible markets, and a lack of support networks.

These above obstacles hinder women from expanding a business beyond limits of their own labor and management capacities. Research further indicates that, so far, policy making for women's entrepreneurship development has had limited impact on improving their marginalized position, because of its stand-alone solutions and for not addressing the 'right issues' (Saskia, 2016 5).

Given the above scenario, this thesis adopted Gatner's (1985 698) model of four levels of analysis to investigate Kenya's women entrepreneurship promotion influence on entrepreneurial activity among Western Kenya women entrepreneurs. The levels of analysis are the entrepreneur, the enterprise, the entrepreneurial process and the environment (the policy intervention) (Gatner, 1985 698). The links among these four units of analysis are summarized in the conceptual framework, section 2.9 in this chapter.

## **2.4 The Concept of Entrepreneurial Activity and How it is Measured**

Three approaches have been used to explain entrepreneurial activity in societies. The first focuses on the individual, that is, entrepreneurial action is conceived as a human

attribute, such as the willingness to face uncertainty (Kihlstrom & Laffont, 1979 in Alvaro & Rebeiroy nd 4 ), accepting risks, the need for achievement (McClelland, 1961), which differentiate entrepreneurs from the rest of society. The second fundamental idea emphasizes socio-economic and, culture or societal norms and values that motivate and enable entrepreneurial activity (Tushman& Anderson, 1986 & Acs &Audretsch, 1990).

The third factor is linked to the functioning of institutions that facilitate it. These approaches are not exclusive (Eckhardt & Shane, 2003 2), given that entrepreneurial activity is a human activity that does not spontaneously occur (Alvaro & Rebeiroy, nd 4). Different researchers have therefore measured entrepreneurial activity differently. Crook *et al.*, (2010 71) stress the importance of having an adequate fit between the research design and the method and measures used in entrepreneurship research.

As the GEM approach captures all kinds of entrepreneurial activity including self-employment and part-time activities while many entrepreneurship theories refer to Schumpeter-type innovative, growth oriented start-up activities, Bergmann, Mueller and Schrettle (2013 16) on the basis of the micro data advise researchers to calculate measures of entrepreneurial activity that better suit their particular research question. For example, Bergmann and Stephan (2012 cited in Bergmann, Mueller & Schrettle, 2013 16) calculated a modified business owner-manager rate that captures only very recent start-up attempts because it better fitted their entrepreneurial activity research design.

A substantial variety of variables has therefore been used as independent variables in the existing past studies. In models explaining entrepreneurial activities for example, attitudes and perceptions frequently act as independent variables (De Clercq & Arenius, 2006 19; Driga, *et. al.*, 2009 22 & Kwon & Arenius, 2010 8). These items have also been

frequently used in the Global Entrepreneurship Monitor (GEM) studies because they form part of the questionnaire answered by all respondents (macro level studies).

However, researchers have questioned whether the frequently used measures of entrepreneurial activity by the GEM are appropriate for all different research questions. Arenius and Minniti (2005 243) for instance pointed out that data collected may not allow establishing the causal direction of the relationship since GEM studies are based on cross-sectional surveys where entrepreneurial activities and perceptions are measured at the same time. Recent studies have tried to avoid causality problem by including perceptual variables only at regional or national levels (Bosma & Schutjens, 2011 44).

To suit its research objective, this study therefore defined entrepreneurial activity as the human action in pursuit of the generation of value, through the creation of new or expansion of old economic activities, by identifying and exploiting new opportunities, products, processes or markets. The mediating variables in this study were the niche components; promotion and resource support programs. The dependent variable was entrepreneurial activity components; new start-ups and growth, and the independent variables, entrepreneurs' profile; traits and motives. Table 2.1 below summarizes these elements and how they were measured in this study.

**Table 2.1 Measures for Entrepreneurial Activity in this Research**

<b>Profile</b>	<b>Policy Programs</b>	<b>Measurable Outcomes</b>
Traits	Promotion; public campaigns, role modeling, rewards, advocates in ministries and network/ association building.	Number of new venture start-ups created.
Motives	Resource support; Education curricula & access, mentoring & incubation, credit, infrastructure and availing information on trainings & firm formalization.	Growth; sales, profit, branches and number of employees. Creativity; new products, new markets and new processes

Source: Researcher's 2018

From Table 2.1 above, it is important to note that psychological/motivational theory knits together traits, promotion and number of new start-ups while resource based theory links motives, resource support and venture growth together. These two theories are discussed in details in the next section, 2.5.

## **2.5 Theoretical Evidence**

As observed earlier in chapter one, entrepreneurship has no universal theory. It is however related to several other established disciplines (Ssendi, 2012 66 & Dzisi, 2008 21), permitting different approaches in research. A duo-theoretical approach was therefore adopted to study the three dimensions of entrepreneurs' profile, the mediation influence of the niche entrepreneurship policy and the entrepreneurial activity. Specifically, these were, the motivational/ psychological and resource-based theories, discussed below.

### **2.5.1 The Motivational Theory**

It is often said that a person cannot win a game that they do not play. In the context of entrepreneurship, this means that success depends on people's willingness to become entrepreneurs. Also, since the pursuit of opportunity is an evolutionary process in which people select out at many steps, decisions made after opportunities discovery to evaluate them, pursue resources, and design exploitation mechanisms also depend on people's willingness to "play" the game. Aldrich and Zimmer (1986, in Shane *et. al.*, 2012 1) therefore, posit that entrepreneurial activity is conceptualized as a function of opportunity structures and motivated entrepreneurs with access to resources.

Entrepreneurial intentions and opportunities represent one's conscious state of mind that precedes any action directed at his or her focus towards starting a new venture. This

assertion by Shane *et al.*, (2012 1) is consistent with the notion that one's intention to create a new venture precedes the search for new opportunities. For female entrepreneurs, the GEM survey (2004 in Lowe & Marriot, 2006 148) suggests that having strong positive perceptions about their own abilities and the supportive economic environment is crucial for deciding to engage in entrepreneurship.

The same survey (GEM, 2004 2) revealed that even in middle- and high-income countries, most females believe they lack the capabilities required to run their own enterprises successfully. As a response to this, some initiatives have been specifically targeted at them to facilitate confidence build up. This study posited that in the niche policy, promotion works on motivation building thus resulting in high self-confidence.

Promotion works from two fronts; entrepreneur's profile and women entrepreneurs' societal perception hence support. Bennet and Dann (2000), Fielden and Davidson (2005) and Lerner *et al.* (1997) cited in Dzis (2008: 21) investigated reasons why people choose entrepreneurship and concluded that several reasons provide the impetus. Psychological motivations such as achievement, independence, and locus of control have been widely cited with regard to their influence on new start-up creations (Lerner *et al.*, 1997 36).

However for women, only a small part of these motivations are acknowledged as gender-based. Instead, 'pull' and 'push' factors provide a common way of explaining their motivations to start their own firms. Push factors are elements of necessity like insufficient family income, dissatisfaction with a salaried job, unemployment, and a need for a flexible work schedule because of family responsibilities. These factors however, result in survivalist ventures common in Africa (Autio 2007 5).

Women entrepreneurship is dominated by necessity entrepreneurs with low expectations of growth and job creation (Autio, 2007 23). They are in entrepreneurship because they have no other job choice. Their returns are low and intermittent and the motivation is personal survival. They run informal ventures with limited growth prospects. It is this larger – but small-scale sector that employment prospects are promising in Africa where unemployment and poverty levels are very high (Autio, 2007 23).

Pull factors are independence, self-fulfillment, entrepreneurial drives and desire for wealth. It has been confirmed in the literature that these motivational factors play a key role in a group's entrepreneurial activity. It is therefore likely that promotional activities aimed to influence the motivation of Kenyan women entrepreneurs (Buttner & Moore, 1997 59), to create opportunity driven firms whose main objective is limitless growth.

From the society, promotion appreciate the fact that entrepreneurship is embedded in a complex network of social relationships best referred to as social capital. These are cultural values which shape entrepreneurs. Networking is one of crucial entrepreneur's social capital base crucial to entrepreneurs to build on social habits reinforcing entrepreneurship. Within these networks, entrepreneurship is facilitated or constrained by linkages among entrepreneurs, resources, and opportunities (Aldrich & Zimmer, 1986 47).

The presence or absence of networks such as husbands, relatives, friends and access to memberships in associations plays a role in influencing female entrepreneurial activity. Research findings have revealed that female entrepreneurship is embedded in different personal and social networks from men; hence divisions and barriers that limit the reach and diversity of their networks might have far-reaching consequences on their entrepreneurial activity (Dzis, 2008 23).

Promotion therefore help build psychological characteristics related to the behavioral and personality traits of individual female. Studies (Bennet and Dann, 2000; Jalbert, 2000 & Osborne, 1995) outline traits displayed by successful entrepreneurs, such as commitment, determination and perseverance; the drive to achieve and grow; persistent problem solving; internal locus of control; calculated risk taking; and integrity and reliability. The most mentioned of these are high need for achievement, high need for power or internal locus of control, high need for affiliation, risk-taking and self -confidence (Brockhaus, 1982; Gartner, 1989; McClelland & Winter, 1971 cited in Dzis, 2008 27).

Substantial evidence in literature therefore supports the perception that entrepreneurial or personality characteristics make a fundamental contribution to the emergence of an enterprise, and are strong determinants in entrepreneurial success (Dzis, 2008 27). Promotion helps build them in females, enhance networking and access to resources to create and grow enterprises (Zubova, 2012 177).

### **2.5.2 The Resource Based Theory**

This study was also informed by the literature pertaining to human and material capitals, which provide a perspective to the resources-based view. Research has proved the importance of these capitals to the creation and growth of entrepreneurial ventures. Human capital consisting of business skills and knowledge derived from education, previous work experiences, entrepreneurial mentorship and material capital have been found to differentiate levels of entrepreneurial activity among females (Brush *et al.*, 2006 85).

Literature has illustrated that availability of resources; human, material and networks are crucial at venture start-up, survival and success (Chepchieng & Nassium, 2017 34).

Human capital is acquired on an individual basis, and consists of skills and knowledge that distinguish an entrepreneur from his or her competitors. It is comprised of management skill and tacit knowledge (Lerner & Almor, 2002 563); previous entrepreneurial experience (Ronstadt, 1988 5); and venture resources; capabilities and skills (Grant, 1991 12).

Resource based theorists further assert that these components of human capital contribute to one's entrepreneurial activity (Becker, 1964; Carter *et al.*, 1997 & Ronstadt, 1988). Scholars Wolkmann *et al.*, (2009) have highlighted the interconnection between entrepreneurship and education. Education is seen as one of the main drivers that enforce economic recovery and sustained social development (EU, 2008 6). This means that education is a useful in generating entrepreneurial future leaders, mindset (Wolkmann *et al.*, 2009 90), and awareness of career opportunities as an entrepreneur (EU, 2003 25).

Brush *et al.* (2006 72) found out that although all entrepreneurs start with a set of entrepreneurial traits, business skills and capabilities are essential elements of enterprise creation and success. Skills, particularly production and marketing skills, strong idea generation and dealing with people, were found by GOJ (2013 58) to be related to enterprise success. Lerner and Haber (2000 in Dzis, 2008 23) assert that the centrality of the enterprise owner in the MSE operation, cannot be overemphasized, the stronger the business skills of the owner, the greater the chances of succeeding.

Entrepreneurship scholars, Brush *et al.* (2006 in Dzis, 2008 23) identified that women entrepreneurs' years of college education and advanced professional degrees, as well as expertise through specialized training, form unique bundles of human capital which form a good foundation for a venture. These authors further posit that capabilities derived from education are broad ranging, from functional expertise in marketing, accounting, sales or



productions, to abilities to spot market trends, and dealing with people and generate ideas to provide competitive advantage and underpin enterprise performance (Dzis, 2008 23).

Other authors, Kim, Aldrich and Keister (2003) in Dzis (2008 30) explain that the influence of formal education on the decision to become an entrepreneur is viewed along two dimensions, namely acquisition of skills and credentialing. They allude that general business skills as well as industry specific skills help entrepreneurs avoid common mistakes and guide them set up basic venture functions. Also, formal education as credentials can provide access into social networks.

Resource based perspectives posit that apart from education and training, human capital is also derived from work experience. There is a strong positive relationship between prior work experience in the industry and venture success (Carter *et al.*, 1997 100 & Cooper, *et al.*, 1994 8). For instance, Kim *et al.* (2003 46) found that work experience within the industry in which a venture is created helps entrepreneurs gain opportunities to understand industry-specific market forces and identify opportunities to exploit.

Work experience further increases opportunities for individuals to obtain positions within various social networks for market information, access to capital, hiring employees, and developing supplier and customer relationships. Bowen and Hisrich's (1986 in Dzis, 2008 93) study concludes that individuals with prior experience are more likely to avoid mistakes and enhance their chances of success in their entrepreneurial endeavors.

Penrose (1959/1980) Wernerfelt (1984), Prahalad and Bettis, (1986), Prahalad & Hamel (1990), Barney (1991), Castanias and Helfat (1991), Amit and Schoemaker (1993), and Peteraf (1993) in Ahmad and Seymour (nd draft 11) summarize the resource-based view by asserting that superior firm performance is a result of valuable resources and

capabilities. These resources are either physical such as property/ plant, financial, and/or intangible such as brands or intellectual property. The authors further posit that the human capital resources are valuable if they are rare, there is demand for them, they cannot be easily imitated or substituted, and they are durable and competitively superior.

Affecting the resource support and enterprise performance in most economies is the institutional environment. The environmental context is an important part of the process and can be conducive or hostile towards entrepreneurial activity. The regulatory environment and the broader institutional environments are the most discussed in the literature. The macro-policy influences are explained in terms of implications for entrepreneurship, with evidence attesting to this that improving the regulatory environment may have positive benefits on the creation, performance and survival of new ventures (Orford, Herrington & Wood, 2004 in Acta, 2007 1).

Mark Casson's (1988) *Conducive Economic Conditions Theory* postulate that entrepreneurship is a result of favorable economic conditions (Casson, 1988 in Imakando, 2012 20). The demand for entrepreneurship arises from the demand for change (Casson, 1988). Change is facilitated through; patent laws, taxation and industrial policies; easy availability of resources required, access to information about market conditions and entrepreneurial opportunities and technology for innovation and infrastructure. These factors either encourage or discourage entrepreneurship.

Other researchers have sought to identify the mechanisms and processes that explain at a more nuanced level how and why institutions mattered to entrepreneurial processes. Their findings have rhymed Casson's theory. For example, in his research, Baumol (1988- 1990 cited in Jones & Wadhvani, 2006 16) causal explanation cited earlier. Maurer (2002 8)

further explored how the selective enforcement of property rights shaped the financial system and constrained entrepreneurship in the late nineteenth century Mexico.

Limited in raising taxes for infrastructure projects and fend off political opponents, the Mexican government relied on banks to provide it credit, while banks relied on it to enforce property rights. This led to a select few bankers being given extensive privileges producing a highly concentrated banking system where each bank grew fat in its own protected niche. To overcome information asymmetry, banks lent to their own shareholders and other insiders and the best-connected firms only. Poorly defined property rights therefore prevented those excluded from the insider networks to pledge collateral and find financial credit for their entrepreneurial endeavors (Maurer, 2002 8-9).

Why this study was interested in the question of institutions and women entrepreneurship is because the researcher believes that institutions are crucial in firm creation and growth through formalization. The movement of firms from the informal to the formal sector is of benefit to the firm and to society as a whole. To the firm, formality increases access to financial services, infrastructure, and other public services, that facilitate its growth. For the society at large, three types of benefits accrue.

First, most informal firms do not pay taxes, and few that do, not often at the same level of formal firms. Increasing formal firms in the economy therefore, would expand the tax base a move that may in turn cause the tax rate to even be lowered (WB, nd 24; Why Do Firms Choose to be Informal?, Evidence from the Africa Investment Climate Surveys). With an expanding informal sector and less source for public revenue in Kenya, the government will be increasingly less able to provide public services.

Second, a large proportion of the informal sector denies the government reliable data on the private sector, therefore policies and reforms are unlikely to reflect the priorities of the economy as a whole. Third and final, since regulations are designed to benefit all actors in the economy; having more formal firms will ensure that a greater proportion of economic actors fall under a uniform regulatory regime (WB, nd 24).

Most women-owned firms in Kenya have remained informal may be due to wrong definition of MSEs and entrepreneurship that has led to wrong policies being formulated. The government has therefore exposed formal MSEs to costs that encourage the majority to remain informal. These include long registration process is usually the first set of costs an informal firm faces when considering formalization (United Nations, 2017 2).

Other costs are unfriendly tax officials who are sometimes corrupt. Furthermore, formal firms are subject to regulations established by the government, including labor regulations, custom/trade regulations, environmental regulations, and health / safety regulations. Lastly, another cost faced largely by formal firms is bribes and other exploitative informal payments, at the discretion of the officials enforcing regulatory requirements (United Nations, 2017 2).

Women entrepreneurs have therefore faced barriers and prejudices to material capital access (ROSA, 2011 47 citing IFC study, 2006). This has been illustrated by the fact that even though they have better credit repayment records than men, they still find it harder to raise finance than their male counterparts do. Obstacles include poor financial literacy, discriminatory attitudes by banks, insufficient targets for women's financial services outreach, a general lack of awareness on development finance for business ladies, a lack of financial confidence, and a lack of appropriate financial products (ROSA, 2011 47).

The International Finance Corporation (IFC, 2006) study revealed that women entrepreneurs who lack collateral could boost their chances of accessing and paying back finance if they had the right business development support in the forms of training, focused advice and mentoring as this could also be a risk-mitigation mechanism for financiers (ROSA, 2011 47 & UN, 2016 21). However, IFC's (2006) Business Development Support review in South Africa revealed that most agencies reflected a male-female client ratio of 70:30 depicting women being far from being sufficiently supported in their entrepreneurial ventures despite being the majority entrepreneurs (ROSA, 2011 47).

Basing the literature, this study sums it up that the challenge of developing women's enterprise is different in developed versus developing countries. In developed countries, the initial challenge is to increase the female's share of business ownership by encouraging more to start businesses, removing impediments, and improving these women entrepreneurs' access to economic resources (e.g. credit, business advice and entrepreneurship training) (ILO, AfDB, & OPSD, 2004 18).

The secondary challenge in developed countries is to address their growth barriers, that is, to increase the percentage of women-owned enterprises that grow rapidly. In developing countries like Kenya, a higher percentage of women are often found in the micro-enterprise sector, particularly informal enterprises. The challenge is less about increasing the numbers and more about how to legitimize and strengthen the base of their activity so they can grow their enterprises (ILO, AfDB, & OPSD, 2004 18).

A growing amount of research shows that countries which failed to address gender barriers also lose out on significant economic growth. Without attention to gender dimensions of economic development, Kenya is unlikely to meet its growth targets. This

therefore demonstrates that addressing gender barriers in will generate significant economic growth for the country. The government recognizes that women entrepreneurs have not been on an equal footing when it comes to their access to opportunities and assets but it has yet to effectively address the barriers facing women entrepreneurs (Athanne, 2011 in the European Journal of Business and Management, 2016 175).

The next section 2.6 discusses MSEs, and differentiates small businesses from entrepreneurial firms, linking the importance of entrepreneurship policy in facilitating female-owned small businesses to graduate into entrepreneurial ventures.

## **2.6 Micro and Small Enterprises**

Entrepreneurship and small business policy formulators and advisors need sound knowledge of what an MSE profile look like. It is this knowledge that guides them to formulate quality and relevant policies for this sector. The challenge for MSE owners is to develop entrepreneurial companies, which are growth oriented. This growth orientation demands of MSE owners or aspirant entrepreneurs either to possess, develop, or have access to the required competencies and access requisite tangible resources to achieve the growth objective (Ramari, 2013 78 citing Dana, 2001; Kuratko & Welsch, 2004).

Kenya's 2005 Sessional Paper No. 2 – on the Development of MSEs for Wealth and Employment Creation for Poverty Reduction defines MSEs as firms with 1 to 50 workers (ROK, 2005 6). Previously, MSEs have been defined as all off-farm enterprises employing 1-50 workers. This study draws on data from the 1999 national baseline survey of Kenyan MSEs whose findings showed over 95% of these enterprises being micro ones, employing 1 to 10 people. Many were informal and characterized by high mortality rates. Informality

meant they were neither licensed nor registered as a business, not illegality.

There is a progression of legality among the MSEs in their varying levels of adherence to licensing, registration and legal requirements. Nevertheless, though licensed, MSEs like food kiosks, hawkers, repair booth operators in urban areas are subject to period official swoops which remove them and relocate them away from their existing locations (Ramari, 2013 79). Formalization is not an instantaneous process but one that requires public education, incentives, simplification of existing systems and continuous facilitation in order to achieve the goal of reducing the number of informal enterprises that operate outside the law. The present body of knowledge shows the major barriers to formalization are: regulatory and administrative; fees and financial requirements; socio-cultural and privacy issues (GOJ; MSME & Entrepreneurship Policy, 2013 35).

MSMEs that remain informal face a number of disadvantages, as demonstrated by an IDB study in Jamaica that they are forced to take actions that keep them invisible to the legal system and this leads to disadvantages such as limited number of customers, restrictions on the size of the establishment, advertising problems and other outcomes that undermine performance (GOJ, 2013 35).

Informality in Kenya has had a palpable effect on MSE performance, and raises the question of defining what is perceived as an informal activity even when licensed. The definition in the 1972 International Labor Organization (ILO) Mission no longer applies to Kenya's MSE sector. Almost all ILO criteria used to distinguish informal from the formal sector is no longer entirely true. What remains characteristic of informal activities is that they are 'unprotected' (Mazumdar D., 1976 in Kaplan, 2006 7).

Despite the lack of clarity between MSE and informal sectors, their economic role was

fully recognized in the *Economic recovery Strategy (ERS) for Wealth and Employment Creation 2003-2007*. The ERS appreciated that majority of Kenyans derive their livelihoods from MSEs, both formal and informal (Kaplan, 2007 8). Before 2003, from the mid- 90s, MSEs have created virtually all the new wage jobs in the economy. The Structural Adjustment policies the 1990s and the parallel decline in the economy contributed significantly to the growth of the sector (Kaplan, 2007 8).

The sector has continued to grow despite the many challenges it faces. The challenges of entry, survival and growth are substantial. The unavailable capital resources and lack of capacity to handle complex enterprise management issues as well as a complicated and bureaucratic environment present major obstacles. As a result, there has been an urgent and continuous need for countries to improve the elements that create a favorable/ conducive entrepreneurial climate (OECD, 2004 8).

The Kenyan government began to give the MSE sector some policy attention it deserves, to increase the rates of start-ups and facilitate small businesses transform to entrepreneurial ones. The next sub-section (2.6.1) distinguishes between these two types of firms, the entrepreneurial ventures from small businesses.

### **2.6.1 Distinction Between Entrepreneurial Ventures and Small Businesses**

Both entrepreneurial ventures and small businesses are critical to the performance of any economy, but serve different economic functions. They pursue and create new opportunities differently, fulfill ambitions of their founders and managers in different ways, and present different challenges to policy makers (Thatcher, 1996 20; Wickham, 2001 24; & Poutziouris, 2003 185). Both need entrepreneurial action at start-up, but a small business



stabilizes at a certain stage, and only grow with inflation (Nieuwenhuizen, 2003 10; De Vries & Nieman, 2003 134).

A small business is not driven by growth as an objective (Nieman, 2003 232; Nieman & Pretorius, 2004 4). Its owners feel successful when it is profitable, make them autonomous and secure by supporting a certain life style. Entrepreneurial ventures' principal objectives are profitability and growth (Hisrich & Peters, 2002 66; Zimmerer & Scarborough 2002 4; Nieman & Pretorius, 2004 17).

Wickham (2001 24) uses three characteristics to distinguish entrepreneurial ventures from the small business, namely; innovation, potential for growth and strategic objectives. Entrepreneurial ventures thrive on innovation, be it a new technology, a new product or a new way of producing, offering a service, marketing or distributing, or even the new way in which an organization is structured and managed. Small businesses are usually only involved in delivering an established product or service.

Due to its innovative approach, an entrepreneurial venture has a great deal more potential for growth than a small business. It is in a position to create its own market. The small business on the other hand operates in an established industry and is unique only in terms of its locality. It operates within a given market. Finally, an entrepreneurial venture will usually set itself strategic objectives in relation to: market targets; market development; market share; and market position.

The small business is rarely concerned with these entrepreneurial characteristics. Their objective seldom goes beyond survival, sales and profit targets (Nieuwenhuizen, 2003 10). Entrepreneurial ventures and small businesses also differ with regard to the emphasis they put on strategic orientation, commitment to seize opportunities, commitment of resources,

control of resources and management structure (Birley & Westhead, 1993 38; Awe, 2000: 1; Kuratko & Welsch, 2004 44).

The foregoing distinction is an important consideration for policy formulators. Knowledge of the differences among categories of entrepreneurs will ensure that policies formulated are relevant and focused. Watson, Hogarth-Scott and Wilson (1998) confirmed that even among small businesses there are considerable differences in aspects like the personal backgrounds and experiences of owners, their motivation, objectives of running a business, and growth orientations. Mead and Liedholm (1998 61 in Ramari, 2013 81) study further support the unique needs of entrepreneurs in developing countries, that the entrepreneurs studied were diverse and heterogeneous.

They (Mead & Liedholm, 1998 70) go further to state that among the universe of MSEs, there are target groups, each with different contributions to make to the country's welfare and with its unique needs. In his study, Ramari (2013 83) urges formulators of entrepreneurship policies to recognize these differences, determine which group corresponds most closely with their own priorities and then formulate policy interventions that are most appropriate to the needs of that particular group.

Darren & Lashley (2010 52) defined an entrepreneur as one who works to increase personal gains or create wider benefits in the wider social and economic setting through increased economic activity, job creation and wealth generation. The authors further allude that all people have the potential to be entrepreneurs, but some fail because they are not motivated to this economic model, and therefore own small businesses, referred to as lifestyle ventures by Lockey & Morrison (1999) in Darren & Lashley (2010 54).

Life style firm's main motives of making a reasonable living, being own boss, enjoy lifestyle, and avoiding unemployment (Darren & Lashley, 2010 54 and Hisrich, Peters & Shepherd, 2009 14) represent barriers to the perception of the need for personal development and growth. Often, these firms are economically satisfying to the owners. So long as the owner is able to meet the requirements of a reasonable living standard they will not appreciate the need to develop capabilities and access strategic resources (Darren & Lashley, 2010 55 & Hisrich *et. al.*, 2009 14).

A small business is concerned with the management – limited in scope – of an established business or the start-up of a business – which is not necessarily new, with limited growth ambitions. Entrepreneurial startups also have such limited scope but in an enabling environment they defy the odds and be opportunity driven firms (Hisrich & Peters 1998 13 & Hisrich *et. al.*, 2009 14). Entrepreneurs therefore aim for high potential ventures. However small they start, they revel in parenting rapidly growing, innovative businesses.

Whilst the above might not be exhaustive in differentiating entrepreneurial ventures from small businesses, it is sufficient to show that the motives of setting up and maintaining small businesses are not always compatible with 'rationale economic' considerations. Motives associated with personal preferences or which relate to self-image do not automatically lead to levels of self-analysis which suggest that a lack of sound policies present a major threat to entrepreneurial goals (Darren & Lashley, 2010 55).

Since the above discussion on the differences between small businesses and entrepreneurial ones has mainly centered on growth orientation, it is important to understand the factors that determine the growth of enterprises. These factors are discussed in details in the next section, 2.7.

## 2.7 Understanding Micro and Small Enterprise Growth

Supporting women entrepreneurs as drivers of inclusive development requires policy makers to apply a gender lens in the design, monitoring and evaluation of enterprise and entrepreneurship development policy. Gender-aware women's entrepreneurship development (WED) means taking into account the socially and historically constructed identities, roles, power relations and modes of action assigned to men and women. Although there is a small group of top performing, growth oriented women entrepreneurs, the vast majority of survival entrepreneurs in Africa are women. Survivalists are distinct and follow a different logic than growth oriented entrepreneurs (Ssaskia 2017 3).

According to Ssaskia 2017 3, enterprise performance does not depend solely on the individual's aspirations, characteristics or capacities, but the entrepreneur. This includes inequalities in time use, mobility, intra-also on the level of gender bias in the environment of the household decision making; gender biases in laws on inheritance and land ownership; inaccessibility of institutional support for entrepreneurship development by women; lack of women's agency in public spaces; inequalities in enrolment in secondary education and access to vocational training; and discriminatory practice s, constraining norms and stereotypes on what is 'appropriate' behavior and what types of tasks, roles and duties women and men can perform (Ssaskia, 2017 3).

Generally, enterprises grow either horizontally or vertically. Vertical growth which is the concern of this study is the transformation into more modern small and medium businesses, while horizontal growth is formation of more firms at the same level and employ the same number of staff per set up (Mungai, 2012 10). As observed in the preceding paragraphs, several factors account for the wide variation observed in MSE

growth trajectories. This research explored influence of the niche policy on entrepreneurial activity through owner specific capabilities and other resources.

It is however useful to first consider a broader conceptual framework of opportunities and capabilities. Profitable opportunities shape an entrepreneur's ability to expand her firm, yet, profitable opportunities are a necessary but insufficient condition for growth (Mead, 2004 in Nitcher & Goldmark, 2005 Anex-2). To take advantage of opportunities, entrepreneurs must also possess skills, finance and technology (Ramari, 2013 87).

According to Nitcher & Goldmark, (2005 2), highly performing firms share two characteristics; accessing profitable business opportunities and possessing appropriate capabilities to harness the opportunities. This means that MSEs may find profitable opportunities, but be unable to take full advantage of them due to inadequate capabilities. While some expand rapidly in short durations by harnessing opportunities, they often lack endurance, due to lack of capabilities to sustain growth (Nitcher, 2004 209).

This thesis explored entrepreneurial activity by building on this framework of opportunities and capabilities. A range of factors shape the creation of enterprises and growth of existing ones by influencing the opportunities available to entrepreneurs and their capabilities to take advantage of such opportunities. These factors include; business environment, social relations, firm characteristics, and entrepreneur's characteristics.

Citing Shonesy and Gulbro (1998 10-12), Guzman and Santos (2001 211-228) and Darroch and Clover (2005), Njanja (2009 60) emphasize entrepreneur's personal characteristics direct effect on enterprise success. Since this study evaluated the mediating influence of policy between entrepreneur's profile and her entrepreneurial activity, the discussion below features key characteristics of an entrepreneur affecting MSE growth.

### **2.7.1 The Individual Entrepreneur Characteristics and Enterprise Growth**

These key personal entrepreneur characteristics focus on three areas; education and training, work experience, and gender and the household, discussed in sub-sections 2.7.1.1, 2.7.1.2 and 2.7.1.3 that follow.

#### **2.7.1.1 Education and Training**

Not only have the intrinsic benefits of education long been emphasized, but its role in economic growth through human capital formation has also gained increasing attention (Nitcher & Goldmark, 2005 12). Massive investments in education have increased education levels in most countries, increasing the median primary enrollment rate across the world from 80 percent in 1960s to 99 percent in 1990s (Ramari, 2013).

Although human capital is viewed above as the key determinant of economic growth, in many countries, increased education levels have not yielded the anticipated growth. An empirical study by Pritchett (2001) found no such positive association, same to other findings which revealed that schooling is a poor measure of skill creation, without opportunities to use them (Nitcher & Goldmark, 2005 12).

Exploring the relationship between education and MSE creation and growth in developing countries reveals greater complexity (WB, 2001 in Nitcher & Goldmark, 2005 12). Entrepreneurs and their workers here are relatively less educated than the majority of the population. Not only do MSEs operate in countries with relatively low overall education attainment, they also have less-educated owners and workers than larger firms.

Despite significant investments in human capital development, primary level completion rates remain at 55% in Sub-Saharan Africa, 78% in South Asia, and 89% Latin

America (World Bank, 2001). These regional disparities in educational attainment escalate further when considering secondary education. In LDCs, MSE owners and workers are less educated than their counterparts in larger firms are. In Ghana's manufacturing sector, microenterprise employees have an average 9.6 year formal education, compared to 11.3 years for employees in large firms (Ramari, 2013 88).

An IDB study showed that owners and workers of Latin American MSEs have fewer years of schooling than their counterparts in larger firms (cited in Ramari, 2013 88). Alvarez and Crespi, (2003 in Nitcher & Goldmark, 2005) also found that Chile's entrepreneurs are less likely to be university educated: only 21% of micro-entrepreneurs had a Bachelor's degrees, compared to 42% of small and 55% of medium firm owners, a situation remarkable if contrasted with developed countries where the highly educated are more likely to be entrepreneurs. One reason for the contrast was the poor's creation of survivalist MSEs, due to a lack of alternative jobs in developing countries.

Given the relatively low level of education within the MSE sector in developing countries, one would wonder if MSEs with more educated owners would grow faster. The evidence is contradictory. For instance, secondary school attainment has no discernable impact on firm growth in Latin America (Kantis *et al.*, 2004 309) while in Africa, entrepreneurs with secondary school were more likely to grow in Kenya and Zimbabwe, but, here is no significant effect of primary education (Mead & Liedholm, 1998 62).

Such conflicting evidence shows difficulties to discern a clear relationship between education and growth. Clarity however emerges when recognizing the threshold effect of education. MSEs with more educated owners tend to grow faster, but a country-specific threshold must be reached to observe this effect. For example, whereas a threshold of

secondary education may identify high growth potential in the African countries above, a higher threshold of university education appears to exist in Latin America. It is however generally affirmed in the literature that throughout Africa, women's lower education levels limits their access to career and entrepreneurship opportunities (BSR, 2017 9)

### **2.7.1.2 Work Experience**

From the resource based perspective, apart from education, human capital is derived from work experience. If the work experience occurs within the industry where the new business venture is located, the entrepreneur gains opportunities to understand industry-specific market forces and identify potential market opportunities to exploit (Kim *et al.* 2003 in Dzis, 2008 93). It gives a potential entrepreneur the skills needed to create and successfully manage a new enterprise (Goldmark & Nitcher, 2009 3).

In the literature, it is emphasized that education provides knowledge in business, while most successful entrepreneurs are those who start ventures in fields they have worked before (Hisrich, *et. al.*, 2009 15). Experience is important for developing capabilities within MSEs. Entrepreneurs with more years of work experience run faster growing MSEs (Kantis, *et. al.*, 2004, in Nitcher & Goldmark, 2005 14). This is affirmed by an empirical study by Mead and Liedholm in 1998 which found that Kenyan entrepreneurs with at least seven years work experience expanded their firms more rapidly than those with less.

Business contacts help entrepreneurs to identify profitable business opportunities, obtain financing and other resources, and alleviate management challenges (Kantis, *et. al.*, 2004 in Nitcher & Goldmark, 2005 Anex-14). According to Carter *et. al.* (1997 in Dzis, 2008 92) evidence in Africa underscores low level of work experience.



### 2.7.1.3 Gender and the Household

Women in developing countries like the MSE sector, because of ease of entry and limited access to alternate opportunities (BSR, 2017 12 & Rubio, 1991). In five of nine African and Latin American countries, women own more MSEs than men (Liedholm, 1999), although they face challenges constraining their opportunities to grow these MSEs (Nitcher & Goldmark, 2005 14). Because of such challenges, women frequently focus their MSEs on a relatively narrow range of sectors (BSR, 2017 12). While citing authors Brush (1992), Riding & Swift (1990), Anna *et al.* (2000), Hisrich *et al.* (1997), OECD (1997) and Ylinenpaa & Chechurina (2000) (in Dzis, 2008 97) assert that difficulties female entrepreneurs encounter in obtaining credit curtail growth of their MSEs.

Albert Berry and his colleagues provide a particularly illustrative example from Indonesia, which demonstrates how the above challenges converge to prejudice the ability of women to create, grow, or even maintain their MSEs (Berry, Rodriguez & Sandee, 2002, in Ramari, 2013 72). Women engage in survival strategies, operating MSEs with small but regular income, which enable their husbands to pursue mobility strategies, such as focusing on higher risk but potentially lucrative growth-oriented MSEs (Downing & Daniels, 1992 7). Following such survival strategies, women strive to grow laterally/ horizontally; they opt to create MSEs more than men who prefer vertical growth (Hisrich, *et. al.*, 2009 12).

One main obstacle to female-owned MSEs' growth is location in households, as is for majority women in developing countries (ILO, 2004). These are less likely to grow than others on the market. Although they may benefit from family labor and electricity, they also reinvest few profits as funds are used for household needs (ILO, 2004 in Ramari, 2013 91). They also register high closure rates due personal reasons such as disproportionate

obligations and responsibilities (SBR, 2017 20; Nitcher & Goldmark, 2005 15).

## **2.8 Empirical Research on Women Entrepreneurship**

Research on women entrepreneurship has received proportionally less attention than research in general entrepreneurship, which frequently is gender-neutral or concentrates on male norms and practices. The researches that have been carried out in the domain of women's entrepreneurship have not come as a response by the research community as a poorly understood and theoretically interesting phenomenon (Dzis, 2008 50), but a reaction by different development partners in the entrepreneurship policy area (the European Union, ILO, UNIDO, OECD and other governmental agencies) with the view to better understand to offer support (OECD, 2004 & Dzis, 2008 50).

For example, working conferences on women entrepreneurs in small and medium enterprises in 1997, 2000 and 2004 by OECD brought together researchers in gender and female's entrepreneurship studies with policy makers from across the OECD countries as well as developing economies and economies in transition. The aim was to improve on knowledge of women entrepreneurship. The OECD (1998, 2000 & 2004) recognized lack of consistent definition of a female entrepreneur across nations and limited existence of data sources and research on female entrepreneurship.

Individual researchers have also admitted that the women entrepreneurship topic has been largely neglected both in society and academia. While entrepreneurship and the gender system have been widely researched, they have been researched separately. Relatively little research effort has been channeled towards women entrepreneurship

(Brush *et al.*, 2006 80 & Butler, 2003 4). As a consequence, equal opportunity between men and women from the perspective of entrepreneurship is still not a reality.

Consequently, the OECD's (2004) conference findings attributed the lack of knowledge and statistics on women entrepreneurs to the way business statistics have traditionally concentrated on larger firms in the manufacturing and technological sectors, while women are generally found to start and manage MSEs in retail, education and other service industries (Franco & Winqvist, 2002 61). Ramari (2013 92) further attributes the scarcity of data on female entrepreneurs to inaccessibility by researchers, as most of female-owned MSEs are located in homes while most respondents are accessed on markets.

In addition, most indicators used such as MSE ownership and management are not designed to capture gender differences (Baygan, 2000 20 & Butler, 2003 11). Arising from the debates at the OECD conferences was a recognition that inclusion of a gender dimension in official data collection framework is possible in the longer term, although current researchers and policy makers rely on ad hoc surveys (Baygan, 2000 in Dzis, 2008 53). It is important therefore that focused research on the various aspects of women entrepreneurs be undertaken to increase the understanding and improving approaches to facilitating female entrepreneurship in our societies.

Candida Brush (1992 in Dzis, 2008 55), a renowned researcher into women entrepreneurship, also commented on the relative lack of quantity and quality of research on women entrepreneurs in academic publications. Her criticism was based on the research tools used to examine female entrepreneurship, that were largely drawn from studies based on the experiences and characteristics of men, excluding important and particular factors of the women entrepreneurial experience (Brush, 1992 5-30).

Furthermore, feminist-oriented critiques of the literature have suggested that comparative studies of male and female entrepreneurship downplay the contribution of female-owned firms by emphasizing masculine performance indicators. For example, Fenwick (2001 1) noted that in the entrepreneurship literature, females are portrayed as deficit, requiring training to compete with traditional male entrepreneurial models measuring success through profit, growth and size. Although Fenwick (2001 1) noted that emphasis on a 'men's mode of doing business erroneously homogenize the diverse population of female entrepreneurs, studies cited were done in western countries comparing female and male entrepreneurship on different topics.

Alsos *et. al.* (2006 34), Orser *et. al.* (2006 71) and Godwin *et. al.* (2006 2) compared men against women entrepreneurs' ease of accessing credit finance. They found women entrepreneurs facing more constraints and obtained less funds than men. They associated reduced funding to women to lower early growth and females' lack of social networks to access capital compared to men.

On the same topic, Brdasi *et. al.* (2011 37) found that significant gaps exist between male-owned firms and those owned by females in efficiency and growth and suggest that this is the cause of differences in access to credit finance. Pine, Lerner and Schwartz (2010 in Rambe, 2016 100) highlight the disconcerting fact that a large percentage of women's firms are very small and not part of the formal economy, factors which explain why they tend to receive less financial support from public institutions.

On skills and educational levels, investigations have established differences between women and men entrepreneurs. Centindarmar *et. al.* (2012 94) found that the likelihood of women becoming entrepreneurs can be improved if they access education. They also linked

education to access finance and concluded that less educated female entrepreneurs face constraints that limit their entrepreneurial pursuits. Fischer *et. al.* (1993 2) and Wilson *et. al.* (2007 7) also found effects of an MBA entrepreneurship program focusing on entrepreneurial self-efficacy was stronger for women than men.

Other studies investigated importance of perceptions and attitudes, i.e. how a woman entrepreneur perceives herself and how society perceives her entrepreneurial capabilities (Manimoy & Smith- Hunter, 2011 65, and Arenius & Kvalainen, 2006 30). They established that perception of capabilities increases women's entrepreneurial activity. Authors, Langowitz and Miniti (2007) also found that female entrepreneurs perceive the entrepreneurial environment as less favorable and, impact negatively to them.

Social networks and role models are very important entrepreneurship factors, and especially so for female entrepreneurs (Noguera, 2012 71), as demonstrated by Ogunrinola (2008 2) and Sorenson *et. al.* (2011 85). They showed females' strong preference for collaborative network orientation that was more positively associated with success for men firm owners than women firm owners. And on role models, Vahruel *et. al.* (2009 in Noguera, 2012 71) established that where society considers mostly men role models, women entrepreneurship is generally limited.

Research in advanced economies indicates that "progress is being made to ensure women gain the same level of opportunities in business as men, and that traditional obstacles of social and domestic responsibilities, lack of access to finance and plain old-fashioned prejudice are diminishing" ( Kyaruzi & Markovic, 2009 4). While it is generally perceived that influences of social structures (work, family and organized social life) affect women's access to entrepreneurial opportunities (Baker et al., 1997 cited in Kyaruzi &

Markovic, 2009 4), in developing countries the majority of research on female entrepreneurship is still looking at how a female businesswoman could improve household welfare rather than taking an economic perspective (Kyaruzi & Markovic, 2009 4).

On policy, the description and evaluation of policies and programs to encourage women into entrepreneurship has been a comparatively a minor theme (Carter *et al.* 2001 5). The authors argued that the main lesson to be learnt from these studies is that the length of time needed between intervention and effect (Kyaruzi & Markovic, 2009 5).

Contrary to earlier assertion about the lack of adequate research on female entrepreneurship, Carter (2001 in Kyaruzi & Markovic, 2009 5) argues that there is no real shortage of research studies investigating women and business ownership, but the problem lies with the theorization of findings. Carter (2001:1) believes that this weakness is due to the fact that most studies have been descriptive, and there has been a lack of cumulative knowledge and a failure to adequately theorize research findings.

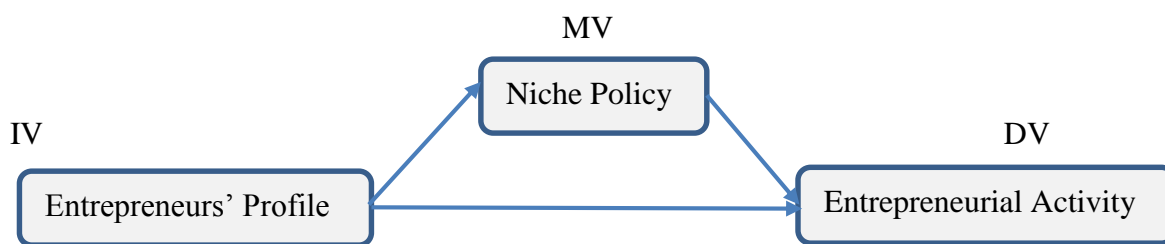
This study agrees with Kyaruzi & Markovic, (2009 301, citing Marković, 2006) that there is need for a shift in thought and research in the field of women entrepreneurship. It should follow the changes in the roles and tasks of women as entrepreneurs as the main conductors of these activities, influenced by new flows of economic operation in the modern age. Recognition of the women entrepreneurs' capacity in our global community should be a realization that women entrepreneurship has been the major contributor to development of countries (Marković, 2007 in Kyaruzi & Markovic, 2009 301).

From the foregoing discussion, we note that research on women entrepreneurship needs to be sensitive to theoretical problems, understanding that women might be having different challenges as well as different intentions from their male counterparts. Studies should take

cognizance of intersections of gender and entrepreneurship. As was in this study, they should take into consideration traits and circumstances that are generally peculiar to women and which might have a strong impact on their entrepreneurial process. The Conceptual Framework, Figure 2.2 in the next section (2.9) demonstrates how this research used psychological and resource based theories to knit variables into hypotheses.

## 2.9 The Conceptual Framework

The Framework (Figure 2.2 below) links the entrepreneur's profile to women entrepreneurial activity through the niche policy. Entrepreneurship research revolves around the entrepreneur, the entrepreneurial process and the environment under which the process occurs that either enhances or inhibits it. This conceptual framework therefore depicts this study's three units of analysis; the profile (entrepreneur), the niche policy (environment) and entrepreneurial activity (process), which formed the independent variable (IV), mediating variable (MV) and dependent variable (DV) respectively.



**Figure 2.2: The Conceptual Framework**

**Source: Researcher's, 2018**

Using psychological and resource based theories, the framework above was decomposed into eight hypotheses linking elements of entrepreneur profile and niche policy to entrepreneurial activity. In the entrepreneur's profile we have motives and traits.

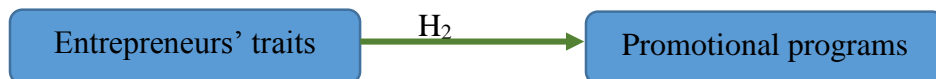
Entrepreneurial motives refer to either push or pull factors that drive one into entrepreneurship. Push factors lead to necessity entrepreneurship that aims at self-sufficiency/ employment and limited enterprise growth. Pull factors result in creation of opportunity based enterprises whose main aim is limitless growth.

Entrepreneur's traits refer to learned characteristics that form one's inner driver for entrepreneurship. The niche policy through promotional programs aim to enhance women entrepreneurs' motives and traits so that they can initiate more start-ups that are opportunity based, hence growth oriented. The following conceptual models therefore represent the hypotheses built on the psychological theory.

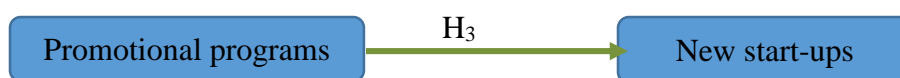
**H<sub>1</sub>.** *There is a significant relationship between women entrepreneur's motives and the number of new venture start-ups they create*



**H<sub>2</sub>.** *There is a significant relationship between women entrepreneurs' traits and promotional programs*

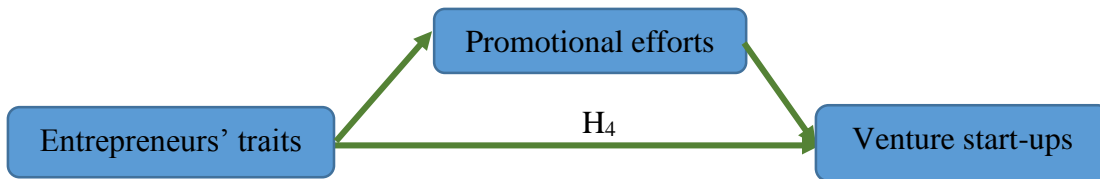


**H<sub>3</sub>.** *There is a significant influence of promotional programs and the number of new venture start-ups created*



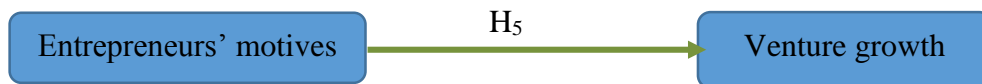
**H<sub>4</sub>.** *There is a significant mediating influence of promotional efforts in the relationship between entrepreneurs' traits and the number of new venture start-ups created*



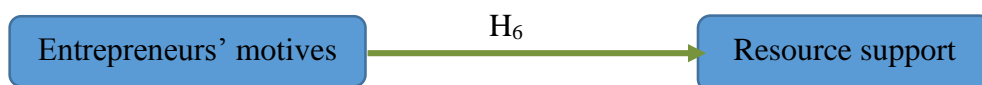


Resource support programs of the niche policy avail the financial/ material capital and imparts in entrepreneurs the human capital (capabilities) needed to perceive opportunities, acquire and combine the required resources in the right proportions and start and manage resultant start-ups through the various growth and development stages successfully. Basing on the resource-based theory therefore, four more hypotheses were formulated.

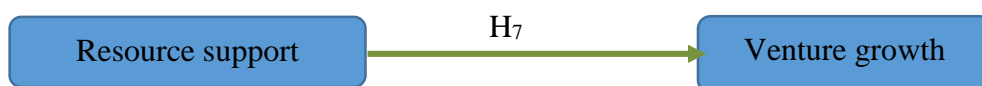
**H5.** *There is a significant relationship between women entrepreneurs' motives and their ventures' growth*



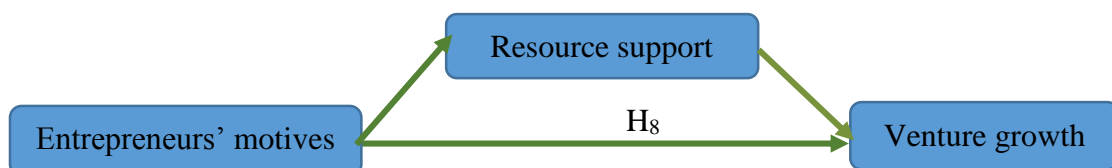
**H6.** *There is a significant relationship between women entrepreneurs' motives and resource support*



**H7.** *There is a significant relationship between resource support and venture growth*



**H8.** *There is a significant mediating influence of resource support in the relationship between women entrepreneurs' traits and their ventures' growth*



The above hypotheses were tested in chapter four to achieve the objectives of this study. They were all confirmed and adopted.

## **2.10 Chapter Summary and the Research Gap**

This chapter has presented the literature relevant to the study. It started with a discussed in depth on the concept of entrepreneurship policy, distinguishing between entrepreneurship and MSE/SME policies and gave the entrepreneurship policy topologies to clarify the niche policy which is the focus of this study. It proceeded with the discussion on the evolution of entrepreneurship policy in Kenya since independence to date and how women entrepreneurship was included in it.

The concept of women entrepreneurial activity was linked to the niche policy and demonstrated how it is supposed to be measured in research. The two theories guiding the study and the link between entrepreneurship policy and entrepreneurial activity basing on the two theories were discussed. The chapter discussed the meaning of MSEs and differences between entrepreneurial firms and small businesses, and the factors influencing MSE growth, specifically; entrepreneur's personal characteristics, and her education and raining status, work experience and gender and the household.

The section ended with a discussion on empirical research on women entrepreneurship. This discussion established that most past researches dwelt on testing direct relationships and who are successful entrepreneurs. This therefore justified this investigation on the mediation influence of the niche policy in the relationship between women entrepreneurs' profile and their entrepreneurial activity as a gap to be filled, answering the question of who succeeds under which environmental/ policy conditions.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.0 Introduction

This chapter presents the methodology adopted for this study. It is organized in nine sections, from 3.1 to 3.9. The items addressed in the chapter are: Study area 3.1; Research design 3.2; Target population 3.3; Sampling procedures 3.4; Data and data collection instruments 3.5; Pilot study 3.6 and; Methods of data processing and analysis 3.7. It ends with a discussion on how ethical issues were observed in section 3.8 and the chapter summary, section 3.9.

#### 3.1 The Study Area

Bungoma County lies between latitude 00 28' and latitude 10 30' North of the Equator, and longitude 340 20' East and 350 15' East of the Greenwich Meridian. The County covers an area of 3032.4 Km<sup>2</sup>. It borders the republic of Uganda to the North west, Trans-Nzoia County to the North-East, Kakamega County to the East and South East, and Busia County to the West and South West ([htt://softkenya.com/bungoma-county](http://softkenya.com/bungoma-county)).

The County however is well endowed with natural resources that include; the extinct volcanic Mt Elgon, Mt. Elgon forest reserve, National park and mountain vegetation. The other physiographic features include hills (Chetambe, Sang'alo and Kabuchai), rivers, waterfalls such as Nabuyole and Teremi. Mt. Elgon and Sang'alo hills have attractive caves. Altitude ranges from over 4,321m (Mt. Elgon) to 1200m above sea level.

Mount Elgon is a 4,321m high extinct volcano, Kenya's second-highest mountain (after Mount Kenya). The County has only one gazetted forest, the Mt. Elgon forest reserve which measures 618.2Km<sup>2</sup>, and one National park, which measures 50.683 Km<sup>2</sup>. It is the source of major rivers including the Nile, Nzoia, Kuywa, sosio, Kibisi and Sio-Malaba/Malakisi ([htt://softkenya.com/bungoma-county](http://softkenya.com/bungoma-county) & *The First Bungoma County Integrated Development Plan, 2013- 2017*).

The County experiences two rainy seasons, the long-March to July and short rains-August to October. The annual rainfall in the County ranges from 400mm (lowest) to 1,800mm (highest). The annual temperature in the County vary between 0°c and 32°c due to different levels of attitude, with the highest peak of Mt. Elgon recording slightly less than 0°c. The average wind speed is 6.1 km/hr (*The First Bungoma County Integrated Development Plan, 2013- 2017*).

The 2013 projected population for Bungoma County based on the growth rate of 3.1% is 1,557,236 (Male 760,564 Female 796,672). The projections for 2015 give the County a population of 1,655,281 (Male 808,449, Female 846,832) and by 2017 the population is projected to be 1,759,499 (Male 859,350 and Female 900,149). The Male to Female ratio is 1: 1.2 (*KNBS, Population and Housing Census, 2009 in The First Bungoma County Integrated Development Plan, 2013- 2017 4*).

The female reproductive age group constitutes the bulk of the agricultural and domestic labor and thus contributing to social and economic productive activities such as managing family resources, child upbringing, ensuring family cohesion and other family responsibilities. The group is vulnerable to poverty and HIV/AIDS because of its weak and

changing socio-economic status in society (*The First Bungoma County Integrated Development Plan, 2013- 2017* 6).

The Gender Inequality Index (GII) which reflects gender-based disadvantage in three dimensions—reproductive health, empowerment and the labor market shows the loss in potential human development due to inequality between female and male achievements in these dimensions. It varies between 0—when women and men fare equally—and 1, where one gender fares as poorly as possible in all measured dimensions.

The national GII is 0.651 (Draft 7th Human Development Report in *The First Bungoma County Integrated Development Plan, 2013- 2017* 13). ). The GII index for Western region was 0.457. This is however, not equal everywhere. There are regional disparities within the county. Improving equity in gender issues and reducing disparities can benefit all sectors and contribute to sustainable economic growth, reduce poverty and social injustices.

The main economic activities/industries undertaken in the county include industries at Webuye Pan Paper Mills, Nzoia Sugar Factory, BAT Malakisi and Mastermind tobacco companies, commercial businesses, Sugarcane Farming, and Livestock Farming. The main agricultural products are Sugar, Coffee, Maize, milk, Tobacco, Bananas, and Sweet Potatoes. 13 Commercial banks and 16 Micro-Finance Institutions (<http://softkenya.com/bungoma-county>) provide financial Services.

In 2006, the joint research report on district poverty indices also classified Bungoma as a millennium district due to high poverty levels. Since the county is well endowed with human and natural resources, poverty was attributed to undeveloped entrepreneurial culture and poor county leadership. The UNDP/GOK entrepreneurship development programs were launched on pilot basis in the county (UNDP/ ROK, 2006 308)

According to the Trans Nzoia County (2013 1) profiling report, the county has a total surface area of 1,120.3 Km<sup>2</sup>. It borders Elgeyo Marakwet County to the East, Uasin Gishu County to the South, Bungoma County to the West, West Pokot County to the North and Uganda to the North West (see Appendix 6B). The County has five sub-counties namely Saboti, Kiminini, Kwanza, Endeless and Cherangany. The county is headquartered in Kitale town that also hosts the offices of the County Government and the County Assembly (Trans Nzoia County, 2013 1).

The County is considered as one of the country's main bread baskets owing to the intensive and extensive cultivation of grains and other crops that is practiced. The farming is done in large scale like in large farms owned by the ADC, medium scale and small scale. This is mainly due to the rich agricultural soils and favorable weather conditions for the growth of a variety of crops (Trans Nzoia County, 2013 2).

Trans Nzoia County has such important topographic features as the Mount Elgon that is the second tallest mountain in Kenya and the Cherangany Hills, both of which are important water towers of the Country. They supply water throughout the year, especially in major town centers, in addition to the mean annual rainfall of 1,242mm annually. It experiences mean temperatures of 18.6<sup>0</sup>C though the temperatures vary between 10<sup>0</sup>C and 30<sup>0</sup>C, making it very reliable for rain fed agriculture (Trans Nzoia County, 2013 4).

The region has extensive infrastructure including an extensive road network, reliable telephone network, piped water supply and many others that make doing business in the county comparatively cheaper. It also has good security, thus securing the members of the business community and the members of the public in general. It is home to the famous Mount Elgon National Park and the Saiwa Swamp National Park both of which provide

unique opportunities for nature lovers to enjoy themselves. They therefore by extension also provide the opportunity to the members of the business community to be able to make money through the provision of such services as tour operations, hotel and accommodations and other related entrepreneurial ventures (Trans Nzoia County, 2013 5).

The county provides a very unique and supportive business environment for both potential and existing investors due to the existence of all the requisite support services for the proper operations of all kinds of legal business ventures. For example the county has an edge over some of her neighbors in terms of the availability of *cheap labor*, an extensive road network that virtually connects all the centers and that are supplied by adequate means of transport, the availability of proper security for both the members of the business people and the members of the public, availability of such infrastructural support services like good mobile phone network, extensive supply of piped water especially in the major trading centers, availability of banking and money transfer services, many other such services (Trans Nzoia County, 2013 8).

The general populace of the County is fairly well educated, literacy levels stand at an average of 58.3%. Trans Nzoia West Sub-county enjoys the highest literacy level at 75.6% while Kwanza and Trans Nzoia East each having literacy levels of 41%. This is attributable to the high number of both primary and secondary schools within the County; with the total number ECD centers standing at seven hundred and fifty three (753), the number of primary schools standing at three hundred and fourteen (314) while that for secondary schools standing at ninety six (Trans Nzoia County, 2013 55 & ROK, 2009 90).

According to the 2009 population and housing census the county has a total population count of Eight Hundred and Eighteen Thousand Seven Hundred and Fifty Seven (818,757).

Of these 411,585 are females while the 407,172 are males. This provides a good market for investors and other business people that may choose to invest in the County besides providing affordable and readily available workforce. The sad reality is that poverty levels are high due to landlessness. Teacher student ratio is about 1: 40 while the national stands at 1: 65. This seemingly friendly ratio is misleading as pupils are engaged in child-labor on private and public large-scale firms (ROK, 2009).

According to Bwisa and Ongach (2013 406), women-owned MSEs in Trans Nzoia do not achieve optimum growth. Female entrepreneurship has equally continued to show very limited trend in growth if not retardation, resulting in high poverty levels among females in this county. The session paper two of 1992 highlighted the challenges faced by female entrepreneurs as; gender disparity, cultural and traditional practices, lack of education, multiple roles, discrimination and lack of information (ROK, 1992). Gender inequality as a challenge to the development of micro and small enterprises is also highlighted in session paper number 2 (2005) and the 8th NDP (2007 67) Vision 2030 (ROK, 2005, 2007).

The above challenges faced by women in Bungoma and Trans Nzoia motivated this research. This study sought to evaluate the effect of the niche policy as far as nurturing entrepreneurial culture to solve the poverty problem in the two counties is concerned. The findings will help policy makers develop female friendly entrepreneurship policies that position ladies as important agents of development in these patriarchal counties.

### **3.2 Research Design**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. It is the conceptual structure within which research is conducted; it constitutes



the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (Kothari, 2004 31 & Saunders *et. al.*, 2009 136). It is therefore advance planning of methods to adopt for collecting the relevant data and the techniques to be used in analysis, keeping in view the objective of the research and availability of staff, time and money (Hakim, 2000 & Kothari, 2004 31).

Saunders *et. al.* (2009 136) candidly defines a research design as the general plan of how the researcher goes about answering the research question(s). The plan contains clear objectives, derived from research question(s), specifies the sources from which one intends to collect data, and considers the constraints that s/he will inevitably have in relation to access to data, time, location and money, as well as ethical issues. Creswell (2003 4) adds that a research design should be the plan of action which links philosophical assumptions to specific research methods.

A good research plan therefore reflects a careful thought about why the researcher is employing a particular research design. S/he needs to consider a viable research problem, the kind of data that an investigation into the problem will require, and a feasible means of collecting and interpreting that data (Leedy & Ormrod, 2005 87). The researcher must therefore have valid reasons for all his/her research design decisions, and the justification be based on the research question(s) and objectives as well as consistence with the research philosophy (Saunders *et. al.*, 2009 136).

This study was a justified Cross-sectional Survey Design since data was collected at a point in time. It suited the vast nature of the project, and the researcher dealt with events that had already happened and he had no control over the variables (Mouton, 2005 55). The

research, therefore, utilized an ex-post facto strategy by relying on records of events that had already occurred (Mouton, 2005 55-56).

Since research entails creating new knowledge, it is appropriate to base it on the right philosophy. A research philosophy refers to the basic belief/ value system or world view that guides the investigation, not only in choices of method but in ontologically and epistemologically fundamental ways. It relates to the development of knowledge and the nature of the knowledge so created (Saunders *et. al.*, 2009 107). This is crucial because our values usually have an impact on the research we decide to undertake and the way in which we pursue it. Although these may not lead to any form of discord, some observers may accuse us of untold bias (Dyer, 2003 1005).

The research philosophy a researcher adopts carries important assumptions about the way in which they view the world. These assumptions will in turn underpin the research strategy and the methods the researcher chooses as part of that strategy. The choice of a research philosophy is therefore influenced by the researcher's particular view of the relationship between knowledge and the process by which it is developed.

Authors (Saunders *et. al.*, 2009 109) give types of philosophies although caution researchers that it is usually difficult to place a study in a single philosophy fittingly, as each philosophy is 'better' at doing different things. As always, which is 'better' depends on the research question(s) the researcher seeks to answer. In this work, I examined two major ways of thinking about research philosophy: ontology and epistemology. Each of this two contains important differences which influence the way we think about the research process, which in essence is the type of philosophy we choose.

Debate on ontology and epistemology is often framed in terms of a choice between either the positivist or the interpretivist research philosophy. Although, as observed earlier, choosing between one position and the other is somewhat difficult in practice, this study adopted the positivist philosophy. It worked with an observable social reality and the end product of the research formed a law-like generalizations similar to those produced by the natural scientists' (Remenyi *et al.*, 1998 32). The study was guided by existing theories to develop hypotheses that were tested and rejected in whole, leading to the development of a model to be tested by further research (Saunders *et. al.*, 2009 113).

This research was also undertaken in a value-free way. The researcher remained external to the process of data collection in that he did nothing to alter the substance of the data collected. He remained independent of and neither affected nor was affected by the subject of the research (Remenyi *et al.* 1998 33). This was possible because a highly structured methodology was applied, collecting quantifiable data that lend themselves to statistical analysis (Gill & Johnson, 2002, in Saunders *et. al.*, 2009 114).

Ontology is concerned with the nature of reality, hence the assumptions researchers have about the way the world operates and the commitment held to particular views. The two aspects of ontology accepted as producing valid knowledge by many researchers are objectivism and subjectivism. Objectivism portrays the position that social entities exist in reality external to social actors concerned with their existence. Subjectivism on the other hand, holds that social phenomena are created from the perceptions and consequent actions of those social actors concerned with their existence (Saunders *et. al.*, 2009 110).

This objectivist–subjectivist debate is somewhat similar to the different ways in which the theoretical and practical approaches to organizational culture have developed in the

past. Smircich (1983 1) noted that objectivists would tend to view the culture of an organization as something that the organization has, while subjectivist's view would be that culture is something that the organization is as a result of a process of continuing social enactment. Management theory and practice has also leaned towards treating organization culture as a variable, something that the organization has; can be manipulated and changed to produce the state desired by managers (Saunders *et. al.*, 2009 111).

The subjectivist viewpoint would be to reject the above view as too simplistic and argue that culture is something that is created and re-created through a complex array of phenomena which include social interactions and physical factors such as infrastructure to which individuals attach certain meanings, rituals and myths. It is the meanings that are attached to these phenomena by social actors within the organization that need to be understood in order for the culture to be understood. Furthermore, because of the continual creation and re-creation of an organization's culture it is difficult for it to be isolated, understood and then manipulated (Saunders *et. al.*, 2009 111).

Epistemology concerns what constitutes acceptable knowledge in a field of study. For the researcher to whom reality is represented by real tangible objects, having a separate existence to that of the researcher s/he would argue that the data collected are far less open to bias and therefore more 'objective' (Saunders *et. al.*, 2009 112). This data can be presented in the form of a statistical table lending it more objectivity in the view of the 'resources' researcher. But this raises the question of whether those data presented in statistical form are any more deserving of authority than those on feelings/ attitudes presented in a narrative, which may be the choice of the 'feelings' researcher.

This research therefore adopted the philosophy of positivism, because it worked with observable social reality and its end product is law-like generalizations similar to those produced by the physical and natural scientists (Remenyi *et al.*, 1998 32). To generate a research strategy to collect data it used existing theories to develop hypotheses, tested and rejected them, leading to the further development of an entrepreneurial activity model to be tested by further research. Another important component of the positivist philosophy in this research is that the research was undertaken in a value-free way. Using structured questionnaires, the researcher was independent of and neither affected nor was affected by the subject of the research (Remenyi *et al.*, 1998 33 & Saunders *et. al.*, 2009 113).

Axiologically, the researcher believed that his values do not play a role in interpreting results, and therefore adopted an objective point of view. Epistemologically, he believed that observable phenomena provide acceptable knowledge, as guided by the research question (Saunders *et. al.*, 2009 119). On ontology, the researcher's view of the nature of reality or being was external, the view chosen to best enable answering of research question by quantitative methods in a multi-method model approach (Saunders *et. al.*, 2009 151).

It was a causal survey since the relationship between variables was correlated with an aim of estimating the integrated effect of the factors on MSMEs dynamism (Mouton, 2005: 55-56). The object of descriptive research is usually to portray an accurate profile of persons, events or situations (Robson, 2002: 59). It was also explanatory as it sought to explain causal relationships between variables. The emphasis here was on studying a problem to explain the relationships between variables. It subjected the data to statistical correlation tests to get a clearer view of the relationships (Saunders *et. al.*, 2009: 140).

### 3.2.1 Triangulation of Strategies

In social science, researchers have increasingly shown interest in mixing research methods. Saunders *et. al.* (2009 151) refers to this as a multiple methods approach. It can be a research design with philosophical assumptions and methods of inquiry which guide the direction of the collection and analysis of data combining a mixture of qualitative and quantitative approaches, or different quantitative approaches only or different qualitative approaches only in the same research process (Saunders *et. al.*, 2009 151-152).

The authors, Johnson *et al.* (2007 118) use the phrase ‘triangulated studies’, Neuman (2006:149) terms it ‘integrative research’, ‘hybrid research method’, ‘blended research’ or, ‘multiple methods’ while Ruberg, Chen and Martin (2006 5) and Saunders *et. al.* (2009 152) call it ‘a multiple-methods research’. According to Neuman (2006 13), using more than one research method enables them to complement each other’s weaknesses.

There are different kinds of triangulation that a researcher can employ in any one study. These include triangulation of measures, triangulation of observers, triangulation of theory, and triangulation of methods (Neuman, 2006 149). Triangulation of measures entails a researcher taking multiple measures of the same phenomena with the aim of investigating it from more angles. In triangulation of observers, several researchers get involved in data collection to add alternative perspectives, backgrounds and social characteristics that reduce the limitations one research (Neuman, 2006 150). For this study, the researcher worked with research assistants who fulfilled this purpose.

Theory triangulation is where a researcher uses multiple theoretical perspectives in the planning stages of research and when interpreting data (Neuman, 2006 150). In chapter one, the researcher singled out motivational and resource-based theories that guided this

study. Further in methodology, content review helped collect secondary data while structured questionnaires complemented in collecting primary data.

Triangulation was therefore useful to establish the credibility of research. Using multiple methods gave the researcher the potential to cover each method's weaknesses with strength from the other method (Mole, 2002 149, Saunders *et. al.*, 2009 154). The research combined more than two quantitative methods, a practice recommended by Keggundu *et al.*, (1993 66-4) and Thietart *et al.*, (2001 82-83). The quantitative methods were used to collect data on demographic profile of the entrepreneurs, profiles of the entrepreneurs, indicators of new firm creation and performance.

As advanced by Cooper and Schnidler (2008) and Neuman (2006 157), a quantitative approach was selected to allow for generalization of the findings among female-owned MSMEs and provide a framework for conducting an extensive survey. Structured questionnaires were administered to collect data that were analyzed through exploratory, descriptive and inferential methods. Quantitative approach suited this study because it was largely causal and deductive (Neuman, 2006 157) and sought to establish, confirm, or even validate relationships and to develop generalizations (Leedy & Ormrod, 2005 95).

Also, in quantitative research approach, procedures are standard, replication is frequent, and measures are systematically created before the data is collected (Neuman, 2006 157). In this study, primary data was obtained and recorded by using the quantitative approach, where a pre-existing questionnaire had been prepared specifically for this purpose.

### **3.3 Target Population**

The study population for this research was women entrepreneurs who had accessed the government entrepreneurial development assistance in Bungoma and Trans Nzoia Counties. The population consisted of women-owned MSMEs in Western Kenya counties that had been operating in the last four years. The respondents were approached through registered groups which most government offices interact with.

The registers showed most of women-owned MSMEs being in services, while the rest were in the trade sub-sector (Wanjiku, 2013 103). This study dealt with entrepreneurs in both rural and urban settings, across all sectors. The sampling frame was two thousands four hundred (2400) groups, of which nine hundred and twenty (920) were from Trans Nzoia and one thousand five hundred (1,500) from Bungoma counties respectively.

### **3.4 Sample Size and the Sampling Procedure**

Sampling and sample size are crucial issues in pieces of quantitative research, which seek to make statistically based generalizations from the study results to the broader world. Lohr (2009 420) defines sampling as the process of indicating the object of the study, i.e. who or what will be studied and why. There are two main methods of sampling according Saunders *et. al.* (2009 213), probability and non-probability sampling. In probability sampling, the chances of members of the wider population being selected for the sample are known, whereas in non-probability sampling, the chances of members of the wider population being selected for the sample are unknown (Neuman, 2006 220).

The study targeted MSEs run by female entrepreneurs in only three categories and two locations, namely micro, small and medium enterprises located in homesteads and on



markets respectively. Carr and Chen (2002 in Glenrose, 2012 5) observe that statistics on home-based workers are still weak, the view supported by Muller (2003 50), who also found that some respondents in the MSE sector did not view what they did as work and therefore needed not to register/ formalize their activities.

Because of lack of statistics on female entrepreneur categories targeted, this study employed multistage sampling to provide more manageable and meaningful data. For purposes of generalization, it was essential that the sampling method used and the sample sizes are appropriate, such that the results are representative, and that the statistics can discern associations or differences within the results of the study (Fox *et al.*, 2007 4). Sampling lists for this study were obtained from the WEF, YEF, Uwezo Fund, ministry of Trade Industrialization and Enterprise development and approved Financial Intermediaries (FIs) offices and MSME associations in the counties of study.

Simple random sampling was used to acquire the female MSME group leaders to be studied so as to minimize bias (Saunders *et. al.*, 2009 214). This is a probability sampling (representative sampling) commonly associated with survey-based researches. The need of surveys as was in this research (Saunders *et. al.*, 2009 214) is to make inferences from the sample to answer research question(s) or to meet objectives.

Since the sampling lists obtained from government offices neither showed MSE categories nor locations, snowballing (non-probability sampling) through group leaders/chairpersons was applied to access more of the difficult-to-identify hence less studied home-based women-owned MSEs. Snowball sampling, also known as chain referral or reputational sampling, is a method for sampling the cases in a network (Neuman,

2006 223), where identified subjects can refer the researcher to other subjects with similar and/or desired characteristics (Adams & Schvanveldt, 1991 181).

According to Neuman, snowballing is a multi-stage sampling technique that begins with one or a few cases and spreads out on the basis of links to the initial cases (Neuman, 2006 223). Snowball sampling relies on the interconnectivity of people or organizations and an analogy to a snowball, which begins small but grows larger as it rolls and picks up snow. It is ideally a form of research contact-network sampling (Barbour, 2008 75).

Through snowballing, elements were also stratified with the intention of categorizing them according to homogeneity, to ensure that micro- enterprises, small enterprises and medium enterprises were disproportionately represented in the two counties. The grouping would ease analysis and give room for results comparison if required. Snowball sampling was used because it would have been difficult to identify members of the population possessing the above desired characteristics (Saunders *et. al.*, 2009 214).

The researcher felt that the main aim was to select unique cases that were particularly informative. However, as Neuman (2006 223) puts it, the crucial feature of snowball sampling is that each unit or person is connected with another through direct or indirect linkages. The researcher's starting point was the group leaders who were randomly sampled. This was informed by the literature discussed in Chapter 2, which indicated that most female entrepreneurs are not studied because they are located in homes (ISID, 2013 6). They would therefore be reached through the referrals by their leaders.

As already noted above, the groups hence chair ladies were randomly sampled to minimizing bias, while snowballing enabled the researcher to get information from more home-based firms and at different levels of the MSMEs' continuum. Through snowballing,

the study population was stratified into three cadres of meaningful levels and running disproportionate samples from the strata.

Derived from Cochran (1963 75 in Glenn, 2009 1) sample determination table (Appendix 5), 394 respondents was targeted in this study as respondents. This translated to ninety four registered groups. For populations that are large like the one for this study (24, 000 female entrepreneurs in both counties), Cochran (1963 75) developed a formula that is applied to yield a representative sample for proportions. See the formula below.

$$n_o = \frac{Z^2 pq}{e^2}$$

Where;  $n_o$  is the sample size,  $Z^2$  is the abscissa of the normal curve that cuts off an area  $\alpha$  at the tails ( $1 - \alpha$  equals the desired confidence level, e.g., 95%) 1,  $e$  is the desired level of precision,  $p$  is the estimated proportion of an attribute that is present in the population, and  $q$  is  $1-p$ . The  $Z$  value found in statistical tables, area under the normal curve.

The samples from the strata consisted of the owner managers and a senior employee where possible. Every group randomly sampled produced four respondents; the chair lady, who then was to identify at least one home-based firm, and one each from micro, small and medium enterprises respectively. The number of respondents from various strata was allocated with a big percentage of 40% being given to the micro enterprises since they were the majority, 30% to the small enterprises, and another 30% to the medium level businesses, although very few groups (less than 2%) had small and medium-sized enterprises. This made stratification impractical (Table 3.1 overleaf).

**Table 3.1: Sample Size by County**

COUNTY	POPULATION	SAMPLE
TRANS NZOIA	9,000	143
BUNGOMA	14, 000	232
TOTAL	23,000	375

**Source:** The County Female Enterprise Development Offices 2015

From Table 3.1 above, 375 usable completed questionnaires were collected out of 420 that were distributed, yielding an 89 percent response rate. Hart (1987) recommends between 17 and 60 percent response rates in business related studies, while Fox, Hunn & Mathers (2009 20) recommend between 65 and 75 percent response rates for business surveys. Response rate of 89 percent was therefore above tolerable rates. It may therefore be noted in this context that a larger sample and high response rate lowered the likely error in generalizing the results to the population (Neuman, 2006 47 & Uma, 2003 286).

### 3.5 Data Collection

Two data collection methods were employed; content analysis for secondary data and survey for primary data. The survey method was used in this study because it enabled the researcher administer questionnaires and responses are recorded. In survey research, the study uses a sample or smaller group of selected people but generalizes the results onto a larger group (Neuman, 2006 98). Survey is also popular because it helps researchers collect primary data (Chepchieng & Nassiuma, 2017 34). In the field, questionnaires were administered on respondents within their premises.

Request for participation was sought through an introduction letter (Appendix 3) and an informed consent on the front page of the questionnaire that was read to each respondent in the language they understood. Also in the letter, respondents' confidentiality was assured, and no photographing was done without the respondents' consent. The survey questionnaires were administered by two research assistants in every sub-county.

The survey commenced after acquiring research permit and the research authorization letter from the National Commission for Science Technology & Innovation (NACOSTI) (Appendices 7 & 8). At the sub-counties, officials of the Ministries of Gender, Culture and Social Development, Devolution and Industrialization and Enterprise Development under which the WEF, YEDF, Uwezo Fund operate and MSE Authority were also contacted for permission before the commencement of the survey process.

Content analysis is a technique for gathering and analyzing the content of text (Neuman, 2006 322). According to Leedy and Ormrod (2005 142), content analyses are performed on human forms of communication such as books, tapes, transcripts of conversation, etc., to evaluating written texts (Payne & Payne, 2004 51). Literature was reviewed to help clarify the topic, identify the gaps and suitable.

### **3.5.1 The Data Collection Instruments**

A research instrument is a tool that is used to collect data, after the research design has been articulated (Glenrose, 2012 111). Two instruments were used in this research; the questionnaire for female entrepreneurs (Appendix 4) and content analysis (reviewing literature). Questionnaire is one of the most widely used data collection techniques within the survey strategy, where each person (respondent) is asked to respond to the same set of

questions. It also provides an efficient way of collecting responses from a large sample prior to quantitative analysis, making it popular within business and management research that commonly employ the survey strategy (Saunders *et. al.*, 2009 360).

Investigator administered questionnaires consisting structured questions were used to collect primary data. They allowed for questions clarification and the investigator's presence encouraged participants to respond. As a result, investigator-administered questionnaires survey realized a higher response rate than if it were a survey using self-administered questionnaires (Mark & Jinan, 2013 289).

Secondary data was collected from files, books, pamphlets, office manuals, circulars, and policy papers to complement primary data. According to Leedy and Ormrod (2005 142), content analyses are performed on human forms of communication such as books, tapes, transcripts of conversation, etc. It let the researcher unravel the content in different sources and enabled him to compare content across many texts and analyze the data exhaustively. It was important in that it provided background information on the topic at hand and it covered several documents that contained related information about women entrepreneurship in chapter two (Neuman (2006 323).

### **3.6 Pilot Study**

The researcher administered a set of structured questionnaires through a pilot study to appraise the questionnaire soundness of the items, estimate time required to answer the items and confirm viability of the research topic. The pilot study covered thirty five respondents that were not covered in the study's sample population. The results of the pilot study were discussed with the respondents and supervisors to make the required

adjustments in the instrument. The major objective of piloting was to test the instruments' reliability, validity and objectivity discussed below.

### **3.6.1 Validity, Reliability and Objectivity**

Validity and reliability are closely related terms which have been defined differently by different authors. In Makombe (2006 85), Maxwell (1996) defines validity as the correctness of a description, explanation, interpretation, account or conclusion. In the same work (Makombe, 2006 85 & Ballinger, 2000 101) posits that validity refers to whether the variables measure what they are intended to measure. It is concerned with whether the findings are really about what they appear to be (Saunders *et. al.*, 2009 157). Validity and reliability are usually complementary concepts, although reliability seems easier to achieve if the measure is precise and observable (Neuman, 2006 197).

Vaus (in Ballinger, 2000 101) distinguishes three types of validity, namely criterion, content and construct validity discussed below. Furthermore, the study need to be both internally and externally valid to allow for generalizations (McClung, 1988 148). Internal Validity refers to the extent to which the research design and the data that it yields allows the researcher to draw accurate conclusions (Leedy & Ormrod, 2005). To ensure internal validity triangulation of the methods of data collection is recommended (Leedy & Ormrod, 2005 & Silverman, 2005). In this study triangulation of data collection methods (questionnaires and content analysis) was applied.

External Validity on the other hand means the extent to which the results of the study can be generalized (Silverman 2005 & Saunders *et. al.*, 2009 158). Use of real life settings,

a large sample and probability sampling procedures used in this study enhanced representativeness of the sample improving external validity (Leedy & Ormrod, 2005 103).

The validity of the data collection instruments that were used to collect data was measured by deriving all the questions from the study's objectives, and checking each question to determine its contribution to the objectives (Glenrose, 2012 121). As suggested by Throckmorton (2009), content validity of the instrument was assured by a meta analytic comparison with earlier studies using similar designs and favorable observations from experts (supervisors) reviews, whose results showed content convergence.

Reliability refers to the dependability or consistency of the research results (Neuman, 2006 196). It is the degree to which the same results would be obtained in repeated attempts of the same test (Gall & Gall in Ballinger, 2000 102 & Silverman, 2005). Put differently, it is the stability of the measurements obtained from the variables (Ott & Larson in Ballinger, 2000 102). Authors Easterby-Smith *et al.* (2008 109) add that it is the extent to which data collection techniques and analysis procedures yield consistent findings, assessed by answering the following three questions: Will the measures yield the same results on other occasions? Will similar observations be reached by other observers? And, is there transparency in how sense was made from the raw data?

To test internal consistency of the items listed on the instrument used, the Cronbach alpha coefficient was computed and the results were .68 (68%). The statistic coefficient value between 0 and 1 is used to rate the reliability of an instrument such as a questionnaire ranges. The statistic coefficient value splits the data randomly into two sets and a score for each participant calculated from each half of the scale. If a scale is very reliable,



respondents get same scores on either half of the scale so that, correlation of the two halves is very high (Cronbach, 1951 33).

The advantage of Cronbach's alpha is that data is split into every possible way and the correlation coefficient for each split computed. The average of these coefficients is the value equivalent to this alpha (Cronbach, 1951 33). The alpha was therefore tested and reliability of the questionnaires used was 68%, before it was improved. A total of thirty five respondents were used in the pilot study to obtain data for testing reliability.

The survey questionnaire had one hundred and twenty three items. To ensure reliability, items were prepared by means of factor analysis before they qualified for use in the hypotheses testing. The factor analysis statistical technique (subsections 4.1.1.1, 4.1.1.2 and 4.1.1.3 of chapter four) was employed to reduce the original large data into factors conducive for use in hypotheses testing (Andy, 2013 665). Principal axis factoring method was used to ensure that only a shared variance is used to cluster variables together.

In the process, Bartlett's test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy were also performed to ascertain the appropriateness of the factor analysis for the research variables. Scales were created for each of the factors by adding the responses for the items, loading strongly on each factor. Finally, a Cronbach alpha reliability test was performed to ensure the items included in the new scales agreed well with one another and were reliable for use in testing the hypotheses.

Neuman (2006 197) advises that reliability can also be improved when pilot tests are done and one or more versions of a measure are developed and tried before applying the final version. A pilot study is a mini-version version of a study specifically

formulated to pre-test a particular research instrument (Teijlingen & Hundley, 2001 1). The pilot study was conducted in Uasin' Gishu County, Moi's Bridge area.

From the pilot results, the researcher learnt that the survey questionnaire the section on participant bio data had been omitted. This was corrected for the main study. The survey questionnaire also proved to be a bit long, taking close to one hour fort five minutes. This saw some participants to complete it as the needed to attend to their customers. It was redesigned before administering in the final survey.

Objectivity refers to the extent to which findings are free from bias (Silverman, 2005 40), or the inter-subjective agreement on what multiple observers agree to as a phenomenon. Conducting multiple interviews so as to generate themes across respondents ensured objectivity at exploratory stage (Silverman, 2005 45). Spot checks by the research team also confirmed the objectivity of the data collected. Finally, the use of standardized data collection instruments increased the objectivity.

### **3.7 Data Processing and Analysis Methods**

Data in masses of figures say nothing and can be extremely confusing since the human mind cannot consume disorderly data (Mutea, 2007 in Ramari, 2013 111). Processing data is essential for ensuring that there are all relevant data for making contemplated comparisons and analysis (Kothari, 2004 122). It involves editing and coding collected data so that they are amenable to analysis.

### 3.7.1 Editing

Editing of data is a process of examining the raw data (especially in surveys) to detect errors and omissions and to correct these errors where possible (Kothari, 2004 122). It entails careful scrutiny of the completed questionnaires to assure that the data are accurate, consistent with other facts gathered, uniformly entered, as complete as possible and have been well arranged to facilitate coding and tabulation (Kothari, 2004 122).

Data editing for this study was done at two stages, in the field and central editing. Field editing consisted the review of the reporting forms by the investigator for completing (translating or rewriting) what the respondent has written in abbreviated and/or in illegible form at the time of recording the responses. This type of editing was necessary in view of the fact that individual writing styles often can be difficult for others to decipher. It was done as soon as possible after questionnaire administration, preferably on the very day to avoid forgetting (Kothari, 2004 123). Investigators were however advised not to correct errors of omission by simply guessing what the informant would have said.

Field editors kept in view the following points while performing their work: They followed instructions given to them for the editing purpose; While cancelling out an original entry for one reason or another, they just drew a single line on it so that the same may remain legible; They made entries (if any) on the form in some distinctive color and that too in a standardized form; They initialed all answers they changed or supplied and; Editor's initials and dates of editing placed on each completed questionnaire.

Central editing was undertake when all questionnaires had been completed and returned to the researcher. This editing implied all filled questionnaires should get a thorough editing by the researcher himself. The researcher corrected the obvious errors such as an

entry in the wrong place, entry recorded in months when it should have been recorded in weeks, and the like. Also, inappropriate or missing replies, the researcher determined the proper answer by reviewing the other information in the tool, and struck out an answer if the same is inappropriate and he had no basis for determining the correct response.

### **3.7.2 Coding**

Coding is the process of assigning numerals or other symbols to answers so that responses can be put into a limited number of categories or classes to attain computational simplicity (Nassiuma, 2017 37). Such classes should be appropriate to the research problem under consideration. They must also possess the characteristic of exhaustiveness (having a class for every data item) and also that of mutual exclusivity (a specific answer that can be placed in one and only one cell in a given set). Another rule to be observed in coding was that of unidimensionality, which means that every class is defined in terms of only one concept (Kothari, 2004 123).

Coding was necessary for efficient analysis as it helped reduce several replies to a small number of critical classes of information needed for analysis. The advantage of coding data was that it made data manageable (Nassiuma, 2017 41 & Neuman, 2006 460). The Codes included in the questionnaire as pre-set codes for variables with limited categories enabled coding at the data collection stage. Coding at this stage is done when there is a limited range of well-established categories into which the data could be placed. Codes are included, and the respondent selects the correct category (Saunders *et al.*, 2009 424).

Further coding after data collection was necessary where it was unclear of the likely responses or there were a large number of possible responses in the coding scheme. To

ensure that the coding scheme captured the variety in responses (and would work), it was better to wait until data from the first 50 to 100 cases were available to aid develop the coding scheme, called the codebook (Saunders *et al.*, 2009 424).

### **3.7.3 Data Analysis Methods**

Data analysis in research means the computation of certain indices or measures along with searching for patterns of relationship that exist among the data groups. The aim of data analysis is to discover patterns in data that point to theoretical understanding of social life (Babbie, 2004 376). Analysis, particularly in the case of a survey study involves estimating the values of unknown parameters of the population and testing of hypotheses to draw inferences (Saunders *et al.*, 2009 428-467 & Kothari, 2004 130).

Analysis in this study was carried out in two phases; descriptive analysis in phase one and correlation/ inferential analysis in phase two. After entering data in the SPSS computer software and checking for errors, the researcher embarked on descriptive data analysis. This was useful in this initial stage as tables and diagrams were used to explore and understand data, emphasizing the importance of using it to guide choices of analysis proper techniques (Saunders *et al.*, 2009 428 & Nassiuma, 2017 13). It allowed the researcher some flexibility to introduce previously unplanned analyses to respond to new findings.

Descriptive analysis therefore formalized the common practice of looking for other relationships in data, which the research was not initially designed to test (Saunders *et al.*, 2009 428). Each diagram and table was structured and labeled clearly to avoid possible misinterpretations in later sections. It is largely the study of distributions of one variable in respect of another, or in respect of two variables or in respect of more than two variables.

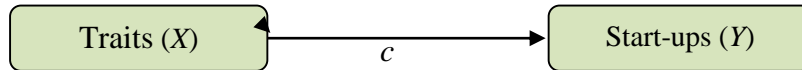
In this project, the researcher worked out various measures that showed the size and shape of a distribution(s) along with measuring relationships between two or more variables.

Correlation analyses sought to establish the joint variation of two or more variables for determining the amount of correlation between two or more variables. Causal analysis is concerned with the study of how one or more variables affect changes in another variable. It is thus a study of functional relationships existing between two or more variables (Kothari, 2004 129 & Saunders, 2009 461). Correlation coefficient and the coefficient of determination (the regression coefficient) were used to assess the strength of relationship between dependent and one or more numerical independent variables.

The coefficient of determination ( $R^2$ ) can take on any value between 0 and +1. It measures the proportion of the variation in a dependent variable (start-ups) that can be explained statistically by the independent variable (promotions) or variables (promotions, resource support) (Saunders, 2009 461). This means when all the variation in number of start-ups can be explained by the promotions, the coefficient of determination will be 1. If 50 per cent of the variation can be explained, the coefficient of determination will be 0.5, and if none of the variation can be explained, the coefficient will be 0.

Calculating coefficient of determination and regression equation using one independent variable is normally termed regression analysis, while a coefficient of multiple determination and regression equation using two or more independent variables is multiple regression analysis. Multiple regression was used where one dependent variable was presumed to be a function of two or more independent variables, the objective being to make a prediction about the dependent variable based on its covariance with all the concerned independent variables (Nassiuma, 2017 164-168 & Kothari, 2004 130).

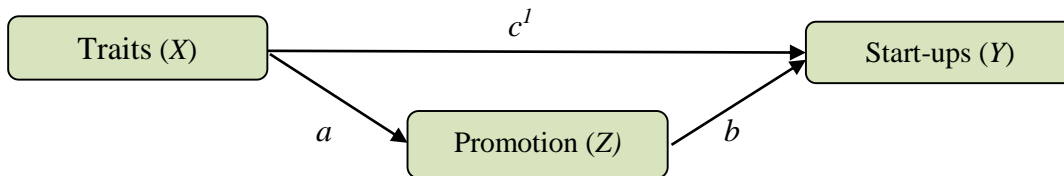
The regression models in Figures 3.1 and 3.2 below were used in the inferential analyses of this study (Nassiuma, 2017 153; Hueng-Sheng, 2011: 20 & Andy, 2013 408-409).



$$Y = \beta_1 + cX + \varepsilon_1 \text{ (direct relationship).....equation 1}$$

**Figure 3.1: Regression Model for a Predictor Variable (X- traits) and an Outcome Variable (Y- start-ups)**

This model (Figure 3.1 above) would test the direct relationship between X (entrepreneurs’ traits) and Y (rate of new start-ups initiated), path *c*.



$$Y = \beta_2 + aX + \varepsilon_2 \text{ (direct relationship).....equation 2}$$

**Figure 3.2: Regression Model for a Predictor Variable (X- traits), an Outcome Variable (Y- start-ups) and a Mediating Variable (Z- promotion)**

The above model (Figure 3.2) would test the direct relationship between X (entrepreneurs’ traits) and Z (promotional programs), and Z (promotional programs) on Y (rate of new start-ups initiated), paths *a* and *b* respectively.

$$Y = \beta_3 + c^lX + bZ + \varepsilon_3 \text{ (indirect relationship).....equation 3}$$

The model (Figure 3.2 above) would also test the indirect relationship between  $X$  (entrepreneurs' Traits) and  $Y$  (rate of new start-ups initiated) through  $Z$  (promotional programs) path  $c^1$ , using the formula below (Nassiuma, 2017 164 & Andy, 2013 411-413).

$$\text{indirect relationship (unstandardized)} = ab \dots \dots \dots \text{equation 4}$$

Standardized parameters are preferred because they can be compared across different studies using different outcome measures. In Andy (2013 412), MacKinnon (2008) proposes standardization of the above measure by dividing with the standard deviation of the outcome variable.

$$\text{indirect relationship (partially standardized)} = \frac{ab}{S_{\text{outcome}}} \dots \dots \dots \text{equation 5}$$

To fully standardize the indirect effect, Preacher and Hayes (2008 in Andy, 2013 413) proposes the formula;

$$\text{indirect relationship (fully standardized)} = \frac{ab}{S_{\text{outcome}}} \times S_{\text{predictor}} \dots \dots \dots \text{equation 6}$$

In regression,  $R^2$  is used as a measure of the proportion of variance explained by a predictor. It is the proportion of variance explained by the indirect effect, computed using the next equation 7 by Andy (2013: 413) shown below.

$$R^2_Z = R^2_{Y,Z} - (R^2_{Y,ZX} - R^2_{Y,X}) \dots \dots \dots \text{equation 7}$$

It uses the proportion of the variance in the outcome explained by the predictor ( $R^2_{Y,X}$ ), the mediator ( $R^2_{Y,Z}$ ), and both ( $R^2_{Y,ZX}$ ). It is interpreted as the variance in the outcome that is shared by the mediator and predictor, but cannot be attributed to either in isolation (Andy, 2013 413). Finally,  $k^2$  proposed by Preacher and Kelly (2011 in Andy, 2013 412) and called



it *kappa squared* is used to express the indirect effect as a ratio to the maximum possible indirect effect that one could have found given the study design:

$$k^2 = \frac{ab}{\max(ab)} \dots\dots\dots \text{equation 8}$$

The above discussed models are in line with the hypotheses this study sought to test. Although it sought to establish the mediation influence of the niche policy between the female entrepreneurs' profile and their entrepreneurial activity, it also set hypotheses to test direct relationships as pre-mediation modeling conditions (Andy, 2013 408 & Hueng-Sheng, 2011 19). The *Z* variable is said to have partially mediated between variables *X* and *Y* if the relationship between *X* and *Y* is reduced by including *Z* in the model (i.e the regression parameter for *c'* is smaller than *c*), and perfect mediation occurs when *c'* is reduced to zero (Andy, 2013 408).

The regression coefficients for the predictor *X* give us the values of *c* and *a* in Figures 3.1 and 3.2 above respectively. A regression predicting the outcome from both the predictor variable and mediator is represented by Figure 3.2. The regression coefficient for the predictor give the value of *c'* and the regression coefficient for the mediator gives the value of *b*, figure 3.2 above. In models 3.1 and 3.2, the predictor variable *X* should significantly predict the outcome, *Y*, the predictor variable *X* also significantly predict the mediator, *Z*. The mediator variable should further predict the outcome *Y* significantly. Finally, the predictor variable *X* should significantly predict the outcome *Y* less strongly than it did before the mediator *Z* was introduced in the model. The study therefore fulfilled mediation modelling conditions (Andy, 2013 408 & Hueng-Sheng, 2011 19).

Inferential analysis was used to carry out the various tests of significance for testing hypotheses in order to determine with what validity data can be said to indicate some

conclusion or conclusions. It was also used to estimate the population values (Cothari, 2004 130). In scientific researches, it is mainly on the basis of inferential analysis that the task of interpretation (i.e., the task of drawing inferences and conclusions) is performed.

SPSS (Statistical Package for Social Sciences) software was useful for analyzing large data (Dzis, 2008 39) in this study. It was used to reduce the data into manageable size through factor analysis to identify the structure underlying them. Reliability testing was conducted for each of the extracted factors to ascertain the degree to which the items making up the scale agreed, thus find out whether all the variables collated on one factor have internal consistency and measure the same underlying constructs (Brace *et al.*, 2003; Bryman & Cramer, 2004; Hair *et al.*, 2006 & Pallant, 2005 in Dzis, 2008 46). For example, entrepreneurial activity variables were reduced from twenty to ten, niche policy from more than thirty five to thirteen and entrepreneurs' profile from twenty one to eight.

Content analysis in the interpretive framework was also carried out in this study. It is the longest established method of text analysis among the set of empirical methods of social investigation (Titscher, *et al.*, 2000 55). It is the study of recorded human communications, essentially a coding operation where coding is the process of transforming raw data into a standardized form (Babbie, 2001 309). Therefore, content analysis resulted in the development of an analytical framework by which I structured the general categories of dimensions of female entrepreneurship. The three dimensions identified in this study for content analysis were entrepreneur profile, niche policy and entrepreneurial activity.

Content analysis suits different data sets collected using triangulated research strategy. It is especially important when trying to generalize results, as is the case in this study. Its strength lies in its openness and ability to deal with complexity. It takes a holistic and

comprehensive approach towards analyzing data in a step-by-step process reducing complexity and filtering out the main points of analysis. It fits the credo of qualitative study research by helping to understand complex social phenomena and ensuring theory-guided analysis, as is in this research (Dzis, 2008 46). In this particular study, content analysis helped anchor the study on motivational and resource-based theories.

The theory-guided analysis offered a chance to compare and complement primary data collected from respondents with secondary data from the content analyzed (Dzis, 2008 47). It thus enabled the researcher to compare findings in this study with existing theories and past studies on female entrepreneurship. The analysis of complementing secondary data helped to ensure the quality of content analysis, especially validity (Dzis, 2008 47). Although statistical techniques helped to analyze primary data, content analysis was used to combine and integrate for interpretation, to achieve results convergence.

### **3.8 Ethical Issues**

Ethical issues are concerns, dilemmas and conflicts that arise over the proper way to conduct research because ethics define what ‘moral’ research procedure involves (Neuman (2006 129). It entails weighing the study’s ability to provide a valid answer to an important question, against its potential harm. In the business research context, ethics refers to the appropriateness of the researcher’s behavior in relation to the rights of respondents, or those affected by his/her work. Cooper and Schindler (2008 34) define it as the ‘standards of behavior that guide moral choices about our behavior and relationships with others’.

Ethics therefore relates to questions about how the researcher formulate and clarify the topic, design research and gain access, collect data, process and store the data, analyze it

and write up findings in a moral and responsible way (Saunders *et. al.*, 2009 184). This means that being ethical in research entails ensuring that the way you design your research is both methodologically sound and morally defensible to all those who are involved. Inevitably, what is morally defensible behavior as researchers will be affected by broader social norms of behavior (Zikmund, 2000 in Saunders *et. al.*, 2009 184).

Ethical issues were of importance throughout this research. They required integrity from the researcher, research sponsor and even the respondents (Saunders *et. al.*, 2009 184). In the initial stages of formulating and clarifying the research topic therefore, the researcher appreciated the fact that those upon whom his research would impact have the right to expect quality research which takes account of existing knowledge. He found the middle ground between National Commission for Science, Technology & Innovation right for useful research and his right not to be coerced into researching a topic was not at all interested in or that does not satisfy assessment requirements (Saunders *et. al.*, 2009 184).

It is a Commonwealth requirement that all projects involving human subjects meet certain standards and have written approval from the accredited ethics body (Dzis, 2008 139). The researcher therefore had the responsibility to ensure that ethics approval is obtained in writing before commencing the data collection process. No data would be collected from respondents without this approval. An authenticated research proposal together with the survey questionnaire and a copy the cover letter from Moi University's School of Human Resource Development under which this Ph.D is being undertaken was used to obtain a research permit from NACOSTI (see Appendix7).

To ensure neither social nor material harm befalls any respondent participating in the research, her anonymity was protected by using questionnaires without personal

identification items (Appendix 4). In comparison with interviews avoided by this research, Dale *et al.* (1988 in Saunders *et. al.*, 2009 196) advises that ethical problems associated with questionnaires and other research using the survey strategy are fewer. This is due to the nature of structured questions that are clearly not designed to explore responses and the avoidance of the in-depth interview situation, where the ability to use probing questions leads to more revealing information (Dale *et al.*, 1988). Zikmund (2000) further asserts that ethical issues linked to a survey design are associated with more general issues like: privacy, deception, openness, confidentiality and objectivity.

A written statement was also given to respondents outlining the purpose and nature of the research project. The research objective assisted them to make an informed choice as to whether or not to participate (Saunders *et. al.*, 2009 196). Also, due care was taken to ensure that all data collected are handled confidentially and no photographs or audio recording were taken without the permission of the respondents.

Ethical issues extend to the analysis and reporting stage of research work (Saunders *et. al.*, 2009 196), where objectivity limits the distortion of research conclusions and the associated recommendations. The issues of confidentiality and anonymity also come to the fore during the reporting stage. Saunders *et. al.*, (2009 196) recognizes that it may be difficult to maintain the assurances that have been given. However, allowing a participant to be identified by those who can piece together the characteristics that you reveal may result in embarrassment and also access being refused to those who seek it after you. In this line, ensured that the anonymity of respondents and is still being maintained.

A further ethical concern would stem from the use made by others of the conclusions reached by a research and any course of action that is explicitly referred to or implicitly

suggested. Dale *et al.* (1988) opine that while the identity of participants should not be revealed, they cannot be exempt from the way in which research conclusions are used to make decisions that could adversely affect them. Saunders *et al.* (2009 200) therefore advise researchers to construct research questions and objectives to avoid this possibility. The research question, objectives and the conclusions arrived at and recommendations made in this study, anticipate no harm on participants due to decisions made from them.

### **3.9 Chapter Summary**

The research design and methodology, the population, and the various approaches to the study have been outlined and justified in this chapter. The research objectives support a multi-method approach which allowed the use of multi-quantitative methods of data collection and analysis. This approach allowed the investigation and exploration of a number of diverse variables to provide detailed information across a participant's female entrepreneurship dimensions as well as the testing of hypotheses to determine the applicability of existing theories in the Kenyan context.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

In this chapter, the descriptives and inferences on the data analysis and procedures are presented. The analysis followed the phases; editing, coding and tabulation to identify any anomalies in the responses and the assignment of numerical values to responses in order to continue with the analysis. The data was then checked for possible erroneous entries and corrections made appropriately. The data were entered using SPSS version 21.

This chapter categorizes the data analysis according to the variables; entrepreneurs' profile, niche policy and entrepreneurial activity as per themes in the survey questionnaire. The descriptive analysis begins with an introduction highlighting the variables investigated, followed by discussing the results and findings then concludes with diagrammatic demonstration of key themes and findings arising from the results. Hypotheses testing also begins with a brief introduction and factor analysis to prepare variables for regression analysis. Findings are commented on and presented in a table, after which they are discussed in relation to previous literature, rejecting or adopting hypotheses.

#### 4.1 Descriptive Analysis

After data had been entered and checked for errors, analysis commenced. Descriptive analysis was useful in these initial stages to explore and present individual variables. It emphasized the use of tables and diagrams to explore and understand data, thus guiding in the choices of further analysis techniques (Saunders *et. al.*, 2009 431). The approach also

allowed for flexibility to introduce previously unplanned analyses to respond to new findings. It therefore formalized the common practice of looking for other relationships in data, which the research might not have been initially designed to test (Saunders *et. al.*, 2009 431). Find more in the subsequent subsections.

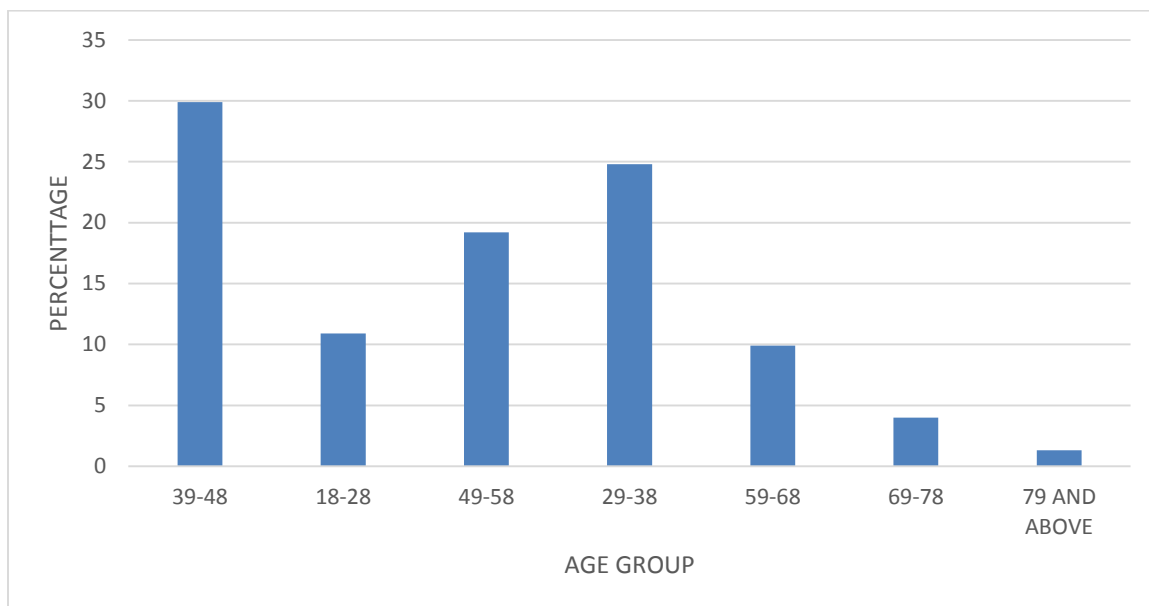
#### **4.1.1 Personal Characteristics of the Women Entrepreneurs**

To develop a picture of women entrepreneurs and provide an understanding of them, it is important to know their basic characteristics: Who are they and what are their backgrounds? There is evidence in literature that entrepreneurial characteristics contribute to entrepreneurial activity of a group. Attempts have therefore been made by researchers to develop a typical profile of women entrepreneurs. But the debate is whether this generalization can apply to all women entrepreneurs universally. This section presents results on personal characteristics of the Kenyan women entrepreneurs; age, marital status, number of dependents, educational/ training background and experience. At the end of the section a personal profile, unique to the Kenyan women entrepreneur is developed.

##### **4.1.1.1 Age, sibling position, marital status and number of dependants**

To gain insight into the basic demographics of the female entrepreneurs in Kenya, the study asked questions about age, sibling position, marital status, and the number of dependants. The female entrepreneurs fell mainly into the economically active age groups, that is, between 18 and 58 years old (84.8) with the majority of them (29.9%) aged between 39 and 48. Whilst some of them were between 29 and 38 years old (19.2%), others (12%) were young women entrepreneurs aged between 18 and 28. Outside this spectrum were (15.2%) above 58 years old. The bar graph overleaf (Figure 4.1) depicts this information.

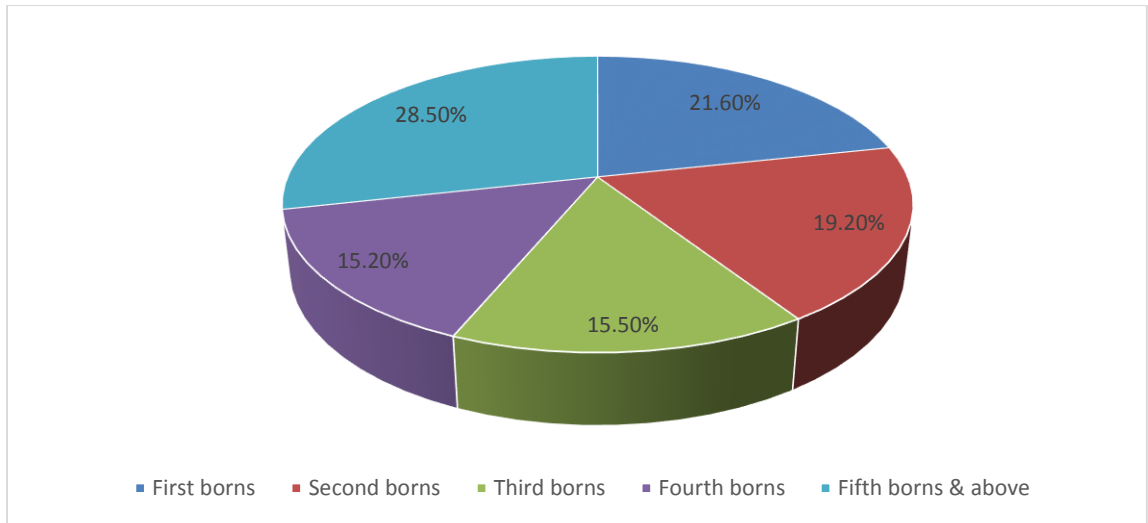




**Figure 4.1 Age Distribution of Respondents**

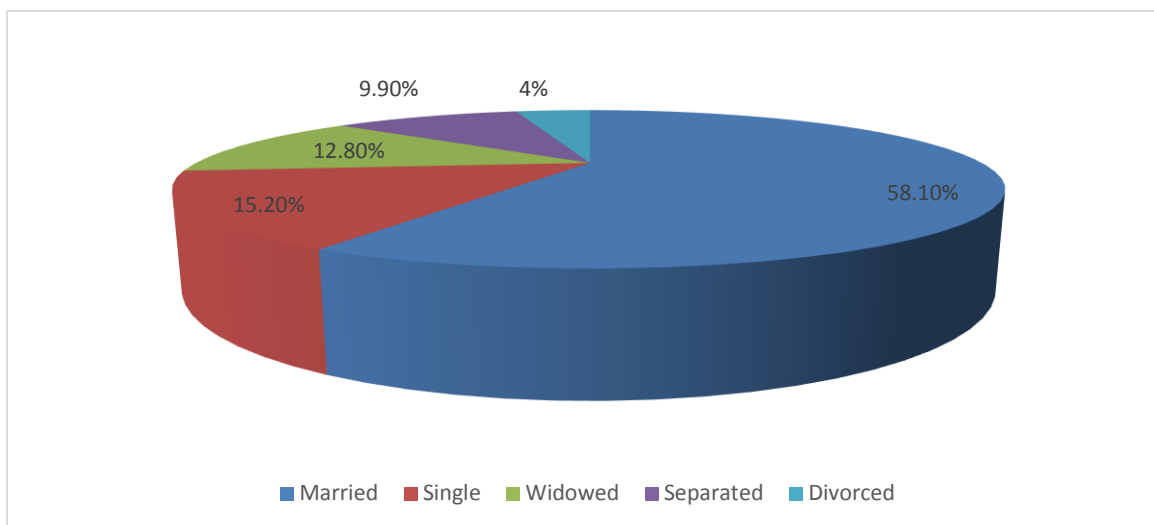
The above results are similar to earlier research by Dzis (2008) in Ghana that the age limit of female entrepreneurs was below 60 years. The findings of this study revealed that the age group of Kenyan female entrepreneurs is mainly 29 to 58. They are very close to Dzis', (2008 154) 31 to 55. However, it is possible to find female entrepreneurs aged above 60 years in Australia, the USA and Canada, and from the East; Israel, China and India (Brush *et al.*, 2006; & Kitching *et al.*, 2005 cited in Dzis, 2008 151).

The results in Figure 4.2 further showed that a significant percentage (71.5%) of the respondents was between first and fourth born in their sibling positions. First born (21.6%), second (19.2%), third (15.5%) and fourth (15.2%). This results again agree with those by Hisrich and Brush 1984 (in Rashmi, 2010 70) that typical female entrepreneurs are first born children from middle class families (Figure 4.2).



**Figure 4.2 Sibling Position of Respondents**

The results on marital status showed majority (58.1%) of these Kenyan female entrepreneurs were married and (57.6%) had 4 or more dependants. Some (15.2%) of them were single, a few (12.8%) were widowed, others (9.9) separated and the rest (4%) were divorced. The diagram (Figure4.3) below visually depicts this information.



**Figure 4.3 Marital Status of Respondents**

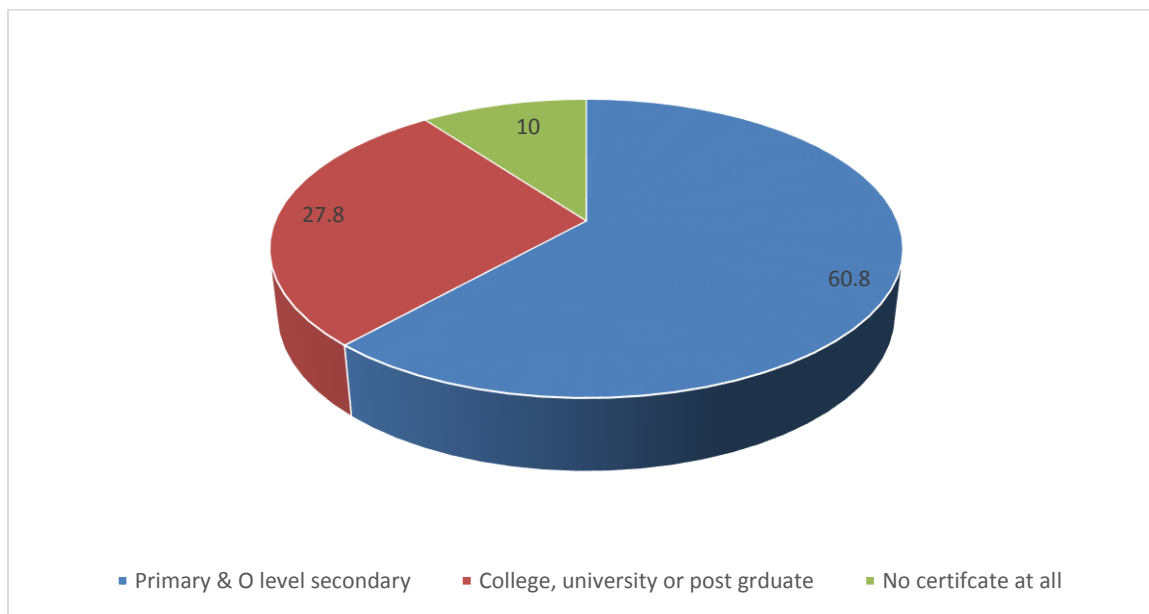
Results on marital status and dependents slightly differed from the studies by previous researchers into the background of women entrepreneurs from different countries. In these studies the majority of women entrepreneurs globally were married, and had children (Bennet & Dann 2000; Butler 2003; Coughlin 2002; Fielden & Davidson, 2005; Lerner et al. 1997; Woldie: Adersua, 2004 & Dzis, 2008 151). Dzis (2008) for example found that married female entrepreneurs in Ghana constituted 70% and had on average four (4) children/ dependants. In the same study, (Dzis, 2008 152) a paltry 7% formed divorcees and those separated while in this study the two groups form 15.9% (more than double).

#### **4.1.1.2 Educational and Training Background**

The questionnaire survey included questions in relation to the highest educational qualification of the respondents. The results from the study indicate that there are three categories of Kenyan female entrepreneurs by educational level. The first category which forms over half (60.8%) of the respondents, acquired only a basic level of education up to secondary. The second category is the women entrepreneurs with a college, university or post graduate qualification (27.8%) and (10%); the third category never earned any certificate. Although education equips women with the knowledge and skills they need to more effectively manage and succeed in entrepreneurship, for many Kenyan women inadequate education remains the norm (IFC/WB, nd 15).

Lower education levels put Kenyan female entrepreneurs at a disadvantage compared to men. While the gender gap in primary education in Kenya has decreased in recent years, it remains high at secondary and tertiary education levels. As shown by the results above, Kenyan females are much less likely to enroll in universities, polytechnics, and technical institutes, accounting for only about 39 percent of those enrolled in tertiary education

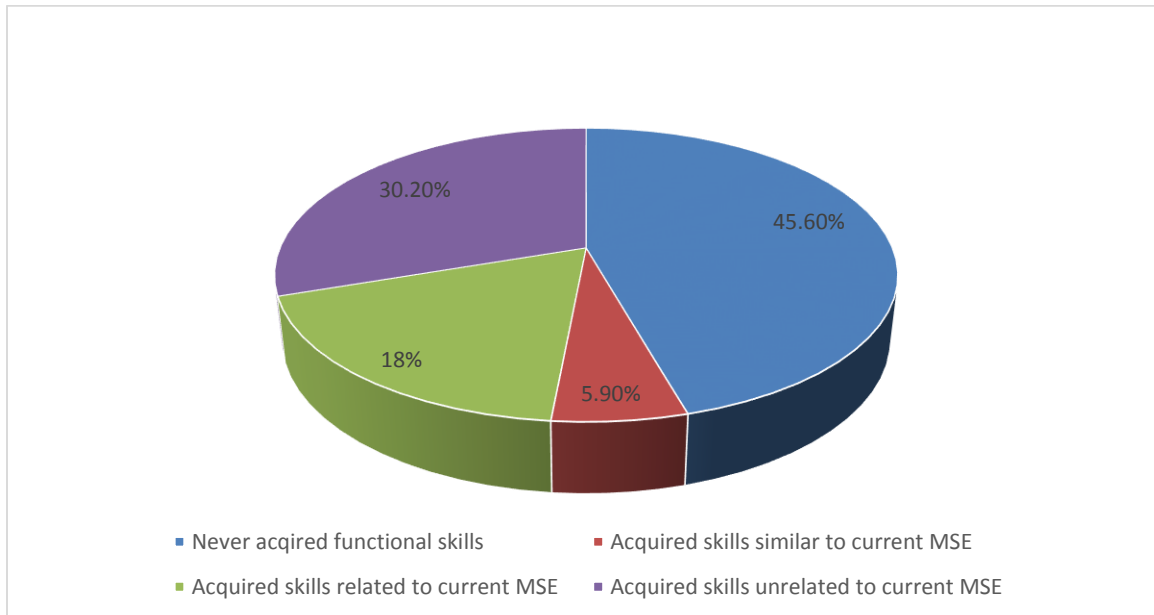
according IFC/ World Bank interview to Kenyan female entrepreneurs (voices of women entrepreneurs in Kenya). These lower education levels coupled with a curriculum that does not emphasize entrepreneurship skills decrease the chances that women will have the knowledge needed to excel in business, and thereby contribute to the country's overall economic growth (IFC/ WB, nd 15). Figure 4.4 below gives the details.



**Figure 4.4 Respondents' Educational Level**

On functional/ entrepreneurial skills acquisition (Figure 4.5 overleaf), 45.6% replied to the contrary while 54.4 to the affirmative. Of those who affirmed that they had acquired functional/ entrepreneurial training, only 5.9% said it was exactly the same to the enterprise they operate. Eleven percent (18.3%) had somehow related skills while 30.2 were not related and as observed above, more than half (45.6%) never acquired entrepreneurial/ functional skills. The results are not closely related to those by Dzis in Ghana where he

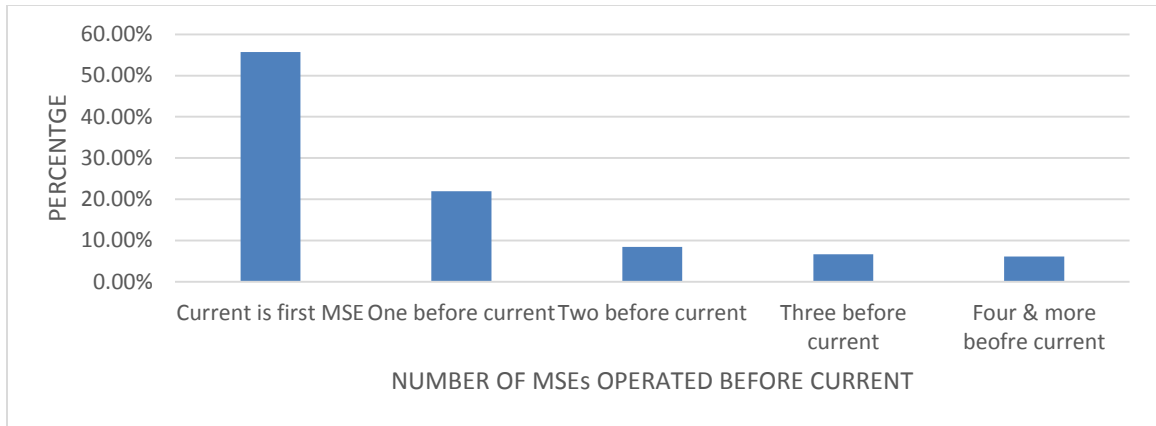
found out that more than half of female entrepreneurs he studied (54%) acquired functional skills mainly through apprenticeship before starting their own firms.



**Figure 4.5 Respondents' Functional Skills Acquisition**

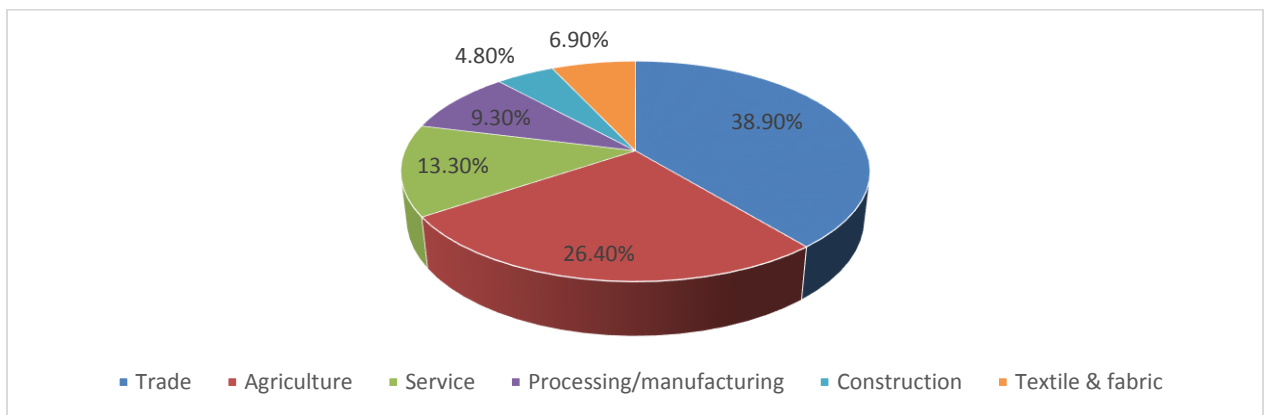
#### 4.1.1.3 Entrepreneurial Experience

The responses to the question on entrepreneurial experience, to the majority (55.7%) of female entrepreneurs studied, this was their first venture. Those who had operated one firm before formed 22%, two firms 8.5%, three firms 6.7% and 6.1% of the respondents had operated four or more firms. How long the current enterprise has been in operation gave; the majority (37%) had been operated for the last thirteen and more years, 28.8% were four to five years old, 17.1% between seven and nine years while a paltry 9.3% of the respondents said they had operated their firms for between one and three years. The graph on next page (Figure 4.6) summarizes information on entrepreneurial experience.



**Figure 4.6 Entrepreneurs' Experience**

The results on sectors popular to respondents showed that most female entrepreneurs have invested in trade (38.9%) and agriculture-related (26.4%) sectors. Other sectors like service (13.3%), processing/ manufacturing (9.3%), construction (4.8%), and textile and fabric (6.9%) seem to have barriers for females to venture in as indicated by the small percentages of firms studied. See Figure 4.7 below for details.

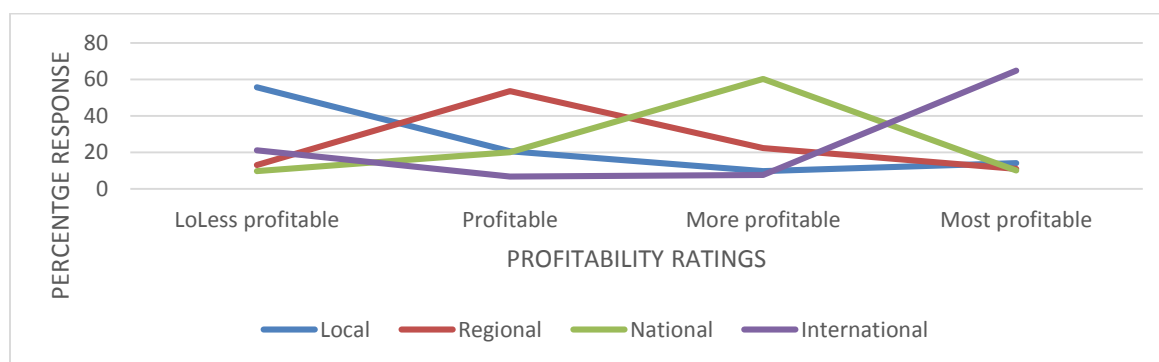


**Figure 4.7 The Sectors Respondents were Operating in**

The above results agree with those by Brooks, Huang, Kearney, and Murray's (2014 in Rambe 2016 97) study conducted in the United States that women-led ventures tend to focus on the female consumer, such as fashion, cosmetics, and cooking.

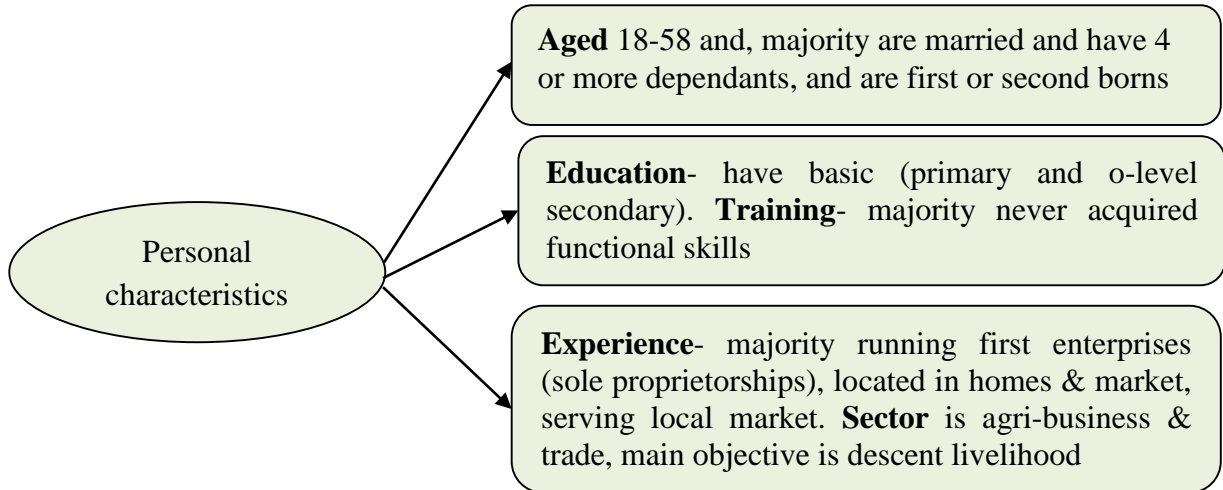
Concerning location, Kenyan female entrepreneurs are fairly distributed between the market and in the homestead. Slightly more than half (50.7%) operated from the market, others (49.1%). The results agree with those by UNDP that women entrepreneurs suffer unequal access to and use of infrastructure and modern technology (UNDP, 2016 in Rambe, 2016 96). Coinciding with location was lack of basic utilities like water (62.1%), electricity (61.3%), sanitary facilities (65.3%) and telephone network (38.7%).

Most of these respondents operated sole proprietorships (76.3%) while those who operated partnerships and joint stock companies constituted 20% and 3.7% respectively, whose main objective was to provide a decent livelihood to their families, 56.3% of the respondents (Rambe, 2016 96). The women entrepreneurs in western Kenya mainly serve local markets (81.3%). Those that market their products regionally were 25.2%, in the whole nation 2.4% while a paltry 1.1% ventured in the international market. Although very few operated on the international market, they ranked it as the most profitable, 64.8% while the local market ranked the least profitable 56% as depicted on Figure 4.8 below.



**Figure 4.8 Different Markets Profitability**

The preceding findings led to the development of a story-line on personal characteristics and experiences of Kenyan female entrepreneurs to add to the overall understanding of them as summed up in Figure 4.9 overleaf.



**Figure 4.9 Summary of Female Entrepreneurs' Key Personal Characteristics**

#### 4.1.2 Entrepreneurs' Profile

This section explores why the female entrepreneurs in Western Kenya choose the path of Entrepreneurship and their entrepreneurial traits that depict their strength to navigate the turbulent and tiring currents on the road of entrepreneurship. The reasons normally given for women venturing into business in literature are complex and multi-linear. Generally, women's entrepreneurship studies explain women's motivations for business ownership in two thematic dimensions: extrinsic motives, including lack of and dissatisfaction over employment; and intrinsic motives, involving desire for independence and being able to balance work commitments with family responsibilities.

Entrepreneurial traits studied in prior works include locus of control, self-efficacy, risk taking propensity, innovativeness, tolerance for ambiguity and need for achievement. A range of variables were investigated to explore Western Kenya female entrepreneurs' traits and reasons for being in business.

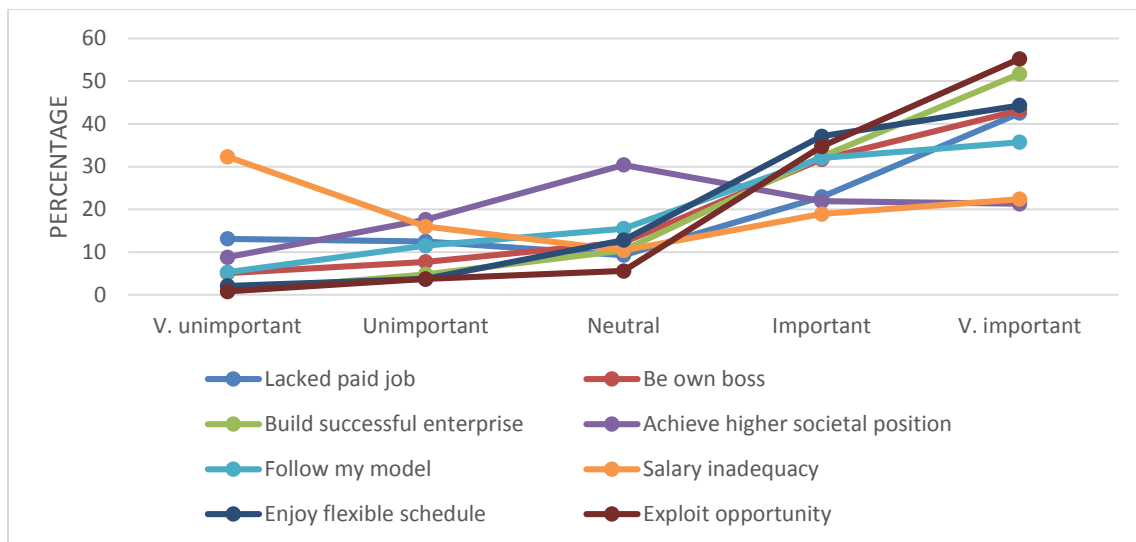


#### 4.1.2.1 Entrepreneurs' Motives

The questions to investigate Kenyan women's entrepreneurial motives revolved around unemployment, inadequate salary, avoid working for others, enjoying a flexible working schedule, exploit a market opportunity, build a successful venture and follow a model in society. The responses of female entrepreneurs' rating of the above motives for them to be in business on the likert scale ranging from very unimportant to very important.

From the results, it was evident that Kenyan women entrepreneurs' motives are to exploit market opportunities, build successful organizations, enjoy flexible working schedule that allow them combine business chores with domestic ones, be their own bosses (avoid working for other people), lack of formal jobs and to follow successful entrepreneurs as their models. Salary inadequacy was the most unimportant to them while to the important motives were opportunity exploitation and building a successful venture. On achieving a higher societal position they remained neutral.

The results on motives therefore agreed with those by Huntley (1985 cited in Hashmi, 2010 72) that women entrepreneurs are opportunity motivated, determined, hard, working and self-confident people and Farington *et al.*'s (2012 in Rambe, 2016 98) that women are motivated by flexible work schedules in entrepreneurship. See results presented on Figure 4.10 on the next page 128 for clear trends.



**Figure 4.10 Entrepreneurs' Motives of Owning Firms**

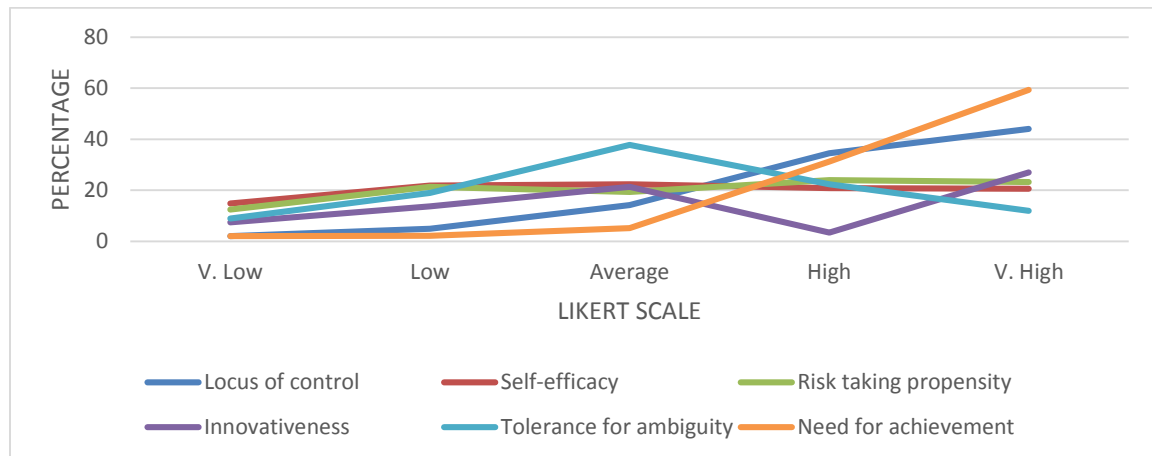
Most of the women ventured into entrepreneurship because of the desire to be independent and to be in control of their lives. Further, they also looked for a balance of personal, family and entrepreneurial chores (Hashmi, 2010 72 & Rambe, 2016 98).

#### 4.1.2.2 Entrepreneurs' Traits

Several studies in entrepreneurship have investigated the personality traits of entrepreneurs. Although they have not set hard and fast rules on the typical entrepreneurial trait profile, the studies suggest that the common characteristics are high need for achievement, desire for independence, willingness to take, self-efficacy, and locus of control, innovativeness and tolerance of ambiguity (McClelland, 1987 & Schumpeter, 1979). Personality attributes were listed and the respondents were asked to rate themselves.

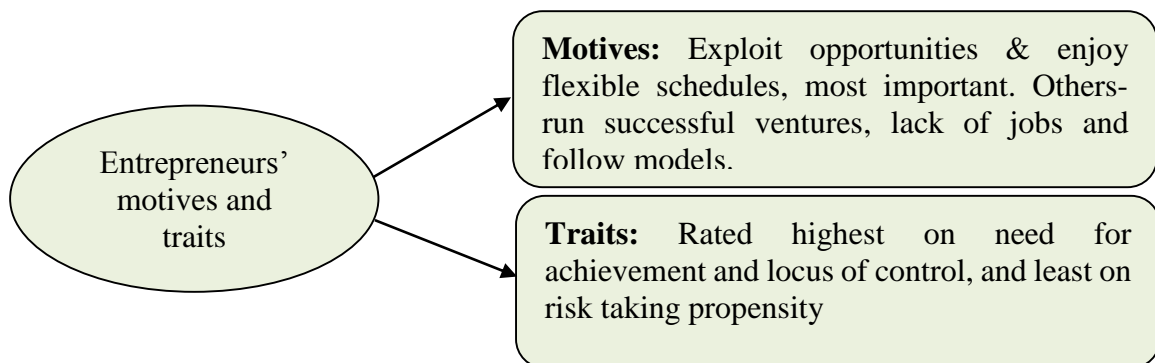
In terms of their own perceptions about their personal attributes therefore, the respondents rated themselves very highly on all the listed traits. However, the most dominant of these traits was the need for achievement (59%) followed by internal locus of

control at 44%. On the rest of the attributes female entrepreneurs rated themselves average. For a clear visual presentation Figure 4.11 below suffices.



**Figure 4.11 Entrepreneurs' Traits**

The results slightly differed with those from African country Ghana by Dzis (2008 153) that rated highest the need for achievement (99%) and the rest above 85% in the descending order; self-confidence, internal locus of control, desire for independence and responsibility, openness to innovation, high levels of persistence and motivation, and finally willingness to take calculated risks. Figure 4.12 below sums up exploratory findings on both entrepreneurial motives and characteristics of Western Kenya female entrepreneurs.



**Figure 4.12 Summary Results of Female Entrepreneurs' Profile**

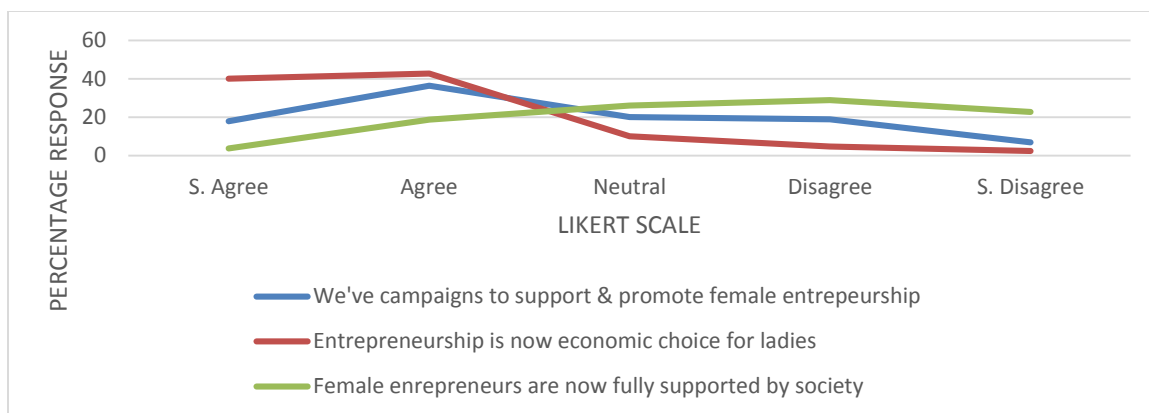
### **4.1.3 Niche Entrepreneurship Policy**

Entrepreneurship is a human activity pursued in society under the interplay of various factors. It is a human phenomenon that can either be facilitated or inhibited. Apart from the personal and entrepreneurial traits presented in section 4.2 above, this study investigated the extent to which the above traits are mediated by the niche policy to influence Western Kenya female entrepreneurs' entrepreneurial activity. Niche policy in this context refers to programs targeted by the government at a specific group, in this case Kenyan females to nurture entrepreneurial culture amongst them. The specific programs are promotion and resource support for female entrepreneurs.

#### **4.1.3.1 Promotion**

Promotional programs appreciate the fact that entrepreneurship is embedded in a complex network of social relationship, within which entrepreneurship is facilitated or constrained by linkages among aspiring entrepreneurs, resources, and opportunities (Aldrich & Zimmer, 1986 210). Presence or absence of networks to husbands, relatives, friends and access to memberships in associations, influence entrepreneurial activity. Female entrepreneurship is embedded in different personal and social networks from men, thus divisions and barriers limiting the reach and diversity of their networks that have far-reaching consequences on entrepreneurial activity (Dzis, 2008 23).

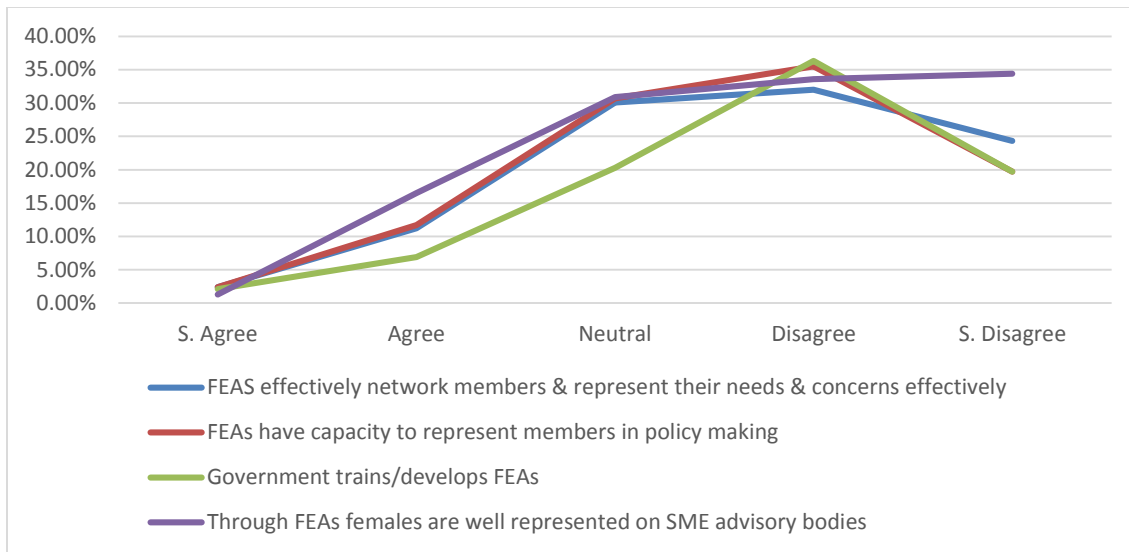
Responses on there being public campaign by county and central governments in support of was positive with 18% of the respondents strongly agreeing and an impressive 36% agreeing, and majority agreed that entrepreneurship was their economic choice, 40% very strongly while 43% agreed. The results on Figure 4.13 overleaf show these responses.



**Figure 4.13 Degree of Government Support**

On networking, respondents were asked rate their degree of agreement or disagreement to the statement that that their associations (Women Entrepreneur Associations-WEAs) effectively network members and advocate for their needs and concerns. The responses were in disagreement, 24% strongly and 32% disagreed. The rest, 30% remained neutral, 11% agreed and 2.4% strongly disagreed. Concerning the WEAs' capacity to represent members in policy making, the majority (32%) disagreed and 24% strongly disagreed.

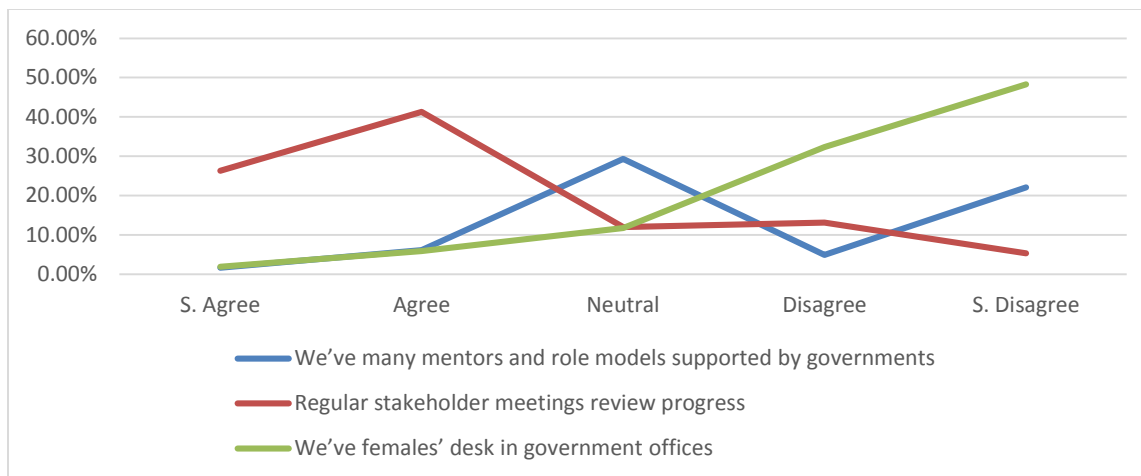
Closely related to WEAs capacity was whether they agreed that through their WEAs they were well represented to MSE advisory bodies. The majority (78%) disagreed, of which 34% disagreed strongly. Only a paltry 1.6% strongly agreed while a whole 31% remained neutral. Finally they were asked whether the government develops their WEAs on group dynamism, advocacy, lobbying among other aspects. Responses were in disagreement, (20%) disagreeing strongly and (36%) disagree. Results are in Figure 4.14, on the next page, 132.



**Figure 4.14 Government Network Building Facilitation**

Also on promotion (Figure 4.15 overleaf), respondents were asked if stakeholders host regular meetings to assess progress and formulate correctional strategies for female entrepreneurs’ challenges to which, 26% strongly agreed and 41% agreed, 12% remained neutral, 13% disagreed and finally 5% strongly disagreed. Strongly, 49% of respondents disagreed to having females’ desk in government offices/ departments.

Promotion is also meant to positively change societal perception of female entrepreneurship. To the question if females in Kenya today enjoy support in society following government effort of promotion. Responses, disagree (29%), neutral (26%), strongly disagree (23%) while 19% and 4% agreed and strongly agreed respectively.



**Figure 4.15 Specific Stakeholders Efforts**

Generally, the preceding results on female entrepreneurship promotion point to a sad situation in Kenya. Female entrepreneurs who are the clients of the niche policy seem to disagree on the effect of most programs. For example, we seem to be missing out on the benefits potential entrepreneurs would gain from role models supported and showcased by governments. Schwartz (2008 in Rashmi, 2010 74), asserts that role models help upcoming entrepreneurs develop entrepreneurial characteristics; need for achievement, high level of motivation, risk taking propensity, innovation and locus of control.

#### 4.1.3.2 Resource Support

As observed earlier in chapter two in this work, prior research has proved the importance of human and material/ tangible capital to the creation and growth of entrepreneurial ventures. Bandura (1977), Becker (1964), Brush *et al.*, (2006), and Carter, Van Auken & Harms (1992) found that human capital consisting of business skills and knowledge derived from education, previous work experiences, entrepreneurial mentorship and material capital differentiate levels of entrepreneurial activity among female.

According to the authors, availability of resources; human, material and networks are crucial at venture start-up, determining success and survival.

Entrepreneurship research has also focused on the tangible assets the entrepreneur brings to the entrepreneurial process (financial resources or capital, and equipment). Human capital/ competencies is used to mobilize tangible resources to create and grow ventures (Brush *et al.*, 2006 87). On human capital, entrepreneurship scholars Brush *et al.* (2006 in Dzis, 2008 203) identified that female entrepreneurs' years of college education and advanced professional degrees, as well as expertise through specialized training, form unique bundles of human capital which form a good foundation for a business venture.

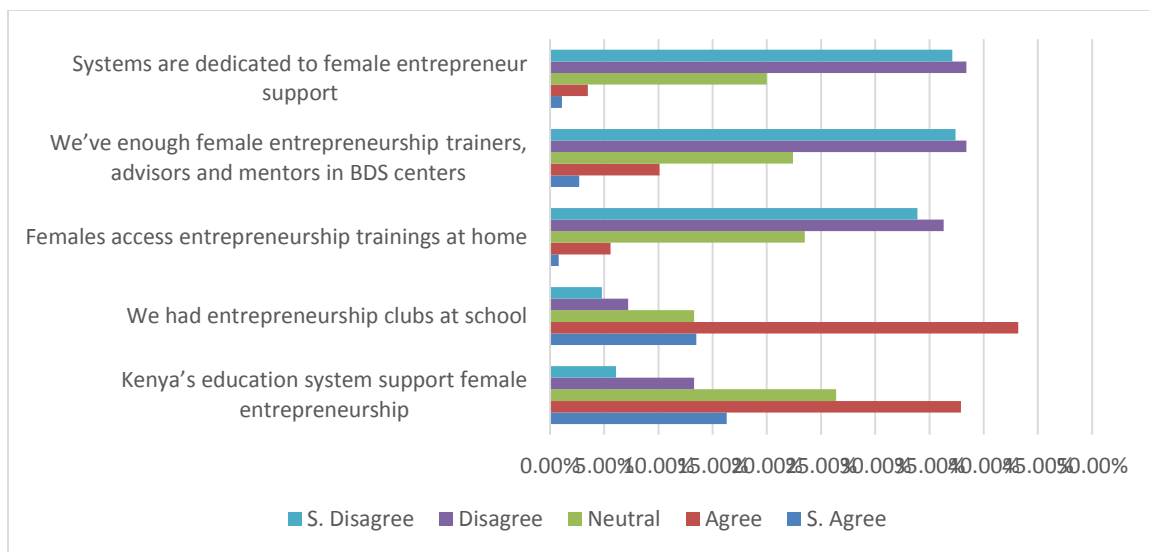
These authors further posit that skills and capabilities derived from education are broad ranging, from functional expertise in marketing, accounting, sales or productions, to abilities to spot market trends, and learning to deal with people and generate ideas to provide competitive advantage and underpin enterprise performance (Brush *et al.*, 2006 in Dzis, 2008 206). This section therefore presents results of the study on the Kenyan female entrepreneurs' feelings about the efforts the government has made to equip them with the required capabilities (skills) and cash plus commercial infrastructure.

The survey questionnaire had questions on our education system's empowerment of female entrepreneurs and efforts made by the government to facilitate them acquire post formal school skills. To the question whether the formal education system Kenyan female entrepreneurs underwent nurtures entrepreneurship, responses in the descending order were; 'agree (38%), neutral (26%), strongly agree (16%), disagree (13%) and strongly disagree (6%). To the availability of programs and clubs embedded in the curriculum to develop female entrepreneurship, nearly half (43%) agreed and thirty two percent (32%) strongly agreed. Neutral responses constituted 13% while disagree and strongly disagree



7% and 5% respectively. Because entrepreneurial and family commitments, females require entrepreneurial trainings to be organized near their places of residence.

Also, due to restrictions by their couples for married females, the preferred trainings organized and executed by fellow ladies to those by men at their locality. Therefore, to the question of trainings being available in their localities, the responses were disagree (36%), strongly disagree (34%), neutral (22%), agree (10%) and strongly agree (1%), in the descending order. Availability of female trainer, advisors, and mentors elicited responses in the same order. Those who disagreed (38%), agreed (37%), neutral (22%), agreed (10%) and strongly agreed (3%). The above results are presented on Figure 4.16, below.

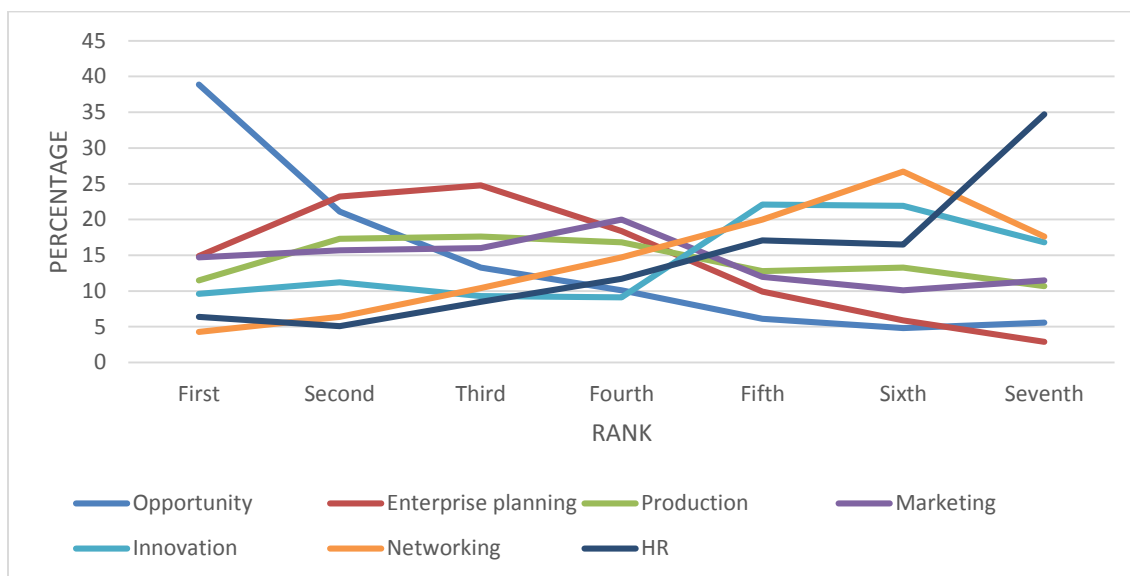


**Figure 4.16 Entrepreneurship Education in Schools and Training at BDS Centers**

Given entrepreneurial training opportunities, respondents were asked to rank the seven entrepreneurial courses on scale of first to seventh. The results showed that female entrepreneur valued opportunity identification course most (ranked first), business planning was rated second, production third, marketing fourth, innovation fifth, networking

sixth and least valued was human resource management rated seventh. This emphasizes their pursuit of market opportunity as their main motive as revealed earlier.

However the least value attached to human resource could be contradicting their opportunity driven motive, as it implies that they are not growth oriented. This fact is further emphasized later in this research that on average, female-owned MSEs are self-employment firms i.e. they have no employees at all. Figure 4.17 below presents information on these entrepreneurship course ratings.



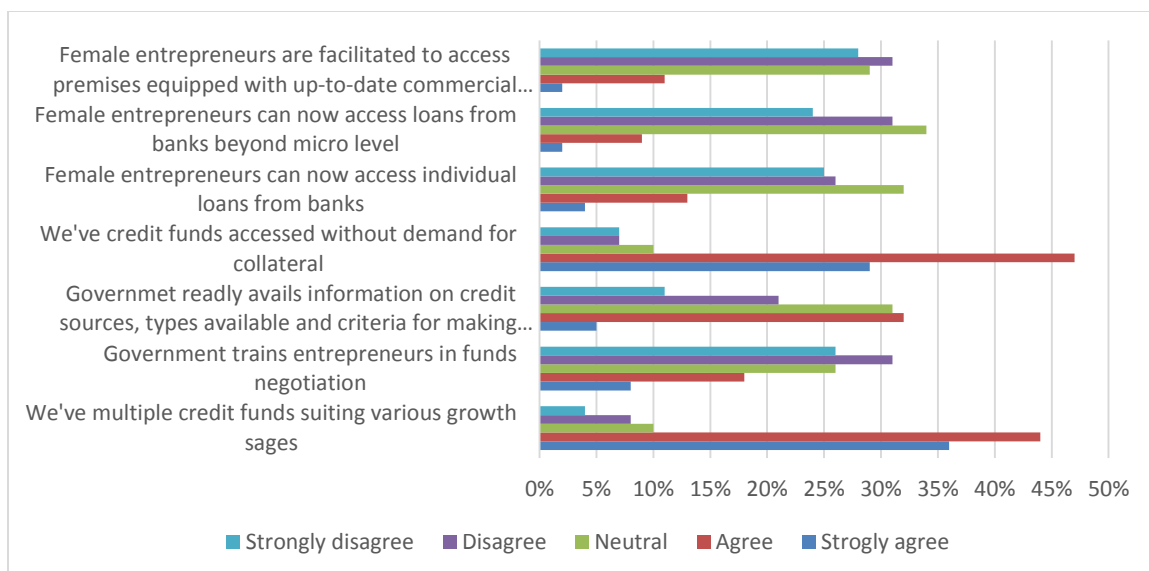
**Figure 4.17 Importance of Various Courses**

The questions on availability, requirements for acquisition, level of credit advanced to female entrepreneurs, whether in groups or individually and availability of information on sources and lending criteria and whether females are well skilled to negotiate for them. To the question of whether there are multiple sources of credit funds to meet women-owned MSEs' different growth and development stages, those in agreement were (44%), strong agreement (36%), neutral (10%), disagreement (8%), and strong disagreement (4%).

To the question whether the government makes effort to empower female entrepreneurs skill wise to negotiate for funds, (31%) disagreed, neutral (26%), strongly disagreed (19%), agreed (18%) and strongly agreed (8%) in the descending order. Concerning access to information about credit sources, types available and criteria for making lending decisions, a good percentage (32%) agreed, those who remained neutral formed 31%, those in disagreement (21%), strong disagreement (11%) and strong agreement (5%).

The respondents were asked whether we had finance credit accessed without the demand for collateral. Their responses were; agree (47%), strongly agree (29%), neutral (10%) and both disagree and strongly disagree (7%). To the question if today female entrepreneurs can acquire credit beyond micro level from our financial institutions, 34% of the respondents were neutral, 31% disagreed, 24% disagreed strongly, while 9% agreed and only 2% agreed strongly. To which level they agreed that female entrepreneurs today can access individual loans instead of group guaranteed ones from the same financial institutions, neutral response (32%), disagree (26%), closely followed by strongly disagree (25%) and agree and strongly agree 13% and 4% respectively.

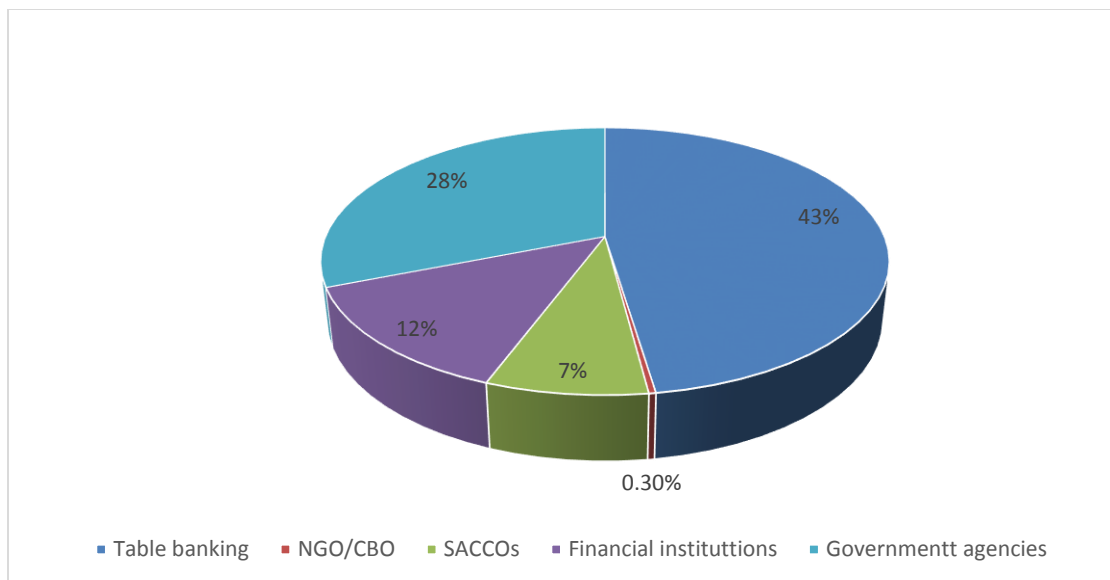
Facilitating female entrepreneurs to access adequate production premises equipped with up-to-date commercial technologies elicited the responses; disagree (31%), neutral (29%), strongly disagree (28%), agree (11%) and strongly agree (2%). The questionnaire also investigated if we have systems in government offices to enhance females' acquisition of resources in general e.g. females' desk. The responses were disagree (38%), strongly disagree (37%) and neutral (22%). Those who disagreed were 10% and strongly disagreed formed a paltry 1%. These results are well summed up on Figure 4.18, next page.



**Figure 4.18 Rating of Various Resource Support Programs**

Generally, the respondents agreed to there being credit without demand for collateral and various sources to suit the various growth and development MSE stages. To other initiatives, they either disagreed or remained neutral.

The various sources of credit finance were listed and entrepreneurs asked to indicate the ones they have ever borrowed from. Table banking was the most popular (43%) and the least popular was NGO/ CBO (.3%), which might be giving charity not loans. Only seven percent (7%) of the respondents ever borrowed from SACCOs, twelve percent (12%) from financial institutions, and twenty eight percent (28%) from government agencies of Uwezo, Youth, and Women funds as depicted on the pie chart (Figure 4.19) overleaf.

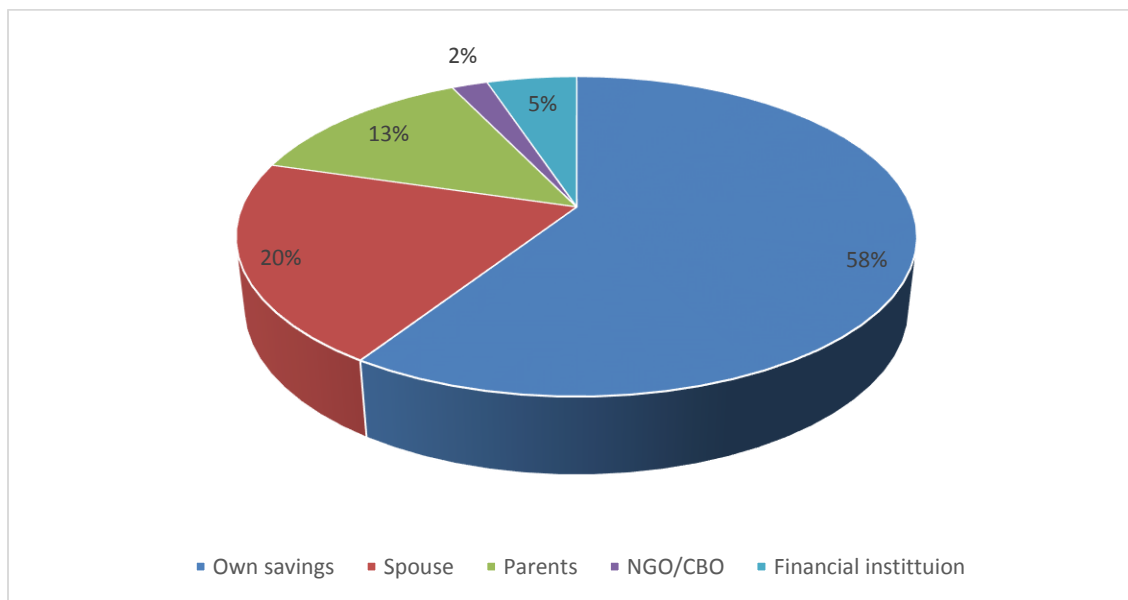


**Figure 4.19 Sources of Credit for Respondents**

Almost a quarter of the respondents never took credit finance from the above sources. The reasons they gave for not taking credit funds were fear of loans and lack of security (7% each) and inability to pursue the borrowing process and lack of such credit sources in their localities (2%) each. These results agree with those by Rshmi (2010 80) who found out that Self Help Groups (SHP) continue to play a strategic role in providing credit for the development of micro enterprises owned by female entrepreneurs.

To those who had acquired credit from the listed sources, a question wanted them to give the types of securities/ collateral demanded by the lenders. The security type commonly used was savings and guarantors (65%), meaning as Rshmi (2010 80) found out, SHG was the main credit source. The least security used was a logbook (1%). Other types of securities used were salary (7%), title deed and house hold goods (4% each). Apart from credit financing after the enterprise start-up stage, respondents were asked where they sourced their seed capital for start-up from. The responses revealed that most female entrepreneurs start with their own savings as seed capital (58%). Others were sponsored by

spouses (20%), parents (13%), NGO/CBO (2%) and borrowing from financial institutions (5%). See these results on Figure 4.20 below.

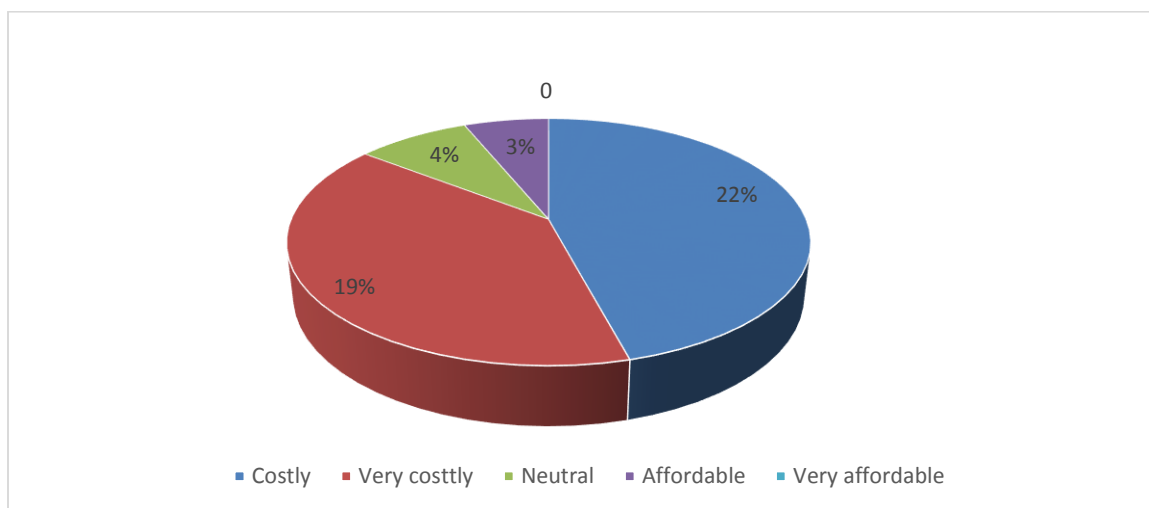


**Figure 4.20 Various Sources of Seed Capital for Female Entrepreneurs**

Good institutions have been cited in different works as being a valuable resource in entrepreneurship success. Evidence in the literature reviewed suggest that improving the institutional environment may have positive benefits on the creation, growth and survival of ventures (Orford, Herrington & Wood, 2004 in Acta, 2007 1 & Rambe 2016 99). The questionnaire asked the respondents they had acquired any license in the last one year.

Of the three hundred and seventy five respondents, 46.4% affirmed having had a license, 53.3% had not and .3% did not answer the question. Those who had acquired a license in the last one year were further asked how long it took them to acquire it. The responses were, one day (10%), less than one day (9%), one week (7%), more than one month (6%), two to three weeks (5%), and more than one day (3%) in the descending order. Responses to the question concerning costs of license acquisition were; costly 22%, very

costly 19%, neutral 4%, affordable 3% and very affordable less than one percent as shown on Figure 4.21. Those who had not acquired any license in the last one year cited reasons ranging from offices being far from points of operation/ homes (19%), high financial costs involved (16%), long/ time-consuming process (13%) and unfriendly officials (3%). See figure 4.21 below for details.



**Figure 4.21 How Costly Licensing was Perceived to be**

The survey instrument also asked respondents which costs do female entrepreneurs who operate without licenses bear to which they responded; frequent harassment by officials (41%), exploitation by officials through bribery (40%), inaccessibility to individual credit (10%), inaccessibility to government support (8%) and none (2%).

The respondents were further asked if the government avails civic education on the process and benefits of enterprise formalization and through which body. The majority of the respondents (70%) said no and those who said yes (30%). The bodies used by the government to civic educate female entrepreneur on the process and benefit of firm

formalization were financial lenders (10%), tax authorities (9%), Business Development Service centers (6%), and NGOs among other bodies (4%).

Results on licensing agree with Olomi and Mori's (2013 in OECD, 2014 2) that laws and regulations affecting business licensing procedures were designed for relatively large projects and are therefore difficult for micro enterprises where the majority are led by women, to comply. Women entrepreneurs fear registering their businesses because of cumbersome regulations and licensing procedures (Argidius Foundation, 2015 6). However, those who had registered their businesses said the process was indeed cumbersome but worthwhile, showing that more awareness raising is needed on the benefits of registry.

#### **4.1.3.3 Challenges Women Entrepreneurs Face Despite Policy Interventions**

Women entrepreneurs face both general barriers to the development of MSMEs (weak institutional support, lack of access to credit and services); and gender-specific barriers (uneven sharing of privatization gains like lack of collateral to acquire start-up capital, lack of networks, and traditional views on female's role in society) (Esim, 2001 9). Other female-specific obstacles highlighted by the OECD (2004 51) are ; type of education, lack of role models in entrepreneurship, gendering of entrepreneurship, weak social status, competing demands on time between business and family chores and access to finance.

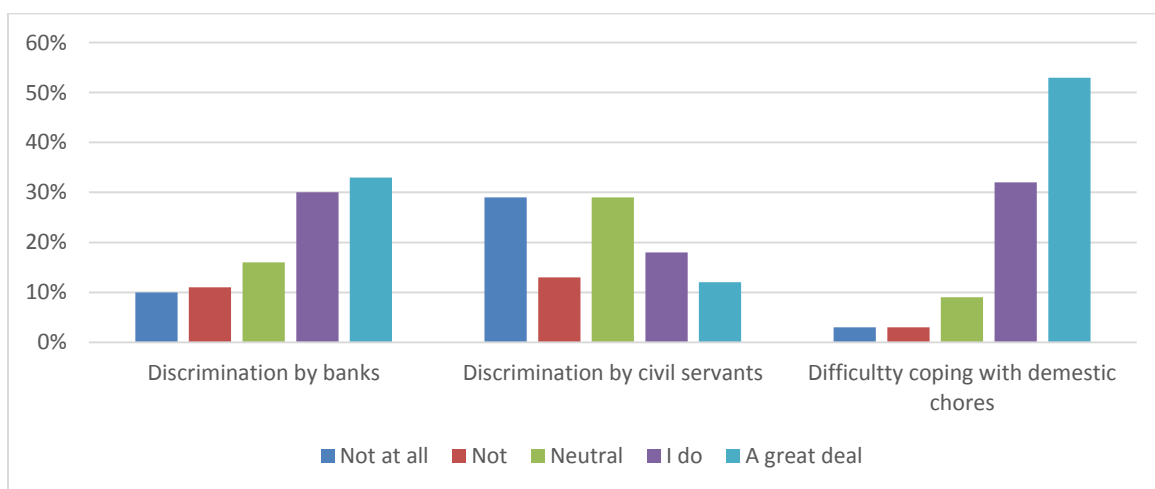
The survey questionnaire highlighted challenges at the end of each niche entrepreneurship policy programs and respondents were given the scale of 'not at all, not, I do and a great deal' to rate the extent to which they still experience the challenges despite



policy interventions. Promotional related challenges were; discrimination from banks, discrimination by civil servants and difficulty balancing enterprise work and family life.

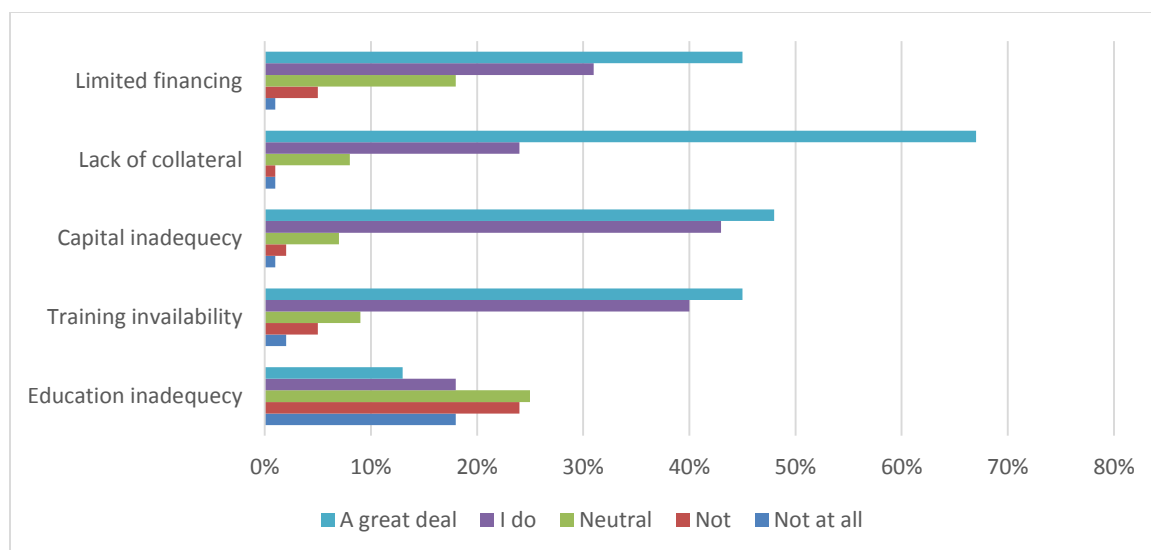
To discrimination by banks, entrepreneurs' responses were a great deal (33%), I do (30%), neutral (16%), not (11%) and not at all (10%). Responses to the discrimination by civil servants in government offices were not at all and neutral (29% each), I do (18%), not at all (13%) and a great deal (12%). To how much respondents were challenged by domestic chores, fifty three percent (53%) said a great deal, those who said they 'do' were thirty two percent (32%), while neutral (9%) and not at all and not (3% each).

The most pressing challenge to females is therefore balancing entrepreneurship with family roles. This is supported by Kantor (2002) as cited in Noguera (2012 112) that existence of gender roles (as wife and mother) and responsibilities within society constraints female entrepreneurial activity more than other challenges. See the diagram (Figure 4.22) below for finer details on promotional related challenges respondents face.



**Figure 4.22 Promotional Related Challenges**

Resource support related challenges were five, whose results are as follows. To inadequate education, responses neutral (25%), not (24%), I do and not at all (18% each) and a great deal (16%) were given by respondents. Concerning entrepreneurship training unavailability, respondents said, a great deal (45%), I do (40%), neutral (9%), not (5%) and finally, not at all (2%). Capital inadequacy was another challenge to which entrepreneurs responded a great deal (48%), I do (43), neutral (7%), not (2%) and not at all (1%) in the descending order. To how challenging collateral is as a means of accessing credit, responses were, a great deal (67%), I do (24%), neutral (8%) and not and not at all (1% each). The diagram overleaf, Figure 4.23 summarizes these results.



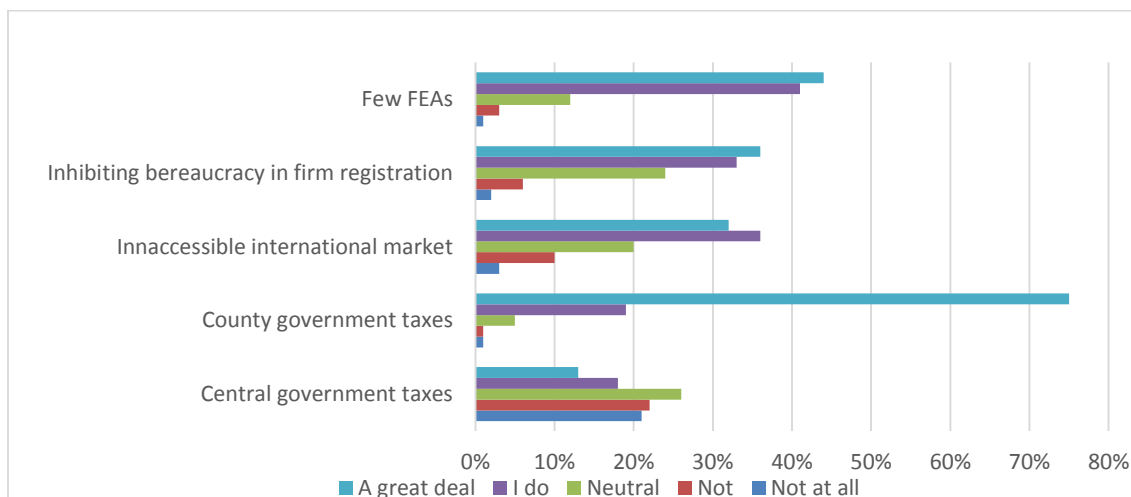
**Figure 4.23 Resource Support Related Challenges**

Whilst micro financing can provide start-up funds for productive investment, it can also lead to increased exclusion unless programs are well designed to cater for those who have no collateral (OECD, 2012 9). The ICF/World Bank report in Kenya, ‘Voices of Women Entrepreneurs in Kenya’ (nd page 1) confirmed women's unequal access to property and land as one of the most important barriers to securing loans. Responses to limited financing

were; a great deal (45%), I do (31%), neutral (18%), not (5%) and not at all (1%). Results reflect ILO's (2014 2) in Tanzania that inaccessibility to finance is a real challenge for women entrepreneurs in developing countries.

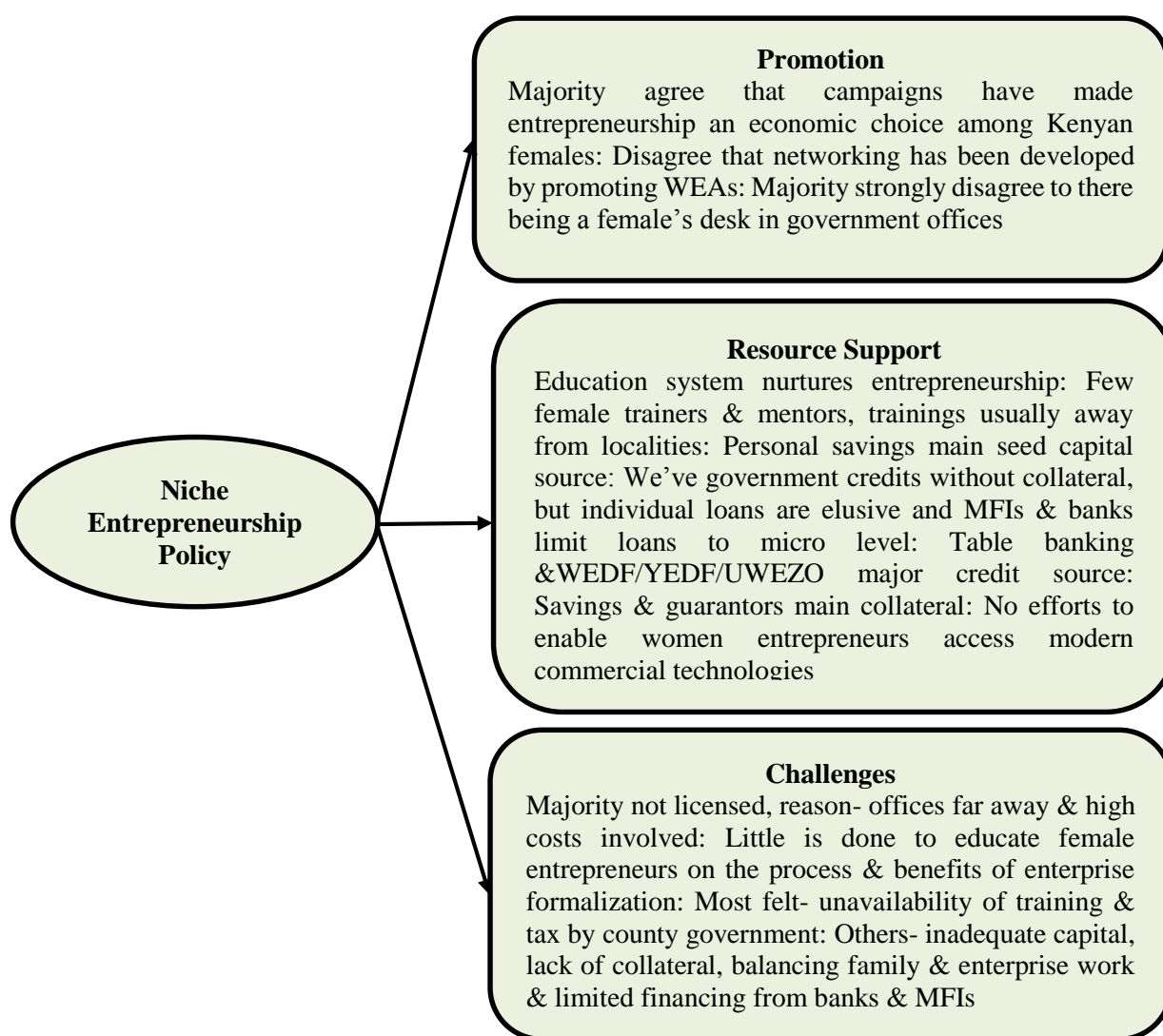
Institutional challenges revolved around inhibitive regulation and lack of facilitation (Figure 4.24). Responses on the central government's tax burden were; neutral (26%), not (22%), not at all (21%), I do (18%) and a great deal (13%); and how burdensome taxes by county governments were, a great deal (75%), I do (19%), neutral (5%) and not and not at all (1% each). To the inaccessible international market the responses were; I do (36%), a great deal (32%), neutral (20%), not (10%) and not at all (3%) in the descending order. To bureaucratic barriers to firm registration; a great deal (36%), I do (33%), neutral (24%), not (6%) and not at all (2%) were the responses.

Finally, to the challenge of there being few business associations that target women, respondents experienced to a great deal (44%), I do (41%), neutral (12%), not (3%) and not at all (1%). Results agreed with Chpchieneng and Nassiuma's (2017 33) assertion of lack of government support to MSEs.



**Figure 4.24 Institutional Related Challenges**

The women entrepreneurs' survey (WES) shows that finance is one of the top challenges faced by women entrepreneurs when starting and growing their businesses. The next challenge was getting customers for their products followed by finding a suitable business location. It is also surprising that women find getting family support a greater challenge when growing their business (30 per cent) than when starting it (12 per cent). The summary on the niche policy and the challenges female entrepreneurs in Western Kenya continue to face despite policy interventions are presented in Figure 4.25 below.



**Figure 4.25 Summary Results of the Niche Policy**

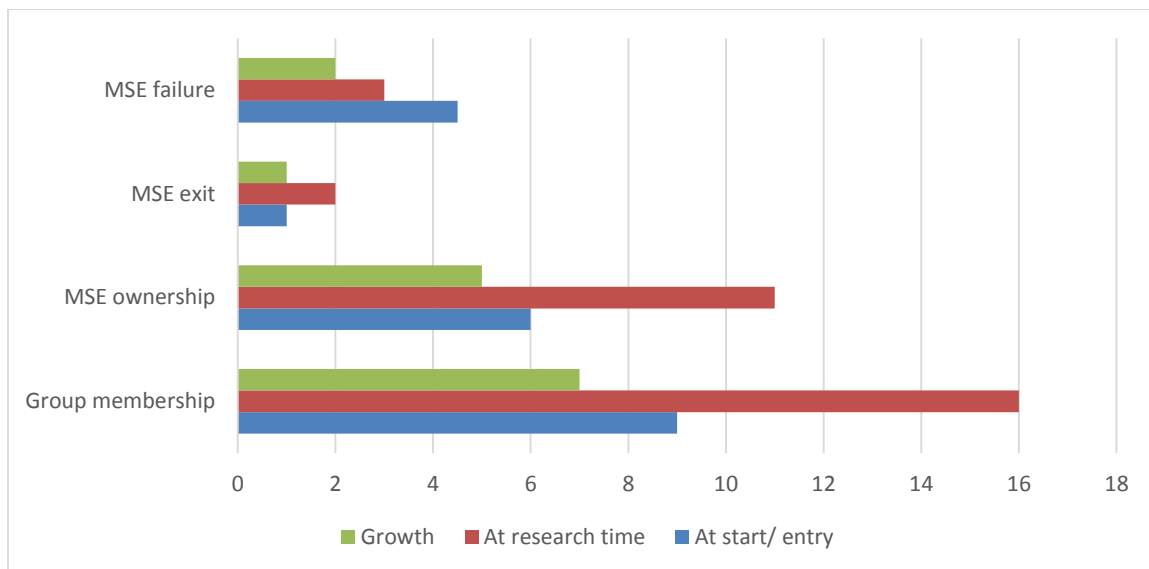
#### **4.1.4 Entrepreneurial Activity**

This study defined entrepreneurial activity as the human action in pursuit of the generation of value, through the creation of new or expansion of old economic activities, by identifying and exploiting new products, processes or markets. The dependent variable is entrepreneurial activity whose components are new start-ups and performance/ growth.

##### **4.1.4.1 New start-ups**

To investigate the rate of enterprise creation among female entrepreneurs, two questions were included in the questionnaire one asking how many members were in the group when she joined and at the time of questionnaire administration. Another question asked how many members owned and operated enterprises both at joining and at the time of responding to the questionnaire. At joining, the average number of membership in the female entrepreneurs' groups was nine (9) members while at the time of collecting this data it was fifteen (15) members, while enterprise ownership was six (6) at joining and eleven (11). This means that enterprise start-up increase was five firms on average (7%).

The survey instrument also had a question on the number of group members who exited/ closed their enterprises due to personal/ family reasons. The responses were: at start one entrepreneur on average and two entrepreneurs at the time of responding to this questionnaire. Still at the group level, respondents were asked to give the number of closures due to enterprise failure. The responses revealed on average one (1) firm failed at joining and three (3) firms at the time of this research. This means that more enterprises fail than closure due to female entrepreneurs' personal reasons. See Figure 4.26 overleaf.



**Figure 4.26 Group and MSE Start-up Dynamism**

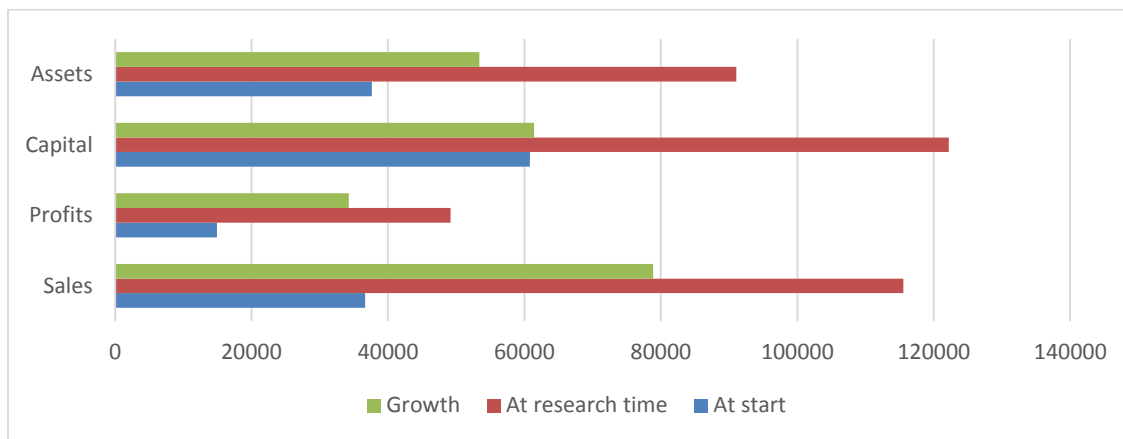
#### 4.1.4.2 Venture Growth

The questionnaire had questions on indicators of performance that included changes in sales, profits, capital invested, assets, number of employees, and number of new branches opened. Also the instrument had questions on changes in the number of products, processes, markets and suppliers that indicate both performance and innovation. To the question on sales at joining and now, the responses showed Kenya shillings thirty six thousands five hundred and sixty six and forty cents (Khs. 36,566.40) and Kenya shillings one hundred and fifteen thousands, five hundred and forty five and eighty seven cents (Kshs115, 545.87). This indicates average sales growth of Kenya shillings seventy eight thousands, nine hundred and seventy nine and forty seven cents (216%).

To growth in profits, the responses showed that on average profits were at Kenya shillings fourteen thousands, nine hundred and nineteen cents at joining and forty nine thousands, one hundred and eighty seven and eight one cents now. This reveals a two

hundred and thirty percent (230%) growth. The average capital growth was from sixty thousands, seven hundred and eight six at joining to Kenya shillings one hundred and twenty two thousands, two hundred and twenty eight and ninety one cents (113%).

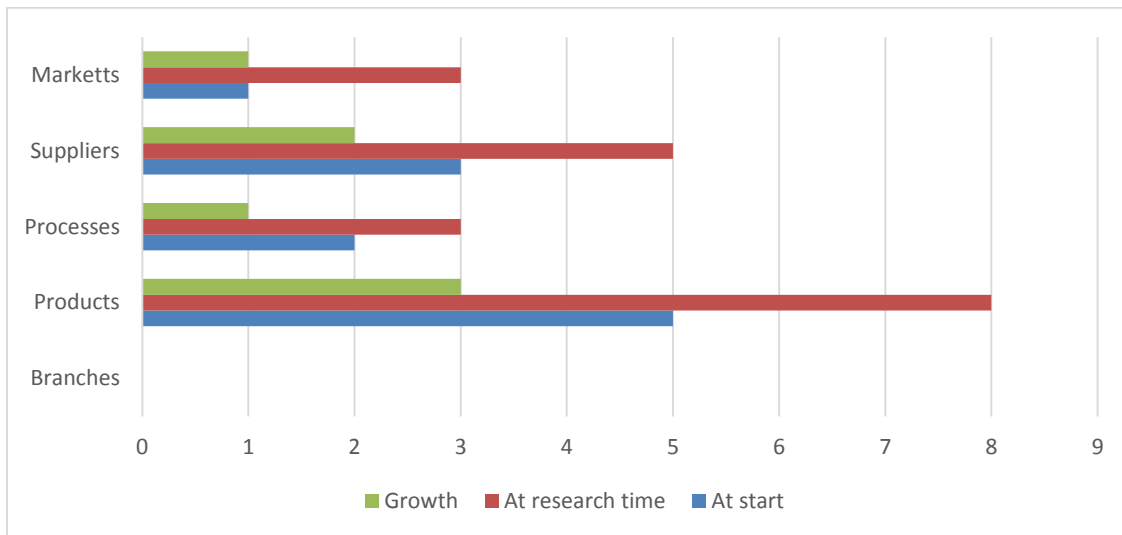
The growth in enterprise assets was close to the growth in sales and other indicators above. It was Kenya shillings thirty seven thousands, six hundred and twenty nine and forty nine cents at joining and Kenya shillings ninety one thousands and thirty six and twenty seven cents now (142%). However, the change in the commonly used indicator for growth, the number of employees was zero on average. On average, firms had one employee both at joining and now. Simply put, firms that had no employee at all were fifty seven percent (57%) at joining and forty percent (40%) now respectively. Figure 4.27 displays details.



**Figure 4.27 Enterprise Growth**

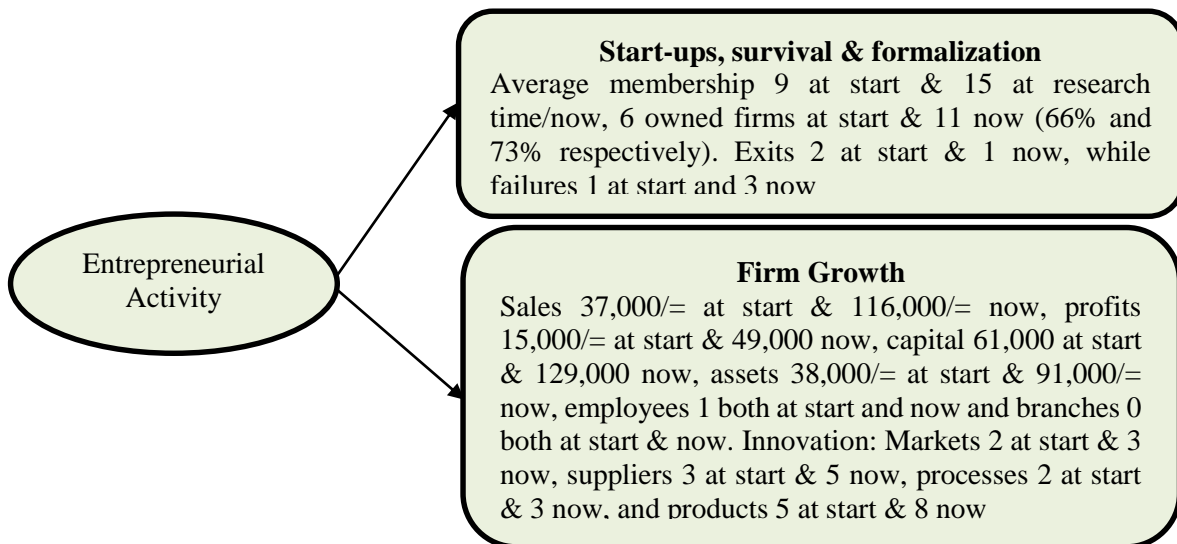
Related to a small growth in employees was growth in branches, ninety six percent of the enterprises sampled had no branch at all at joining, and eighty eight percent now (a 1% reduction in firms without a single employee). For creativity and innovation related indicators, the responses indicated diversification up to two (2) markets at start-up and three (3) at the research time. The same for processes. Suppliers were three at start and five

(5) at research time, and products were five at start and eight at the time of research. View the Figure 4.28 below for diagrammatic presentation of these results on innovation.



**Figure 4.28 Degree of Innovation**

The results on entire entrepreneurial activity (start-ups, survival & growth/performance) are summed up in Figure 4.29 below.



**Figure 4.29 Summary Results on Entrepreneurial Activity**



## 4.2 Correlation/ Regression Analysis

The initial analysis (previous section 4.1) explored data using figures/ diagrams. The researcher's choice of diagrams was influenced by the research objectives and the aspects of the data to be emphasized, and the scale of measurement at which the data were recorded. Tables showed specific values; bar charts showed highest and lowest values; line graphs trends while and pie charts proportions. This subsequent analyses involved describing data and exploring relationships both between and among variables using statistics.

Correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables (Kothari, 2004 130). It studies how one or more variables affect changes in another variable. It can therefore be termed as a study of functional relationships existing between two or more variables, hence a regression analysis. Since causal analysis is considered relatively more important in experimental researches whereas this business research's interest lied in understanding relationships between variables then with determining causes *per se* (Kothari, 2004 130), it used correlation analysis considered relatively more important.

As was in descriptive analysis, the choice of statistics was influenced by research objectives and the scale of measurement at which the data were recorded. The analysis involved using statistics; correlation and regression to assess the strength of relationships between variables, and regression analysis to predict values (Saunders, 2009 444). The study objectives which influenced the choice of above analysis techniques were to analyze: The contribution of women entrepreneurs' profile to their entrepreneurial activity; the relationship between the women entrepreneurs' profile and the niche policy; the relationship between the niche policy and the women's entrepreneurial activity; the mediating influence of promotional efforts in the relationship between women

entrepreneurs' traits and the number of new venture start-ups they create, and; the mediating influence of resource support in the relationship between women entrepreneurs' motives and their ventures' growth.

From the above five objectives, six hypotheses were formulated for testing direct relationships. These were that: *There was a significant relationship between women entrepreneur's traits and the number of new venture start-ups they created; there was a significant relationship between women entrepreneurs' traits and promotional efforts; there was a significant relationship between promotional efforts the number of new venture start-ups created; there was a significant relationship between women entrepreneur's motives and their ventures' growth; there was a significant relationship between women entrepreneur's motives and resource support and; there was a significant relationship between resource support and venture growth.*

The next two hypotheses testing indirect and / or mediating influence were that: *There was a significant mediating influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of new venture start-ups they created and; there was a significant mediating influence of resource support in the relationship between women entrepreneurs' motives and their ventures' growth.*

This section integrated descriptive results from section (4.1) with the hypotheses testing results in this section (4.2) and then discussed in a broad context the overall results of the study. From the above hypotheses, the dependent variable of the study was identified as the entrepreneurial activity of the western Kenyan female entrepreneurs, the mediating variable as the niche policy and entrepreneurs' profile as the independent variable.

The entrepreneurial activity measures were highlighted in the descriptive analysis results and findings section. They were new start-ups and growth. Also, the two mediating research measures of the study were identified as the components of the niche entrepreneurship policy; promotion and resource support programs; and entrepreneurs' profile components, motives and traits the independent variable measures. The mediating variable measure were classified so, to capture the dimensions of the motivational and resource-based theoretical perspectives guiding this study.

Relevant statistical techniques were employed to conduct systematic investigations to test the hypotheses in order to achieve the objective of the study. The main technique to test the relationship between the research independent and dependent variables was correlation analysis. Correlation coefficient technique was suitable to quantify the strength of the linear relationship between two variables (Saunders, 2009 459).

As observed earlier in chapter one of this same study, the first six null hypotheses aimed to fulfil pre-mediation analysis modelling conditions (Hsueh-Sheng, 2011 19-24 & Andy, 2013 410) that: The predictor variable must significantly predict the outcome variable in the first model; The predictor variable must significantly predict the mediator variable in the second model; The mediator must significantly predict the outcome in the third model and; The predictor variable must significantly predict the outcome variable less strongly in the third model than it did in the first model.

The coefficient of determination, also known as the regression coefficient was used to assess the strength of the relationship between one dependent variable and two other variables, the mediating and independent variables when testing hypotheses H0<sub>4</sub> and H0<sub>8</sub> (Andy, 2013 410). In Andy (2013 410), Baron and Kenny (1986) advocate for looking at

regression parameters to assess if mediation has occurred or not. However in practice, mediation would occur if the relationship between the predictor ( $X$  in model 3.1 in chapter three) and outcome ( $Y$ ) was significant, that is  $p < .05$  and insignificant if  $p > .05$  when the mediator  $Z$  is introduced (Andy, 2013 410).

Andy (2013 10) also advises the use of Sobel test as an alternative since changes in  $p$  values can be misleading in some cases. If the Sobel test is significant, then it will be accurate to conclude that the predictor significantly affects the outcome through the mediator (Sobel, 1982 in Andy, 2013 410). To estimate the combined effect in the model, we multiply  $a$  by  $b$ . The result is unstandardized regression coefficient.

$$\text{indirect effect} = ab \text{ (unstandardized)}$$

Standardized regression parameters are preferred since they can be compared across different studies using different outcome measures. MacKinnon (2008 in Andy, 2013) partially standardizes the above coefficient in respect to the outcome variable by dividing it by the standard deviation of the outcome variable, using the equation below.

$$\text{indirect effect} = \frac{ab}{S_{\text{outcome}}}$$

Full standardization of indirect effect is by multiplying partially standardized measures above by the standard deviation of the predictor variable (Precher & Hayes, 2008 in Andy, 2013 412). See the equation below.

$$\text{indirect effect} = \frac{ab}{S_{\text{outcome}}} \times S_{\text{predictor}}$$

The final measure of indirect relationship used in this research was suggested by Preacher and Kelly (2011). It is called kappa-squared ( $k^2$ ). It expresses the indirect effect

as a ratio to the maximum possible effect that one could have found given the design of their study. Its formula is shown below.

$$k^2 = \frac{ab}{\max(ab)}$$

It is a proportion and is interpreted as such: values of zero (0) mean the indirect effect is very small relative to the possible maximum value. Values close to one mean that it is as large as it could possibly be, given the design that we have. Generally, a small effect would be .01, medium effect around .09 and a large effect in the region of .25 (Preacher & Kelly, 2011 in Andy, 2013 413). The **PROCESS** program written by Andrew F. Hayes (2013) in SPSS computes all effect sizes discussed above. This study therefore used SPSS version 20 to execute correlation analyses through which hypotheses were tested.

This section is organized into four sub-sections. Following this introduction is sub-section 4.2.1, on the development of measurement scales for variables, sub-section 4.2.2. In sub-section 4.2.2 the hypotheses testing results are presented and discussed. Finally, section 4.3 and 4.4 present the summary of hypothesis testing results and the Female Entrepreneurship Promotion Model proposed by this study. The model is to be tested and validated by other future studies in female entrepreneurship.

#### **4.2.1 Development of Measurement Scales for the Three Main Variables**

To develop measurement scales for variable, exploratory factor analysis was used. It is usually conducted in the early stages of scale development addressed the questions; how many constructs are being measured; how well are they measured, and what are the correlations between the constructs? (Albright & Hun, 2009 10). This research administered a survey questionnaire made up of one hundred and twenty three related

items. There was therefore the need to prepare these items by means of factor analysis before their use in the hypotheses testing.

In this section, an exploratory factor analysis was therefore used to reduce the original large data into a more manageable number of dimensions or factors conducive for use in hypotheses testing (Andy, 2013 665). Principal axis factoring method was used to ensure that only a shared variance is used to cluster variables together. It is one of the most used methods by researchers (Albright & Hun, 2009 10)

The Bartlett's test of Sphericity and the Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy were also performed to ascertain the appropriateness of the factor analysis for the research variables. Scales were created for each of these factors by adding the responses for the items, loading strongly on each factor. Finally, a Cronbach alpha reliability test was performed to ensure the items included in the new scales agree well with one another and were reliable for use in testing the hypotheses. Factor analysis results are presented in the preceding subsections 4.2.1.1, 4.2.1.2 and 4.2.1.3 below.

#### **4.2.1.1 The Dependent Variable; Entrepreneurial Activity**

As observed earlier in this work, different researchers have measured entrepreneurial activity differently. Crook *et al.*, (2010 1) however stressed the importance of having an adequate fit between the research design and the method and measures used in entrepreneurship research. The GEM captured all kinds of entrepreneurial activity including self-employment and part-time activities while many entrepreneurship theories refer to Schumpeter-type innovative, growth oriented start-up activities.

On the basis of the micro data like in this research, Bergmann, Mueller and Schrettle (2013 16) advised researchers to calculate measures of entrepreneurial activity that better suit particular research questions. For example, Bergmann and Stephan, 2012 (cited in Bergmann, Mueller & Schrettle, 2013 16) calculated a modified new business owner-manager rate that captures only very recent start-up attempts because it better fitted their entrepreneurial activity research design.

To suit its research objective therefore, this study defined entrepreneurial activity as the human action in pursuit of the generation of value, through the creation of new or expansion of old economic activities, by identifying and exploiting new products, processes or markets. The dependent variable's components in this study are new start-ups, and growth through innovation. Entrepreneurial activity factors were measured using fifteen items in the survey questionnaire. Respondents were asked to give figures in changes in different aspects of their enterprises at joining the women group and at the time of instrument administration and at enterprise start and at the time of research.

The changes were converted into percentages measured on a likert scale of 'very low growth, low, neither, high and very high growth'. The two factors that were established through factor analysis are; rate of start-up and enterprise growth. The response correlations between these items, their ordinal level of measurement and the large number of participants qualified the data for factor analysis. The fifteen dependent variable items were factor analyzed through principal component factoring, with Promax rotation (Appendices 1C and 1D), and the results are presented on the next page.

**Result 1**

The various indications of the factorability of the dependent variable (entrepreneurial activity) was good and appropriate: KMO was .789; and the Bartlett test of Sphericity (Appendix 1C, part IV) which indicated the significant level of  $p < .001$  also showed that factor analysis was appropriate for use in hypotheses testing.

**Result 2**

Eigen values of greater than 1.0 (9.562 for factor one and 4.568 for factor two) (Appendices 1C, part VII and 1D part III) suggested the number of factors (2) was suitable for extraction. These values also represent the amount of variance accounted for by each factor. The two factors (Appendices 1C, part VIII and 1D part III) with Eigen values exceeding 1, explained 41 percent and 20 percent of the variance respectively of the 61 percent total variance explained by the factors prior to rotation.

**Result 3**

The factor analysis reduced the dependent variables data into two factors, MSE start-up rate (**START-UPS**) and growth (**GROWTH**) (Appendices 1C part VIII and 1D part III) collating related items together. These values which were above 0.6 loading indicated the responses were most crucial or important to the women in terms of each measure of entrepreneurial activity. Scales were constructed for each of the factors by averaging the responses for the items loading strongly on each factor.

**Result 4**

A reliability test was conducted for the scales constructed for each of the extracted factors, to ascertain the degree to which the items making up the scale are correlated. This



was to find out whether all the items that have collated together on one factor have internal consistency and whether they measure the same underlying constructs. Ideally, the reliability test, which is a Cronbach alpha coefficient, should have a value above .7, but greater or equal to .6 is an acceptable lower coefficient (Hair *et al.*, 2006). The results indicated that factors 1 and 2 of the extracted dependent variable items had a strong internal consistency with Cronbach alpha coefficients of .800 and .792 respectively.

### **Result 5**

After the extraction and interpretation of the above three entrepreneurial activity factors, a composite measure of success (total success) was derived for use in the multiple regression analysis of the general assessment of the relationship between the independent variables and the overall entrepreneurial activity factor in the testing of the hypotheses. Total success (TTLENACT) was computed by adding up all the 7 dependent variable items on the two factor scales and dividing by their number (7). The 7 items for total success were also subjected to a reliability test to ensure that all the items on the total success scale belonged together with strong internal consistency. Reliability test yielded a Cronbach alpha for total success of .717, meaning the scale could be used to test hypotheses.

Therefore, the results of the various statistical tests conducted to prepare the dependent variable were correct and suitable for use in the testing of the hypotheses in the subsequent sections. The exploratory factor analysis supported the existence of two constructs or factors (start-ups and growth) in the interpretation of entrepreneurial activity among Kenyan female entrepreneurs. These two factors (Table 4.1 next page) also constituted the dependent variable. It also highlighted the fact that enterprise growth factor is the most important to the women entrepreneurs in their interpretation of entrepreneurial activity.

**Table 4.1 Factors for the Dependent Variable; Entrepreneurial Activity**

FACTOR	KMO	ALPHA	EIGEN VALUE	VARIANCE%	VARIABLE	LOADING
GROWTH	.789	.800	3.310	28%	Capital growth	.684
					Sales growth	.626
					Assets growth	.621
					Profits growth	.583
SART-UPS		.792	1.659	12%	Membership growth	.756
					MSE creation	.746

#### 4.2.1.2 The Mediating Variable; Entrepreneurship Niche Policy

Niche policy helps cultivate a healthy MSME sector by nurturing a culture that rewards individual and collective initiative and innovation in all its citizens, including the socially excluded and minority groupings. Nurturing such a culture lies in the education system that creates an economic, political and social climate which encourages a high rate of enterprise start-ups, growth and survival leading to an overall increase of the MSME stock. This in turn results in high proportion of quality businesses contained in the new enterprises stock.

The policies aim to create an economic and social climate which encourages existing MSMEs to grow and a sympathetic and entrepreneurial stakeholder environment for MSMEs, of empathy by government, education, regulatory authorities, banks, the professions and the large corporate sector that facilitates the MSEs to survive and grow. The stakeholder environment should be therefore as entrepreneurial as the MSE sector itself, according to the OECD (2004 17).

Since entrepreneurial activities take place within the wider social, cultural, and political contexts there must exist basic requirements, efficiency enhancers, and a number of innovation and entrepreneurship conditions that all contribute to entrepreneurial activity of

any country or region. While these factors have an impact on established firms, new entrepreneurs are particularly sensitive and their presence have a significant positive impact on their development (OECD, 2004 17).

Given the above framework, policymakers have to choose suitable policy instruments in order to stimulate positive entrepreneurial attitudes within a society, and encourage entrepreneurs to recognize valuable business opportunities and pursue skills to capitalize on them (OECD, 2004 17). Most importantly, governments need to encourage entrepreneurs' aspirations to grow, innovate and help entrench these social values in order to promote sustainable competitiveness. Through the provision of supportive resources and policies, policymakers can help increase entrepreneurship activities for greater national competitiveness and sustained economic growth (OECD, 2004 17).

Women entrepreneurs in particular would benefit from supportive policies that encourage them to "go for it", which are currently lacking in most developing countries. In these countries, the socio-cultural norms subject women to negative stereotypes leading to few visible role models for them at any level (OECD, 2004 17). Sound policies would address gender barriers at all levels (ILO, 2005 11).

Women entrepreneurs need more access to a wider range of financial and non-financial support services. Lack of collateral, for example, limits flexible finance sourcing options, preventing growth of their enterprises (W B, 2007 41). This study therefore investigated the influence of three programs in Kenya's niche entrepreneurship policy that targets women. The policy factors were measured using twenty four items in the survey questionnaire. Two factors were established through factor analysis; promotion and resource support (Appendices 1B and 1D). The response correlations among these items,

their ordinal level of measurement and the large number of participants qualified the data for factor analysis. All the variable items data specified above were factor analyzed by principal component factoring, with Promax Rotation. The results are below.

### **Result 1**

The various indications of the factorability of the mediating variable (entrepreneurship niche policy) was good and appropriate: KMO was .697 and the Bartlett test of Sphericity (Appendices 1B part IV and 1D part II) which indicated the significant level of  $p < .001$  (.000) also showed that factor analysis were appropriate for hypothesis testing.

### **Result 2**

The Eigen values of greater than 1.0 (2.405 and 2.164) (Appendices 1B part VII and 1D part II) suggested the number of factors (2) was suitable for extraction. These values also represented the amount of variance accounted for by each factor. The two factors (Appendices 1B part VIII and 1D part II) with Eigen values exceeding 1, explained 26.4 percent and 23.7 percent of the variance respectively of the 50.1 percent total variance explained by the factors prior to rotation.

### **Result 3**

The factor analysis reduced this mediating variable data into two factors promotion (**PROM**) and resource support (**RSUPPT**) collating related items. Values which are above 0.4 indicate the item or responses are most crucial or important to the women in terms of each measure of entrepreneurial niche policy. Scales were constructed for each of the factors by averaging the responses for the items loading strongly on each factor.

#### **Result 4**

A reliability test was conducted for the scales constructed for each of the extracted factors, to ascertain the degree to which the items making up the scale are correlated. This was to find out whether all the items that have collated together on one factor have internal consistency and whether they measure the same underlying constructs. Ideally, the output of a reliability test, which is a Cronbach alpha coefficient, had a value above .6 which is an acceptable lower reliability coefficient (Hair *et al.*, 2006 310). The results indicated that factors 1 and 2 extracted independent variable items had a strong internal consistency with Cronbach alpha coefficients of .679 and .670 respectively.

#### **Result 5**

After the extraction and interpretation of the above two entrepreneurship niche policy factors, a composite measure of niche policy was derived for use in the multiple regression analysis of the general assessment of the relationship between the mediating variables and the overall niche policy factor in the testing of the hypotheses. The overall niche policy (OVRNPOL) was computed by adding up all the 6 dependent variable items on the three factor scales and dividing by their number (6).

The 6 items comprising overall niche policy were also subjected to a reliability test to ensure that all the items on the total success scale belonged together with strong internal consistency. The reliability test produced a Cronbach alpha coefficient for total success of .602, suggesting that this scale could be used for hypotheses testing.

The results of the various statistical tests conducted to prepare the mediating variable are correct and ready for use in the testing of the hypotheses in the subsequent sections.

The exploratory factor analysis supported existence of two factors, promotion and resource support in the interpretation of niche policy, Table 4.2 below.

**Table 4.2 Factors for the Mediating Variable; Entrepreneurship Niche Policy**

FACTOR	KMO	ALPHA	EIGEN VALUE	VARIANCE%	VARIABLE	LOADING
PROM	.697	.679	3.643	12%	Effective WEAs	.662
					Representative WEAs	.658
					WEAs & policy	.613
RSUPPT		.569	1.791	11%	Multi-fund sources	.732
					Stakeholder concern	.579
					Security free credit	.563

The two factors on Table 4.2 therefore constitute the mediating variable. It also highlighted the fact that promotion factor is the most important to the women entrepreneurs in their interpretation of the entrepreneurship niche policy.

#### **4.2.1.3. The Independent Variable; Entrepreneurs' Profile**

The entrepreneurs' profile was measured using twenty four items in the survey questionnaire. Two factors were established through factor analysis; entrepreneurs' motives and traits (Appendices 1A and 1D). The response correlations among these items, their ordinal level of measurement and the large number of participants qualified the data for factor analysis. The twenty four variable items were factor analyzed by principal axis factoring, with Promax rotation and the results are presented overleaf.

**Result 1**

The indications of factorability of the mediating variable was good: KMO was .852; and the Bartlett test of Sphericity (Appendices 1A part IV) which indicated the significant level of  $p < .001$  also showed factor analysis results were appropriate for testing hypotheses.

**Result 2**

Eigen values of greater than 1.0 (Appendices 1A part VII and 1D part I) suggested the factor was suitable for extraction. The two factors (Appendices 1A part VIII and 1D part I) with Eigen values exceeding 1 (3.510 and 1.182 respectively), explained 41.4% and 13.9% each of the total 55.3% of the variance prior to rotation.

**Result 3**

The SPSS output on the factor extracted motives (**MOTIV**) and traits (**ACHVT**) from the measures of entrepreneurs' profile. The loadings on each variable were above 0.4 indicating the responses that were most important to the women in terms of their profile. Scales were constructed for the factors by averaging the responses for the items loading strongly on it. The two factors were used as the mediating variable to test the hypotheses.

**Result 4**

A reliability test was conducted for the scale constructed for the extracted factor, to ascertain the degree to which the items making up the scale are correlated. This is to find out whether all the items collating together on the factors have internal consistency and whether they measure the same underlying constructs. Ideally, the output of a reliability test, which is a Cronbach alpha coefficient, should have a value above .7, but greater or equal to .6 is an acceptable lower reliability coefficient. The results indicated that the

factors extracted mediating variable items have a strong internal consistency with Cronbach alpha coefficients of .778 (factor 1) and .608 (factor 2).

## Result 5

After the extraction and interpretation of the entrepreneurs' profile factors, they formed the composite measure for use in the multiple regression analysis to assess the relationship between the mediating variables and the overall niche policy factor in the testing of the hypotheses. The reliability test produced by the Cronbach alpha coefficient for total profile success of .725, suggesting that this scale fits to be used for hypotheses testing.

Therefore, results of the various statistical tests conducted to prepare the mediating variable are correct and ready for use in the hypotheses testing in the subsequent sections. The factors (Table 4.3 below) therefore constituted the mediating variable. Need for achievement was highlighted as the most prevalent trait in the Kenyan women entrepreneurs, compared to motivations for self-employment.

**Table 4.3 Factors for the Independent Variable; Entrepreneurs' Profile**

FACTOR	KMO	ALPHA	EIGEN VALUE	VARIANCE%	VARIABLE	LOADING
ACHVT	.852	.778	2.632	35%	Try more on difficult tasks	.813
					Believe work is means to goals	.742
					Only satisfied on achieving goal	.651
MOTIV		.608	1.183	11%	Build successful enterprise	.786
					Enjoy flexible work schedule	.509
					Able to determine own destiny	.412



### 4.2.2 Hypotheses Testing

After extracting the factors and confirming their suitability, the hypothesis testing was carried out, whose results are presented in the subsequent paragraphs.

**H<sub>1</sub>.** *There is a significant relationship between women entrepreneur's traits and the number of new venture start-ups created.* The scales developed previously for women entrepreneur's traits and new venture start-ups were subjected to simple regression to test this hypothesis. Simple regression allowed the study determine how well effect of this independent variable – women entrepreneurs' traits influenced the dependent variable – new venture start-ups. The results (Table 4.4 overleaf) showed a significant influence of entrepreneur's traits on the number of new venture start-ups created by women entrepreneurs;  $b = .9955$ ,  $t = 98.4061$  and  $p < .001$ . The R-squared value ( $R^2 = .9629$ ) means the model explained 96% of the influence.

**Table 4.4 Regression Results for Entrepreneur's Traits and New Venture Start-Ups**

Outcome: STARTUPS

Model Summary						
R	R-sq	MSE	F	df1	df2	p
.9813	.9629	.0308	9683.7552	1.0000	373.0000	.0000
Model						
	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0091	.0000	1.0000	-.0178	.0178
ACHVT	.9955	.0101	98.4061	.0000	.9756	1.0154

This hypothesis was anchored on the psychological perspectives that dominance of certain personality traits in a group accounts for many who create their own ventures (Dzis, 2008: 21, citing Bennet & Dann, 2000; Fielden & Davidson, 2005 & Lerner *et. al.*, 1997). Traits of need for achievement, high risk taking propensity among others ought to be reflected in the women's entrepreneurial behavior of creating new start-ups. The

hypothesis sought to explain the relationship between entrepreneurs' traits and new venture start-ups. Basing on the regression results above which confirmed the hypothesis, the study accepted the first alternative hypothesis.

**H<sub>2</sub>.** *There is a significant relationship between women entrepreneurs' traits and promotional programs.* The scales developed previously for promotional programs and women entrepreneurs' traits were subjected to simple regression analysis to test this hypothesis of the study. The use of simple regression allowed the study to determine how well effect of this independent variable – women entrepreneurs' traits influenced the dependent variable – promotional programs. The results showed a significant influence of women entrepreneur traits on promotional programs;  $b = .9756$ ,  $t = 95.025$  and  $p < .001$ . R-squared value ( $R^2 = .9661$ ) meant that the regression model explained 97% of the influence.

**Table 4.5 Regression Results for Entrepreneurs' traits and Promotional Programs**

Outcome: PROM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9829	.9661	.0283	5294.0090	2.0000	372.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0087	.0000	1.0000	-.0171	.0171
RSUPPT	-.0652	.0111	-5.8738	.0000	-.0871	-.0434
ACHVT	.9756	.0103	95.0215	.0000	.9554	.9958

This hypothesis was based on the psychological perspectives that dominance of certain personality traits in a group accounts for many who create their own ventures (Dzis, 2008: 21, citing Bennet & Dann, 2000; Fielden & Davidson, 2005). Need for achievement, high risk taking propensity among others ought are exhibited in the women's entrepreneurial

behavior of creating new start-ups. Basing on the results, the second alternative hypothesis was confirmed and adopted.

**H03.** *There is a significant influence of promotional programs on the number of new venture start-ups created.* Scales developed for promotional programs and new venture start-ups were subjected to simple regression analysis to test this hypothesis. Simple regression allowed the study to determine how well effect of this independent variable – promotional programs, influenced the dependent variable – new venture start-ups. The results showed a significant influence,  $b = -.3053$ ,  $t = -6.7601$  and  $p < .001$ . The R-squared value ( $R^2 = .1091$ ) meant that the regression model explained 11% of the influence.

**Table 4.6 Regression Results for Promotional Programs and New Venture Start-ups**

Outcome: STARTUPS						
Model Summary						
R	R-sq	MSE	F	df1	df2	p
.3304	.1091	.6146	45.6994	1.0000	373.0000	.0000
Model						
	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0405	.0000	1.0000	-.0796	.0796
PROM	-.3053	.0452	-6.7601	.0000	-.3942	-.2165

The hypothesis was based on the psychological perspectives that dominance of certain personality traits in a group (Kenyan Women) accounts for many who create their own ventures (Dzis, 2008: 21, citing Bennet & Dann, 2000; Fielden & Davidson, 2005 & Lerner *et. al.*, 1997). Traits of need for achievement, high risk taking propensity among others ought to be reflected in the women's entrepreneurial behavior of creating new start-ups. The hypothesis sought to explain the relationship promotional programs and new venture start-ups. Like in earlier cases, adoption of the hypothesis.

**H4.** *There is a significant mediating influence of promotional efforts in the relationship between women entrepreneurs' traits and the number of new venture start-ups they create.*

The scales developed previously for governmental promotional programs, female entrepreneurs' profile and their MSE start-up rates were subjected to a series/ multiple (three level) regression analysis to test the eighth hypothesis of the study. The use of a series of regressions allowed the study to determine how well effect of this independent variable – entrepreneur's traits is enhanced by the mediator – government promotional programs to influence the dependent variable – their rate of initiating new start-ups.

The initial results in showed a significant indirect relationship of entrepreneur's traits on new start-ups through promotional programs, where  $b = .0199$ , 95% and  $CI (.0110, .0304)$ . Also, considering the Preacher and Kelley Kappa-squared,  $k^2 = .1391$ , 95% BCa CI  $(.0811, .2041)$  and the normal theory tests for indirect effect where  $b = .0199$ ,  $z = 4.4065$  and  $p < .001$  there was a significant indirect relationship between traits and start-ups through the government's promotional programs. See details on table 4.7 below.

**Table 4.7 Regression Results for Entrepreneurs' Traits Promotional Programs and New Venture Start-ups**

Indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0199	.0049	.0110	.0304
Completely standardized indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0196	.0048	.0109	.0295
R-squared mediation effect size (R-sq_med)				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.1391	.0313	.0811	.2049
Preacher and Kelley (2011) Kappa-squared				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.1755	.0307	.1130	.2341
Normal theory tests for indirect effect				
	Effect	se	Z	p
	.0199	.0045	4.4065	.0000

The results were in agreement by those on Ghanaian women that their trait are related to their entrepreneurial success (Dzis, 2008: 228). In this case however, within the niche policy, entrepreneurial promotion works on motivation building, thus enhancing female entrepreneur's traits that are reflected in their entrepreneurial behavior of creating more new start-ups. This hypothesis was anchored on the psychological theoretical perspectives which posit that several reasons drive people to create their own ventures (Dzis, 2008: 2 citing Bennet & Dann 2000; Fielden & Davidson 2005 & Lerner *et al.*, 1997).

However, this study posited that within the niche policy, entrepreneurial promotion works on motivation building, thus enhancing female entrepreneur's traits that are reflected in their entrepreneurial behavior of creating new start-ups. The hypothesis thus sought to explain the indirect relationship of the independent variable (entrepreneur's traits) and the dependent variable (new start-up rate) mediated by the third variable (the government's promotional efforts). Basing on the results therefore, the study adopted the hypothesis.

**H0<sub>5</sub>.** *There is a significant relationship between women entrepreneurs' motives and their ventures' growth.* Scales for motives and venture growth were regressed to determine how well entrepreneurs' motives influenced venture growth. The outcome also showed how much of the influence variance the independent variables (motives) explained in the dependent variable (growth). The results showed a significant influence of Kenyan women entrepreneur's motives on growth of their enterprises, in that  $b = .6239$ ,  $t = 13.3237$  and  $p < .001$ . The R-squared value ( $R^2 = .3225$ ) means that the regression model explained 32% of the relationship between motives and growth. See table 4.8 overleaf.

**Table 4.8 Regression Results for Entrepreneurs' Motives and Venture Growth**

Outcome: GROWTH

## Model Summary

R	R-sq	MSE	F	df1	df2	p
.5679	.3225	.5632	177.5215	1.0000	373.0000	.0000

## Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0388	.0000	1.0000	-.0762	.0762
MOTIV	.6239	.0468	13.3237	.0000	.5318	.7160

This hypothesis was anchored on a resource-based perspective. The study was informed by the literature pertaining to human, which provide perspective to the resources-based view. Research has proved that human capital consisting of business skills and knowledge derived from education, previous work experiences, entrepreneurial mentorship differentiate levels of entrepreneurial activity among female (Brush *et al.*, 2006). The fifth hypothesis was adopted basing on the above results.

**H0<sub>6</sub>.** *There is a significant relationship between women entrepreneurs' motives and resource support.* Scales for entrepreneurs' motives and resource support were subjected to simple regression with the enter method. This allowed the study to determine how well entrepreneurs' motives influenced resource support. The outcome also showed how much of the influence variance the independent variables (motives) explained in the dependent variable (resource support). The results showed a significant influence of entrepreneur's motives on resource support, in that  $b = -.3580$ ,  $t = -7.3973$  and  $p < .001$ .

The R-squared value ( $R^2 = .1279$ ) meant that the regression model explained thirteen percentage (13%) of the relationship. It is important to note that negative  $b$  value ( $b = -.358$ ), on table 4.9 overleaf means that women entrepreneurs' motives relate negatively to resource support programs (negative slope of the curve).

**Table 4.9 Regression Results for Entrepreneurs' Motives and Resource Support**

Outcome: RSUPPT

## Model Summary

R	R-sq	MSE	F	df1	df2	p
.3577	.1279	.6016	54.7198	1.0000	373.0000	.0000

## Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0401	.0000	1.0000	-.0788	.0788
MOTIV	-.3580	.0484	-7.3973	.0000	-.4532	-.2628

This hypothesis was built on a resource-based perspective. The study was informed by the literature pertaining to human, which provide perspective to the resources-based view. Research has proved that human capital consisting of business skills and knowledge derived from education, previous work experiences, entrepreneurial mentorship differentiate levels of entrepreneurial activity among female (Brush *et al.*, 2006 228). The sixth alternative hypothesis was confirmed and adopted basing on the above results.

**H7.** *There is a significant relationship between resource support and venture growth.*

The scales developed previously for resource support and Western Kenya female-owned MSE growth were subjected to simple regression analysis with the enter method for the testing of this second hypothesis. The use of the simple regressions allowed the study to determine how well this independent variable – resource support programs by the Kenyan government were able to influence the dependent variable – women-owned MSE growth.

The result also showed how much of the influence variance the independent variables (financial support) explained in the dependent variable (growth). The regression results in Table 4.10 overleaf showed a significant influence of resource support programs on venture growth, in that  $b = .5455$ ,  $t = 11.1533$  and  $p < .001$ . The R-squared value ( $R^2 = .3572$ ) means that the regression model explained 36% of the relationship.

This hypothesis was anchored on a resource-based perspective. The study was informed by the literature pertaining to human and material capitals, which provide perspective to the resources-based view. Research has proved the importance financial capital to the creation and growth of entrepreneurial ventures. Human capital consisting of business skills and knowledge derived from education, previous work experiences, entrepreneurial mentorship and material/ tangible capital have been found to differentiate levels of entrepreneurial activity among female (Brush *et al.*, 2006 228).

**Table 4.10 Regression Results for Resource Support and Venture Growth**

Outcome: GROWTH

Model Summary

R	R-sq	MSE	F	df1	df2	p
.5977	.3572	.5357	103.3555	2.0000	372.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0378	.0000	1.0000	-.0743	.0743
RSUPPT	-.2191	.0489	-4.4832	.0000	-.3151	-.1230
MOTIV	.5455	.0489	11.1533	.0000	.4493	.6416

It has been illustrated in literature that the availability of resources; human, material and networks are crucial at venture start-up, determining success and survival. This hypothesis was tested to assess the influence of the government's resource support on women-owned MSE growth. Since the *LLCI* interval did not include (.4493, .6416) zero (Table 4.10), this study concluded that there is significant influence of resource support on women-owned MSEs' growth. The seventh alternative hypothesis was therefore adopted.

**H0s.** *There is a significant mediating influence of resource support in the relationship between women entrepreneurs' motives and their ventures' growth.* The scales developed previously for resource support programs, women entrepreneurs' motives and their venture growth were subjected to a three level multiple regression analysis to test the eighth



hypothesis. The use of a series of regressions allowed the study to determine how well effect of independent variable – entrepreneur’s motives traits enhanced by the mediator – resource support influenced the dependent variable – growth of female-owned ventures.

The first step results showed significant mediating influence of resource support in the relationship between entrepreneurs’ motives and venture growth;  $b = .0784$ ,  $BCa\ CI (.0443, .1207)$ . Also, the R-squared ( $R\text{-sq\_med} = .1075$ ) meant that the model explained 11% of the mediation relationship. The Preacher and Kelley Kappa-squared,  $k^2 = .0829$ , 95%  $BCa\ CI (.0493, .1227)$ , further shows that there is a small but significant indirect relationship between entrepreneur’s traits and growth through resource support, meaning that there are other mediators other than entrepreneurs’ profile. This was further supported by the normal theory tests for indirect effect where  $b = .0784$ ,  $z = 3.8087$  and  $p < .001$ .

**Table 4.11 Regression Results for Entrepreneurs’ Motives, Resource Support and Venture Growth**

Indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0784	.0199	.0443	.1207
Completely standardized indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0714	.0175	.0400	.1086
R-squared mediation effect size (R-sq_med)				
	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.1075	.0230	.0669	.1527
Preacher and Kelley (2011) Kappa-squared				
	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0829	.0188	.0493	.1227
Normal theory tests for indirect effect				
	Effect	se	Z	p
	.0784	.0206	3.8087	.0001

This hypothesis was anchored on resource-based perspective. Research has proved the importance financial capital to the growth of entrepreneurial ventures. As observed earlier in this work, resource endowment differentiates levels of entrepreneurial activity among people. Availability of resources to an entrepreneur is crucial at venture start-up, determining success and survival (Brush et al., 2006 228-9).

This hypothesis was tested to assess the mediating influence of capital support between entrepreneur profile and women-owned venture growth. The results as was in the first seven hypotheses, confirmed the eighth alternative hypothesis. This study therefore adopted the eighth hypothesis that; *resource support mediates in the relationship between women entrepreneurs' motives and the growth of their ventures.*

The hypotheses testing results presented in this chapter are summarized on statistical models in the next chapter five. They led to the development of a prescriptive entrepreneurship development model for promoting women entrepreneurship.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

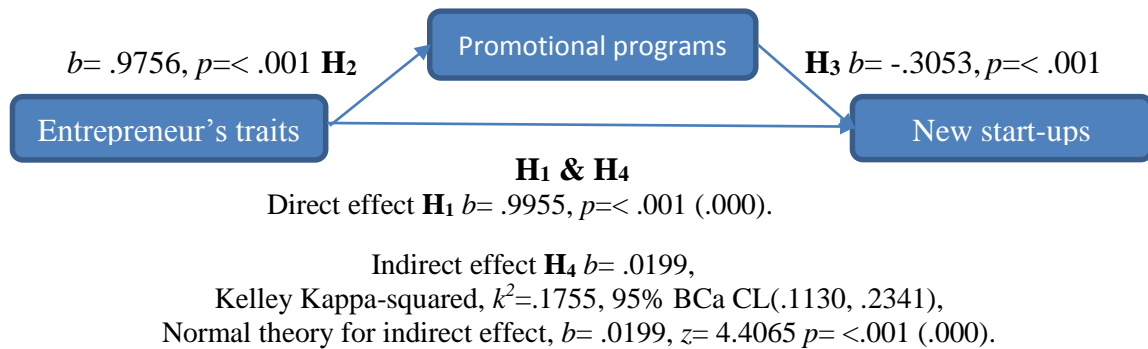
#### 5.0 Introduction

This chapter is organized into four sections. The first section, 5.1 summarizes the inferential results. The second section, 5.2 gives conclusions, the third section 5.3 makes recommendations for niche entrepreneurship policy improvement and finally the fourth section, 5.4 highlights recommendations for further research.

#### 5.1 Summary of Correlation/ Regression Results

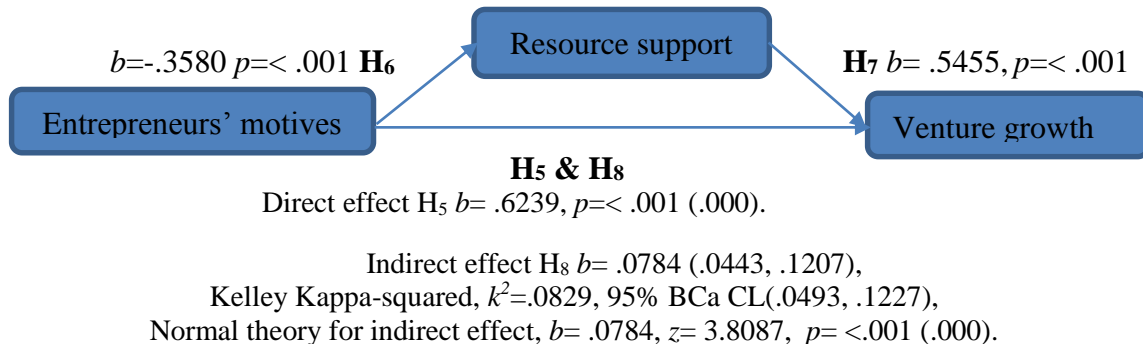
Mediation in research refers to a situation when the relationship between a predictor variable and outcome variable can be explained by their relationship to a third variable (Andy, 2013 408). To model mediation, four relationship conditions among variables to be tested are that; the predictor variable must significantly predict the outcome variable in the first model, the predictor must significantly predict the mediator in the second model, the mediator must significantly predict the outcome in the third model and, the predictor must significantly predict the outcome less strongly in the third model than it did in the first model (Andy 2013 408 & Hsueh-Sheng, 2011 19-24).

The above pre-mediation modelling conditions were satisfied in this study by the significant relationships summarized in the next models, figures 5.1 and 5.2 on page 178. The first figure, 5.1 shows the statistical models for the first four hypotheses formulated basing on the psychological/ motivational theory.



**Figure 5.1 Statistical Models for Hypotheses H<sub>1</sub>, H<sub>2</sub>, H<sub>3</sub> and H<sub>4</sub>; Anchored on the Psychological Theory that Guided this Study.**

Basing on the resource-based theory, four more hypotheses statistically modelled on figure 5.2 below were derived.



**Figure 5.2 Statistical Models for Hypotheses H<sub>5</sub>, H<sub>6</sub>, H<sub>7</sub> and H<sub>8</sub>; Anchored on the Resource-based Theory that Guided this Study.**

Entrepreneur profile contributed strongly to entrepreneurial activity, as was confirmed by regression results for the relationship between women entrepreneur's traits and new venture start-ups created (H<sub>1</sub>)  $b = .9955, t = 98.4061, R^2 = .9629$  and  $p < .001 (.000)$  (Figure 5.1), and the relationship between women entrepreneur's motives and their ventures' growth (H<sub>5</sub>)  $b = .6239, t = 13.3237, R^2 = .3225$  and  $p < .001 (.000)$  (Figure 5.2). The

relationship between women entrepreneur profile and niche policy was significant as depicted by results for hypotheses two and six. For hypothesis two (Figure 5.1),  $b = .9756$ ,  $t = 95.025$ ,  $R^2 = .9661$  and  $p < .001$  (.000) meant strong relationship. The same strong but negative relationship was revealed by regression results for hypothesis six where;  $b = -.3580$ ,  $t = -7.3973$ ,  $R^2 = .1279$  and  $p < .001$  (.000).

The relationship between niche policy and entrepreneurial activity was also significant. It was tested using hypotheses three and seven. In  $H_3$ ,  $b = -.3053$ ,  $t = -6.7601$ ,  $R^2 = .1091$  and  $p < .001$  (.000) showed strong but negative relationship (Figure 5.1). Also the  $H_7$  results (Figure 5.2);  $b = .5455$ ,  $t = 11.1533$ ,  $R^2 = .3572$  and  $p < .001$  (.000) meant strong relationship between the variables. Finally, there was a significant mediating effect of niche policy in the relationship between women entrepreneurs' profile and their entrepreneurial activity, hypotheses  $H_4$  and  $H_8$ .

From the multiple regression results, promotional efforts significantly mediated in the relationship between women entrepreneurs' traits and their creation of new venture start-ups ( $H_4$ ) (Figure 5.1). For example, indirect effect of traits on venture start-ups -  $b = .0199$  (.0110, .0304); full standardized indirect effect -  $b = .096$  (.0109, .295);  $R^2 = .1391$  (.0811, .2049);  $K^2 = .1755$  (.1130, .2341); and the normal theory of indirect effect -  $b = .0199$ ,  $z = 4.4065$  and  $p < .001$  (.000) all showed existence of mediation effect.

Regression results for mediation influence of resource support in the relationship between women entrepreneurs' motives and their venture growth (Figure 5.2),  $b = .0784$  (.0443, .1207); fully standardized indirect effect -  $b = .0714$  (.0400, .1086);  $R^2 = .1075$  (.0669, .1527);  $K^2 = .0829$  (.0493, .1227); and the normal theory of indirect effect -  $b = .0784$ ,  $z = 3.8087$  and  $p < .001$  (.000) confirmed mediation effect.

Guided by the above inferential results, this study developed a prescriptive model for women entrepreneurship promotion. The model is presented in next sub-section, 5.1.1.

### **5.1.1 The Final Model Suggested by this Research**

Supporting women entrepreneurs requires policy makers to wear a gender lens in the design, monitoring and evaluation. They should take into account the socially and historically constructed identities, roles, power relations and modes of action assigned to men and women. These social constructs have led to only a small group of growth oriented women entrepreneurs, and the vast majority of survival one in Africa (Saskia, 2016 1).

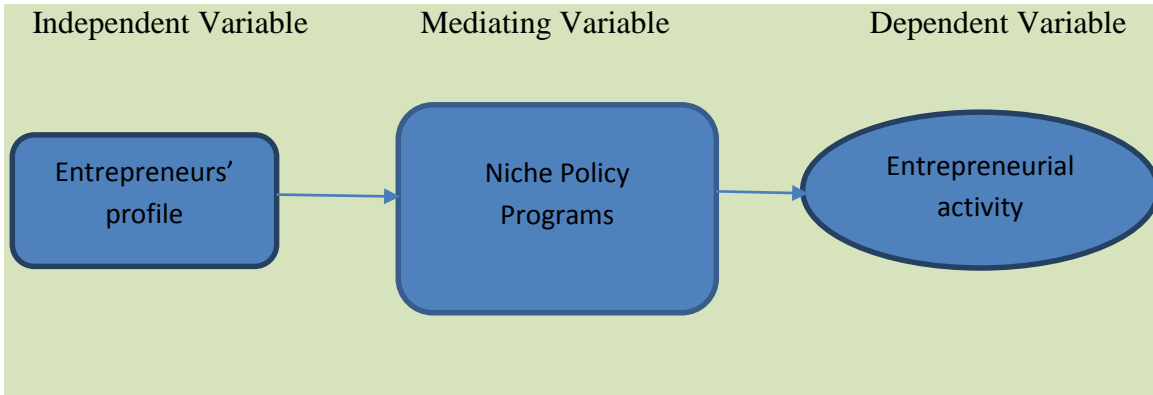
The status of women enterprises indeed has been influenced by inequalities in time use, mobility, intra-household decision making and responsibility for unpaid care work; gender biases in laws on inheritance and land ownership; inaccessibility of institutional support; lack of women's agency in public spaces; inequalities in enrolment in secondary education and access to vocational training; and discriminatory practices, constraining norms and stereotypes on what is 'appropriate' behavior and what types of tasks, roles and duties women can perform (Saskia, 2016 1).

Women entrepreneurship development interventions have to be attuned to the gendered risks and circumstances under which women entrepreneurs operate. Policy programs should be integrated with strategies that reduce women's vulnerability to poverty, redistribute resources, and combat inequality and exclusion. The strategies also need to be diverse, integrated, appropriate and well-targeted (Saskia, 2016 1).

Most women enterprise development policies however bear the implicit assumption that all entrepreneurs are similar (motivated to expand their business), and often fail to

address the specific needs of women survival entrepreneurs (Berner *et al.*, 2012 in Saskia, 2016 3). This assumption motivated the researcher of this derive a model explaining the entrepreneurial activity of Kenyan female entrepreneurs is proposed (Figure 5.3 below), from the summary of hypotheses testing results presented in this section.

The model explains that the relationship between the profile of female entrepreneurs and their entrepreneurial activity as mediated by the niche policy. It depicts three levels of analysis; the individual entrepreneur (her profile), entrepreneurial process (entrepreneurial activity) and the environment in which the entrepreneur pursues the process. The independent variable on the model is therefore female entrepreneur's profile, the mediating variable is entrepreneurship niche policy while the outcome/ dependent variable is entrepreneurial activity.



**Figure 5.3 Women Entrepreneurial Activity Promotion Model Proposed by this Study.**

**Source: Researcher's, 2018**

This final model (Figure 5.3) combines the independent, mediating and dependent variables in this study. It should explain the variations in total entrepreneurial activity, when fitted using structural equation modeling. Further research is needed to validate it.

## 5.2 Conclusions

From the inferential results, this study concludes that the entrepreneurship niche policy programs enhance women entrepreneurs' entrepreneurial activity, reflected in the creation of increased number of opportunity driven ventures that are growth orientated. Narrowing down to specifics, promotional programs created motivation in women entrepreneur to create more start-ups (results of hypotheses one to four). Women entrepreneurs are embedded in inhibitive networks that have far-reaching consequences on their entrepreneurial activity (Aldrich, 1989 cited in Dzis, 2008 23).

Promotional efforts help built confidence in female entrepreneurs, facilitate them to network and therefore access the resources to create and grow enterprises (Zubova, 2012 177). Building entrepreneurial or personality characteristics such as the need for achievement, internal locus of control, confidence and risk-taking propensity in women entrepreneurs would fundamentally contribute increased new start-ups (Dzis, 2008 27).

Mediating resource support between entrepreneurs' motives and MSE growth also resulted in a highly significant relationship. Human capital consisting of business skills and knowledge derived from education, previous work experiences, entrepreneurial mentorship and material capital are crucial in women entrepreneurial activity (Brush *et al.*, 2006). It constitutes management skill and tacit knowledge, previous entrepreneurial experience and venture resources in the form of capabilities, strengths and skills (Lerner & Almor, 2002). Superior firm performance is a result of valuable resources and capabilities.

The final conclusion of this thesis is that the theories of entrepreneurship originating from developed countries apply locally. Hypotheses were tested for Kenyan female entrepreneurs' entrepreneurial activity using independent variables derived from



psychological/motivational and resources-based theoretical perspectives. The results compared well to the earlier findings from developed countries. The key findings indicate that, similar to women from developed countries, Kenyan women entrepreneurs require well-tailored policies to access the required financial resources and develop capabilities (skills, traits and motives) to nurture high entrepreneurial activity in them.

Similarly, they require support from their family members (especially spouses and parents), business associations, financial institutions and the general society in order to belief in themselves, identify the opportunities, access the required resources via the networks they are affiliated and therefore succeed in entrepreneurship. Importantly, like in the developed economies contexts, good niche policies will reduce the challenges women entrepreneurs in developing countries encounter and guarantee them success.

### **5.3 Implications of the Study**

The results of this research are important to various parties. First, policy makers will use them to develop sound niche policies for women entrepreneurship development in Kenya and other developing countries. Second, enterprise development consultants will use results to consult for policy makers, women entrepreneurs and MSE developers. Finally, the findings will be used to guide other researches on women entrepreneurship and for teaching- learning purposes in institutions of higher learning.

### **5.4 Recommendations of the Study**

It is important for governments and policy institutions to mainstream women entrepreneurial dimensions in considering all MSEs and growth policies in order to develop their full potential and increase their productivity. This is possible by providing better

infrastructure in terms of programs, curricula and any necessary assistance for new business entrants and those already in business to grow their enterprises. For example, meeting their financial needs at all stages of the enterprise development will improve their entrepreneurial activity. This thesis has identified limited access to financial capital as a major challenge Kenyan female entrepreneurs have encountered.

The human capital development programs for women entrepreneurs forms another area of future policy interest. The government should encourage and support female entrepreneur's access to mainstream business training and identifying special areas of training that they need. Research is needed not only to understand their training needs, but also to take into consideration easier and more convenient access to training given their time constraints and family responsibilities. Training and support of female entrepreneurs who are engaging or intending to engage in international trade is also an area that needs the attention of policy makers.

Another important area which needs policy makers' and all stakeholders' attention and action is limited access to and utilization of premises equipped with modern commercial infrastructure. This study demonstrated that almost half (48%) of Kenyan female entrepreneurs operate from home and lack basic infrastructure. The findings further showed no or very limited efforts by governments to facilitate them access the same. Lack of modern infrastructure and technologies to facilitate and boost their production means inflated costs that eat into profits, demanding a considerable amount of physical exertion and time, and also limiting their scale of operation.

### **5.5 Recommendations for Further Research**

This study adopted a cross-sectional survey design due to time and resource constraints. Research is therefore recommended adopting a longitudinal design. Given that this research concentrated on the entrepreneurial activity of women in general, future research should include Kenyan women entrepreneurs in a specified sector, transiting from micro to small, small to medium or medium to large-scale enterprises.

Any entrepreneurial success depends on opportunity structure and institutional structures that provide the optimal economic and business conditions for enterprise start-ups and growth. This study however did not establish how knowledgeable policy formulators and implementers are. Therefore we need future research on knowledgeability of policy formulators and implementers in developing economies.

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## Appendix 1A; Factor Analysis for Entrepreneurs' Profile (I.V)

### I. Descriptive Statistics

	Mean	Std. Deviation	Analysis N
A9b	4.00	1.150	375
A9c	4.29	.895	375
A9g	4.18	.940	375
A9h	4.40	.821	375
A10d	4.13	1.001	375
A10r	4.26	.991	375
A10s	4.45	.822	375
A10t	4.51	.716	375
A10u	4.57	.685	375

### II. Correlation Matrix<sup>a</sup>

	A9b	A9c	A9g	A9h	A10d	A10r	A10s	A10t	A10u	
Correlation	A9b	1.000	.412	.415	.327	.227	.246	.231	.252	.225
	A9c	.412	1.000	.393	.431	.288	.238	.230	.175	.152
	A9g	.415	.393	1.000	.408	.277	.241	.236	.236	.216
	A9h	.327	.431	.408	1.000	.230	.266	.285	.205	.226
	A10d	.227	.288	.277	.230	1.000	.335	.328	.422	.374
	A10r	.246	.238	.241	.266	.335	1.000	.445	.460	.452
	A10s	.231	.230	.236	.285	.328	.445	1.000	.549	.508
	A10t	.252	.175	.236	.205	.422	.460	.549	1.000	.580
	A10u	.225	.152	.216	.226	.374	.452	.508	.580	1.000
	A9b		.000	.000	.000	.000	.000	.000	.000	.000
	A9c	.000		.000	.000	.000	.000	.000	.000	.002
	A9g	.000	.000		.000	.000	.000	.000	.000	.000
	A9h	.000	.000	.000		.000	.000	.000	.000	.000
Sig. (1-tailed)	A10d	.000	.000	.000	.000		.000	.000	.000	.000
	A10r	.000	.000	.000	.000	.000		.000	.000	.000
	A10s	.000	.000	.000	.000	.000	.000		.000	.000
	A10t	.000	.000	.000	.000	.000	.000	.000		.000
	A10u	.000	.002	.000	.000	.000	.000	.000	.000	

Determinant = .086

### III. Inverse of Correlation Matrix

	A9b	A9c	A9g	A9h	A10d	A10r	A10s	A10t	A10u
A9b	1.376	-.342	-.334	-.111	-.001	-.063	-.004	-.117	-.062
A9c	-.342	1.458	-.222	-.369	-.210	-.082	-.087	.072	.104
A9g	-.334	-.222	1.421	-.314	-.133	-.039	-.018	-.052	-.021
A9h	-.111	-.369	-.314	1.404	-.016	-.101	-.163	.062	-.069
A10d	-.001	-.210	-.133	-.016	1.357	-.123	-.038	-.316	-.184
A10r	-.063	-.082	-.039	-.101	-.123	1.475	-.259	-.262	-.280
A10s	-.004	-.087	-.018	-.163	-.038	-.259	1.667	-.517	-.361
A10t	-.117	.072	-.052	.062	-.316	-.262	-.517	1.895	-.587
A10u	-.062	.104	-.021	-.069	-.184	-.280	-.361	-.587	1.738

### IV. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.852
Approx. Chi-Square	907.536
Bartlett's Test of Sphericity	Df
	36
	Sig.
	.000

### V. Anti-image Matrices

	A9b	A9c	A9g	A9h	A10d	A10r	A10s	A10t	A10u	
Anti-image Covariance	A9b	.727	-.170	-.171	-.057	-.001	-.031	-.002	-.045	-.026
	A9c	-.170	.686	-.107	-.180	-.106	-.038	-.036	.026	.041
	A9g	-.171	-.107	.704	-.158	-.069	-.019	-.008	-.019	-.009
	A9h	-.057	-.180	-.158	.712	-.009	-.049	-.070	.023	-.028
	A10d	-.001	-.106	-.069	-.009	.737	-.061	-.017	-.123	-.078
	A10r	-.031	-.038	-.019	-.049	-.061	.678	-.105	-.094	-.109
	A10s	-.002	-.036	-.008	-.070	-.017	-.105	.600	-.164	-.124
	A10t	-.045	.026	-.019	.023	-.123	-.094	-.164	.528	-.178
	A10u	-.026	.041	-.009	-.028	-.078	-.109	-.124	-.178	.576
	Anti-image Correlation	A9b	.848 <sup>a</sup>	-.241	-.239	-.080	-.001	-.044	-.003	-.073
A9c		-.241	.805 <sup>a</sup>	-.154	-.258	-.149	-.056	-.056	.044	.066
A9g		-.239	-.154	.848 <sup>a</sup>	-.222	-.095	-.027	-.012	-.032	-.013
A9h		-.080	-.258	-.222	.842 <sup>a</sup>	-.012	-.070	-.107	.038	-.044
A10d		-.001	-.149	-.095	-.012	.896 <sup>a</sup>	-.087	-.026	-.197	-.120
A10r		-.044	-.056	-.027	-.070	-.087	.906 <sup>a</sup>	-.165	-.157	-.175
A10s		-.003	-.056	-.012	-.107	-.026	-.165	.866 <sup>a</sup>	-.291	-.212
A10t		-.073	.044	-.032	.038	-.197	-.157	-.291	.823 <sup>a</sup>	-.324
A10u		-.040	.066	-.013	-.044	-.120	-.175	-.212	-.324	.846 <sup>a</sup>

Measures of Sampling Adequacy(MSA)

### VI. Communalities

	Initial	Extraction
A9b	1.000	.506
A9c	1.000	.603
A9g	1.000	.555
A9h	1.000	.520
A10d	1.000	.392
A10r	1.000	.507
A10s	1.000	.592
A10t	1.000	.693
A10u	1.000	.655

Extraction Method: Principal Component Analysis.

### VII. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.580	39.776	39.776	3.580	39.776	39.776	3.156
2	1.444	16.043	55.819	1.444	16.043	55.819	2.698
3	.725	8.051	63.869				
4	.687	7.636	71.505				
5	.614	6.828	78.333				
6	.577	6.406	84.739				
7	.512	5.694	90.433				
8	.462	5.131	95.564				
9	.399	4.436	100.000				

Extraction Method: Principal Component Analysis. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

VIII. Component Matrix<sup>a</sup>

	Component	
	1	2
A10t	.713	
A10s	.697	
A10u	.685	
A10r	.666	
A10d	.616	
A9g	.581	
A9h	.573	
A9b	.564	
A9c	.556	.543

Extraction Method: Principal Component Analysis. 2 components extracted.

IX. Reproduced Correlations

	A9b	A9c	A9g	A9h	A10d	A10r	A10s	A10t	A10u
Reproduced Correlation	A9b .506 <sup>a</sup>	.548	.530	.513	.299	.266	.252	.217	.200
	A9c .548	.603 <sup>a</sup>	.576	.556	.281	.233	.210	.164	.146
	A9g .530	.576	.555 <sup>a</sup>	.537	.305	.269	.252	.214	.197
	A9h .513	.556	.537	.520 <sup>a</sup>	.304	.272	.257	.222	.204
	A10d .299	.281	.305	.304	.392 <sup>a</sup>	.439	.466	.488	.471
	A10r .266	.233	.269	.272	.439	.507 <sup>a</sup>	.547	.583	.565
	A10s .252	.210	.252	.257	.466	.547	.592 <sup>a</sup>	.637	.618
	A10t .217	.164	.214	.222	.488	.583	.637	.693 <sup>a</sup>	.674
	A10u .200	.146	.197	.204	.471	.565	.618	.674	.655 <sup>a</sup>
Residual <sup>b</sup>	A9b	-0.136	-0.115	-0.185	-0.072	-0.021	-0.021	.035	.026
	A9c	-0.136		-0.183	-0.125	.007	.021	.012	.006
	A9g	-0.115	-0.183		-0.129	-0.029	-0.016	.021	.020
	A9h	-0.185	-0.125	-0.129		-0.074	.028	-0.016	.022
	A10d	-0.072	.007	-0.029	-0.074		-0.103	-0.066	-0.097
	A10r	-0.021	.005	-0.028	-0.006	-0.103		-0.123	-0.113
	A10s	-0.021	.021	-0.016	.028	-0.138	-0.101		-0.110
	A10t	.035	.012	.021	-0.016	-0.066	-0.123	-0.088	
	A10u	.026	.006	.020	.022	-0.097	-0.113	-0.093	

Extraction Method: Principal Component Analysis. Reproduced communalities.

Residuals are computed between observed and reproduced correlations. There are 18 (50.0%) non-redundant residuals with absolute values greater than 0.05.



**x. Pattern Matrix<sup>a</sup>**

	Component	
	1	2
A10t	.859	
A10u	.841	
A10s	.762	
A10r	.678	
A10d	.526	
A9c		.800
A9g		.738
A9h		.705
A9b		.697

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.<sup>a</sup> Rotation converged in 3 iterations.

**XI. Structure Matrix**

	Component	
	1	2
A10t	.830	
A10u	.805	
A10s	.769	
A10r	.709	
A10d	.602	
A9c		.774
A9g		.745
A9h		.720
A9b		.710

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

**XII. Component Correlation Matrix**

Component	1	2
1	1.000	.400
2	.400	1.000

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

**XIII. Component Score Coefficient Matrix**

	Component	
	1	2
A9b	.008	.313
A9c	-.028	.360
A9g	.001	.332
A9h	.009	.317
A10d	.189	.082
A10r	.245	.030
A10s	.275	.004
A10t	.311	-.038
A10u	.304	-.046

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.  
Component Scores.

**XIV. Component Score Covariance Matrix**

Component	1	2
1	1.160	.800
2	.800	1.160

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

## Appendix 1B; Factor Analysis for Niche Policy (M.V)

### I. Descriptive Statistics

	Mean	Std. Deviation	Analysis N
C20c	3.77	.917	375
C20d	3.65	1.042	375
C20e	3.58	1.009	375
C20f	3.94	1.007	375
C20g	3.50	1.008	375
C20i	4.19	.984	375
C22a	2.55	1.100	375
C22b	2.11	1.077	375
C22f	2.16	1.133	375
C22i	1.99	1.030	375

### II. Correlation Matrix<sup>a</sup>

		C20c	C20d	C20e	C20f	C20g	C20i	C22a	C22b	C22f	C22i
Correlation	C20c	1.000	.317	.254	.340	.295	.295	.058	.128	.015	.059
	C20d	.317	1.000	.442	.237	.410	.181	.010	.070	-.014	.043
	C20e	.254	.442	1.000	.306	.387	.175	-.108	.034	-.031	-.010
	C20f	.340	.237	.306	1.000	.251	.411	-.020	-.011	-.043	-.014
	C20g	.295	.410	.387	.251	1.000	.181	-.033	.045	-.038	.009
	C20i	.295	.181	.175	.411	.181	1.000	-.034	-.052	.028	-.021
	C22a	.058	.010	-.108	-.020	-.033	-.034	1.000	.496	.143	.205
	C22b	.128	.070	.034	-.011	.045	-.052	.496	1.000	.168	.310
	C22f	.015	-.014	-.031	-.043	-.038	.028	.143	.168	1.000	.423
	C22i	.059	.043	-.010	-.014	.009	-.021	.205	.310	.423	1.000
	Sig. (1-tailed)	C20c	.000	.000	.000	.000	.000	.000	.130	.007	.389
C20d		.000	.000	.000	.000	.000	.000	.421	.089	.395	.204
C20e		.000	.000	.000	.000	.000	.000	.018	.259	.272	.420
C20f		.000	.000	.000	.000	.000	.000	.350	.414	.203	.396
C20g		.000	.000	.000	.000	.000	.000	.262	.194	.231	.431
C20i		.000	.000	.000	.000	.000	.000	.256	.157	.294	.341
C22a		.130	.421	.018	.350	.262	.256	.000	.003	.000	.000
C22b		.007	.089	.259	.414	.194	.157	.000	.001	.000	.000
C22f		.389	.395	.272	.203	.231	.294	.003	.001	.000	.000
C22i		.127	.204	.420	.396	.431	.341	.000	.000	.000	.000

Determinant = .185

### III. Inverse of Correlation Matrix

	C20c	C20d	C20e	C20f	C20g	C20i	C22a	C22b	C22f	C22i
C20c	1.298	-.208	-.057	-.248	-.170	-.211	-.025	-.135	.004	-.029
C20d	-.208	1.412	-.429	-.027	-.335	-.052	-.051	-.009	.026	-.049
C20e	-.057	-.429	1.411	-.236	-.284	-.002	.192	-.104	-.004	.031
C20f	-.248	-.027	-.236	1.363	-.090	-.425	-.031	.047	.065	-.012
C20g	-.170	-.335	-.284	-.090	1.333	-.046	.034	-.030	.041	-.008
C20i	-.211	-.052	-.002	-.425	-.046	1.264	.003	.094	-.088	.044
C22a	-.025	-.051	.192	-.031	.034	.003	1.366	-.655	-.059	-.047
C22b	-.135	-.009	-.104	.047	-.030	.094	-.655	1.449	-.030	-.292
C22f	.004	.026	-.004	.065	.041	-.088	-.059	-.030	1.234	-.504
C22i	-.029	-.049	.031	-.012	-.008	.044	-.047	-.292	-.504	1.318

### IV. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.697
Approx. Chi-Square		623.233
Bartlett's Test of Sphericity	Df	45
	Sig.	.000

### V. Anti-image Matrices

		C20c	C20d	C20e	C20f	C20g	C20i	C22a	C22b	C22f	C22i
Anti-image Covariance	C20c	.771	-.114	-.031	-.140	-.098	-.129	-.014	-.072	.002	-.017
	C20d	-.114	.708	-.215	-.014	-.178	-.029	-.027	-.004	.015	-.026
	C20e	-.031	-.215	.709	-.123	-.151	-.001	.100	-.051	-.003	.017
	C20f	-.140	-.014	-.123	.734	-.050	-.247	-.017	.024	.038	-.007
	C20g	-.098	-.178	-.151	-.050	.750	-.027	.019	-.015	.025	-.004
	C20i	-.129	-.029	-.001	-.247	-.027	.791	.001	.051	-.056	.026
	C22a	-.014	-.027	.100	-.017	.019	.001	.732	-.331	-.035	-.026
	C22b	-.072	-.004	-.051	.024	-.015	.051	-.331	.690	-.017	-.153
	C22f	.002	.015	-.003	.038	.025	-.056	-.035	-.017	.811	-.310
	C22i	-.017	-.026	.017	-.007	-.004	.026	-.026	-.153	-.310	.759
Anti-image Correlation	C20c	.807 <sup>a</sup>	-.154	-.042	-.186	-.129	-.165	-.019	-.099	.003	-.022
	C20d	-.154	.756 <sup>a</sup>	-.304	-.020	-.244	-.039	-.037	-.006	.020	-.036
	C20e	-.042	-.304	.742 <sup>a</sup>	-.170	-.207	-.001	.138	-.073	-.003	.023
	C20f	-.186	-.020	-.170	.738 <sup>a</sup>	-.067	-.324	-.023	.033	.050	-.009
	C20g	-.129	-.244	-.207	-.067	.799 <sup>a</sup>	-.035	.025	-.021	.032	-.006
	C20i	-.165	-.039	-.001	-.324	-.035	.710 <sup>a</sup>	.002	.069	-.070	.034
	C22a	-.019	-.037	.138	-.023	.025	.002	.574 <sup>a</sup>	-.466	-.046	-.035
	C22b	-.099	-.006	-.073	.033	-.021	.069	-.466	.584 <sup>a</sup>	-.022	-.211
	C22f	.003	.020	-.003	.050	.032	-.070	-.046	-.022	.582 <sup>a</sup>	-.395
	C22i	-.022	-.036	.023	-.009	-.006	.034	-.035	-.211	-.395	.611 <sup>a</sup>

a. Measures of Sampling Adequacy(MSA)

### VI. Communalities

	Initial	Extraction
C20c	1.000	.434
C20d	1.000	.471
C20e	1.000	.466
C20f	1.000	.427
C20g	1.000	.441
C20i	1.000	.298
C22a	1.000	.473
C22b	1.000	.569
C22f	1.000	.341
C22i	1.000	.492

Extraction Method: Principal Component Analysis.

### VII. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.510	25.100	25.100	2.510	25.100	25.100	2.509
2	1.903	19.026	44.126	1.903	19.026	44.126	1.904
3	1.093	10.932	55.058				
4	1.050	10.502	65.561				
5	.680	6.798	72.359				
6	.631	6.307	78.666				
7	.602	6.023	84.689				
8	.557	5.575	90.264				
9	.533	5.327	95.590				
10	.441	4.410	100.000				

Extraction Method: Principal Component Analysis.

When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

### VIII. Component Matrix<sup>a</sup>

	Component	
	1	2
C20d	.686	
C20e	.677	
C20g	.663	
C20c	.648	
C20f	.647	
C20i	.539	
C22b		.748
C22i		.700
C22a		.688
C22f		.584

Extraction Method: Principal Component Analysis. 2 components extracted.

## IX. Reproduced Correlations

		C20c	C20d	C20e	C20f	C20g	C20i	C22a	C22b	C22f	C22i
Reproduced Correlation	C20c	.434 <sup>a</sup>	.448	.427	.409	.426	.339	.072	.155	.059	.113
	C20d	.448	.471 <sup>a</sup>	.461	.441	.454	.367	.011	.093	.008	.054
	C20e	.427	.461	.466 <sup>a</sup>	.446	.452	.373	-.075	-.001	-.065	-.035
	C20f	.409	.441	.446	.427 <sup>a</sup>	.432	.357	-.071	-.001	-.062	-.032
	C20g	.426	.454	.452	.432	.441 <sup>a</sup>	.360	-.033	.042	-.030	.007
	C20i	.339	.367	.373	.357	.360	.298 <sup>a</sup>	-.067	-.010	-.059	-.036
	C22a	.072	.011	-.075	-.071	-.033	-.067	.473 <sup>a</sup>	.512	.402	.481
	C22b	.155	.093	-.001	-.001	.042	-.010	.512	.569 <sup>a</sup>	.435	.528
	C22f	.059	.008	-.065	-.062	-.030	-.059	.402	.435	.341 <sup>a</sup>	.408
	C22i	.113	.054	-.035	-.032	.007	-.036	.481	.528	.408	.492 <sup>a</sup>
Residual <sup>b</sup>	C20c		-.132	-.174	-.069	-.130	-.044	-.014	-.027	-.045	-.054
	C20d	-.132		-.019	-.205	-.044	-.186	-.001	-.024	-.021	-.011
	C20e	-.174	-.019		-.140	-.064	-.198	-.034	.035	.034	.024
	C20f	-.069	-.205	-.140		-.181	.055	.051	-.011	.019	.019
	C20g	-.130	-.044	-.064	-.181		-.179	.000	.002	-.008	.002
	C20i	-.044	-.186	-.198	.055	-.179		.033	-.042	.087	.014
	C22a	-.014	-.001	-.034	.051	.000	.033		-.016	-.259	-.276
	C22b	-.027	-.024	.035	-.011	.002	-.042	-.016		-.267	-.218
	C22f	-.045	-.021	.034	.019	-.008	.087	-.259	-.267		.016
	C22i	-.054	-.011	.024	.019	.002	.014	-.276	-.218	.016	

Extraction Method: Principal Component Analysis. Reproduced communalities.

Residuals are computed between observed and reproduced correlations. There are 19 (42.0%) nonredundant residuals with absolute values greater than 0.05.

x. **Pattern Matrix<sup>a</sup>**

	Component	
	1	2
C20d	.683	
C20e	.681	
C20g	.664	
C20f	.651	
C20c	.641	
C20i	.543	
C22b		.751
C22i		.701
C22a		.687
C22f		.583

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser  
Normalization.<sup>a</sup> Rotation converged in 3 iterations.

XI. **Structure Matrix**

	Component	
	1	2
C20d	.684	
C20e	.679	
C20g	.664	
C20f	.650	
C20c	.644	
C20i	.542	
C22b		.752
C22i		.701
C22a		.686
C22f		.582

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser  
Normalization.

XII. **Component Correlation Matrix**

Component	1	2
1	1.000	.021
2	.021	1.000

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser  
Normalization.



**XIII. Component Score Coefficient Matrix**

	Component	
	1	2
C20c	.256	.077
C20d	.273	.032
C20e	.271	-.034
C20f	.259	-.032
C20g	.265	-.003
C20i	.216	-.033
C22a	-.018	.361
C22b	.028	.395
C22f	-.016	.306
C22i	.006	.368

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.  
Component Scores.

**XIV. Component Score Covariance Matrix**

Component	1	2
1	1.000	.042
2	.042	1.000

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.  
Component Scores.

**Appendix 1C; Factor Analysis for Entrepreneurial Activity (D.V)**

**I. Descriptive Statistics**

	Mean	Std. Deviation	Analysis N
D37f	3.75	1.486	375
D37g	3.89	1.411	375
D37h	3.27	1.683	375
D37i	3.15	1.715	375
D37k	2.79	1.889	375
D37l	2.89	1.857	375
D37m	2.47	1.823	375
D37n	2.48	1.747	375

**II. Correlation Matrix<sup>a</sup>**

	D37f	D37g	D37h	D37i	D37k	D37l	D37m	D37n	
Correlation	D37f	1.000	.541	.546	.468	.144	.210	.206	.219
	D37g	.541	1.000	.480	.360	.231	.222	.153	.246
	D37h	.546	.480	1.000	.618	.187	.259	.139	.201
	D37i	.468	.360	.618	1.000	.256	.262	.177	.236
	D37k	.144	.231	.187	.256	1.000	.440	.370	.407
	D37l	.210	.222	.259	.262	.440	1.000	.460	.402
	D37m	.206	.153	.139	.177	.370	.460	1.000	.537
	D37n	.219	.246	.201	.236	.407	.402	.537	1.000
Sig. (1-tailed)	D37f		.000	.000	.000	.003	.000	.000	.000
	D37g	.000		.000	.000	.000	.000	.001	.000
	D37h	.000	.000		.000	.000	.000	.004	.000
	D37i	.000	.000	.000		.000	.000	.000	.000
	D37k	.003	.000	.000	.000		.000	.000	.000
	D37l	.000	.000	.000	.000	.000		.000	.000
	D37m	.000	.001	.004	.000	.000	.000		.000
	D37n	.000	.000	.000	.000	.000	.000	.000	

a. Determinant = .090

### III. Inverse of Correlation Matrix

	D37f	D37g	D37h	D37i	D37k	D37l	D37m	D37n
D37f	1.754	-.609	-.472	-.306	.131	.007	-.188	-.021
D37g	-.609	1.572	-.377	.024	-.168	-.038	.092	-.149
D37h	-.472	-.377	1.992	-.857	.043	-.170	.094	-.002
D37i	-.306	.024	-.857	1.748	-.191	-.066	.014	-.082
D37k	.131	-.168	.043	-.191	1.404	-.379	-.167	-.281
D37l	.007	-.038	-.170	-.066	-.379	1.493	-.419	-.162
D37m	-.188	.092	.094	.014	-.167	-.419	1.600	-.627
D37n	-.021	-.149	-.002	-.082	-.281	-.162	-.627	1.577

### IV. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.789
Approx. Chi-Square		892.399
Bartlett's Test of Sphericity	Df	28
	Sig.	.000

### V. Anti-image Matrices

	D37f	D37g	D37h	D37i	D37k	D37l	D37m	D37n	
Anti-image Covariance	D37f	.570	-.221	-.135	-.100	.053	.003	-.067	-.008
	D37g	-.221	.636	-.120	.009	-.076	-.016	.037	-.060
	D37h	-.135	-.120	.502	-.246	.015	-.057	.029	-.001
	D37i	-.100	.009	-.246	.572	-.078	-.025	.005	-.030
	D37k	.053	-.076	.015	-.078	.712	-.181	-.074	-.127
	D37l	.003	-.016	-.057	-.025	-.181	.670	-.175	-.069
	D37m	-.067	.037	.029	.005	-.074	-.175	.625	-.248
	D37n	-.008	-.060	-.001	-.030	-.127	-.069	-.248	.634
Anti-image Correlation	D37f	.795 <sup>a</sup>	-.367	-.253	-.175	.083	.004	-.112	-.013
	D37g	-.367	.803 <sup>a</sup>	-.213	.014	-.113	-.025	.058	-.094
	D37h	-.253	-.213	.763 <sup>a</sup>	-.459	.026	-.099	.053	-.001
	D37i	-.175	.014	-.459	.785 <sup>a</sup>	-.122	-.041	.008	-.049
	D37k	.083	-.113	.026	-.122	.815 <sup>a</sup>	-.262	-.112	-.189
	D37l	.004	-.025	-.099	-.041	-.262	.828 <sup>a</sup>	-.271	-.106
	D37m	-.112	.058	.053	.008	-.112	-.271	.743 <sup>a</sup>	-.395
	D37n	-.013	-.094	-.001	-.049	-.189	-.106	-.395	.793 <sup>a</sup>

Measures of Sampling Adequacy(MSA)

### VI. Communalities

	Initial	Extraction
D37f	1.000	.653
D37g	1.000	.548
D37h	1.000	.719
D37i	1.000	.595
D37k	1.000	.513
D37l	1.000	.563
D37m	1.000	.638
D37n	1.000	.606

Extraction Method: Principal Component Analysis.

### VII. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.253	40.667	40.667	3.253	40.667	40.667	2.791
2	1.581	19.766	60.434	1.581	19.766	60.434	2.606
3	.726	9.069	69.503				
4	.660	8.247	77.750				
5	.577	7.213	84.963				
6	.460	5.745	90.707				
7	.393	4.911	95.618				
8	.351	4.382	100.000				

Extraction Method: Principal Component Analysis. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

VIII. Component Matrix<sup>a</sup>

	Component	
	1	2
D37h	.698	
D37i	.682	
D37f	.673	
D37g	.646	
D37l	.625	
D37n	.621	
D37k	.573	
D37m	.571	.558

Extraction Method: Principal Component Analysis. 2 components extracted.

## IX. Reproduced Correlations

	D37f	D37g	D37h	D37i	D37k	D37l	D37m	D37n	
Reproduced Correlation	D37f	.653 <sup>a</sup>	.597	.685	.620	.192	.235	.135	.207
	D37g	.597	.548 <sup>a</sup>	.625	.571	.214	.254	.168	.231
	D37h	.685	.625	.719 <sup>a</sup>	.649	.192	.237	.130	.207
	D37i	.620	.571	.649	.595 <sup>a</sup>	.236	.278	.189	.255
	D37k	.192	.214	.192	.236	.513 <sup>a</sup>	.536	.567	.558
	D37l	.235	.254	.237	.278	.536	.563 <sup>a</sup>	.588	.583
	D37m	.135	.168	.130	.189	.567	.588	.638 <sup>a</sup>	.617
	D37n	.207	.231	.207	.255	.558	.583	.617	.606 <sup>a</sup>
Residual <sup>b</sup>	D37f		-.056	-.139	-.152	-.049	-.025	.071	.011
	D37g	-.056		-.145	-.210	.017	-.032	-.014	.015
	D37h	-.139	-.145		-.031	-.005	.023	.009	-.006
	D37i	-.152	-.210	-.031		.020	-.015	-.012	-.019
	D37k	-.049	.017	-.005	.020		-.096	-.198	-.150
	D37l	-.025	-.032	.023	-.015	-.096		-.129	-.181
	D37m	.071	-.014	.009	-.012	-.198	-.129		-.080
	D37n	.011	.015	-.006	-.019	-.150	-.181	-.080	

Extraction Method: Principal Component Analysis. Reproduced communalities

Residuals are computed between observed and reproduced correlations. There are 12 (42.0%) non-redundant residuals with absolute values greater than 0.05.

x. **Pattern Matrix<sup>a</sup>**

	Component	
	1	2
D37h	.862	
D37f	.818	
D37i	.750	
D37g	.728	
D37m		.824
D37n		.772
D37l		.724
D37k		.709

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.<sup>a</sup> Rotation converged in 3 iterations.

XI. **Structure Matrix**

	Component	
	1	2
D37h	.847	
D37f	.808	
D37i	.769	
D37g	.740	
D37m		.794
D37n		.778
D37l		.747
D37k		.716

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

XII. **Component Correlation Matrix**

Component	1	2
1	1.000	.339
2	.339	1.000

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

**XIII. Component Score Coefficient Matrix**

	Component	
	1	2
D37f	.325	-.014
D37g	.289	.013
D37h	.343	-.022
D37i	.298	.023
D37k	.006	.307
D37l	.026	.314
D37m	-.036	.357
D37n	.006	.334

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

Component Scores.

**XIV. Component Score Covariance Matrix**

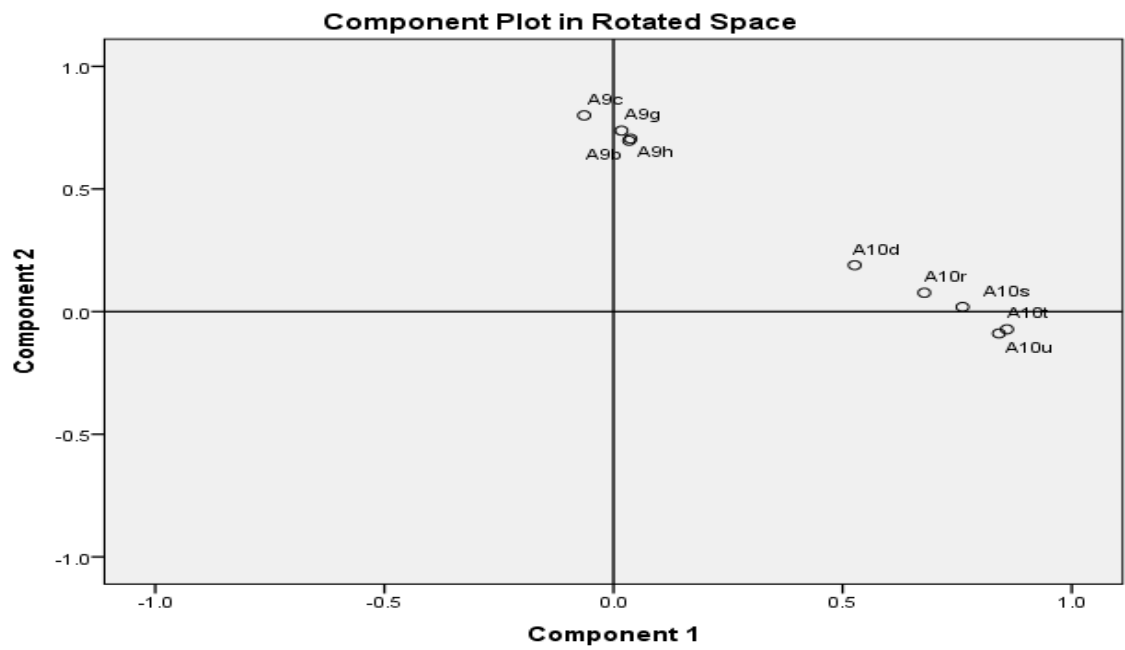
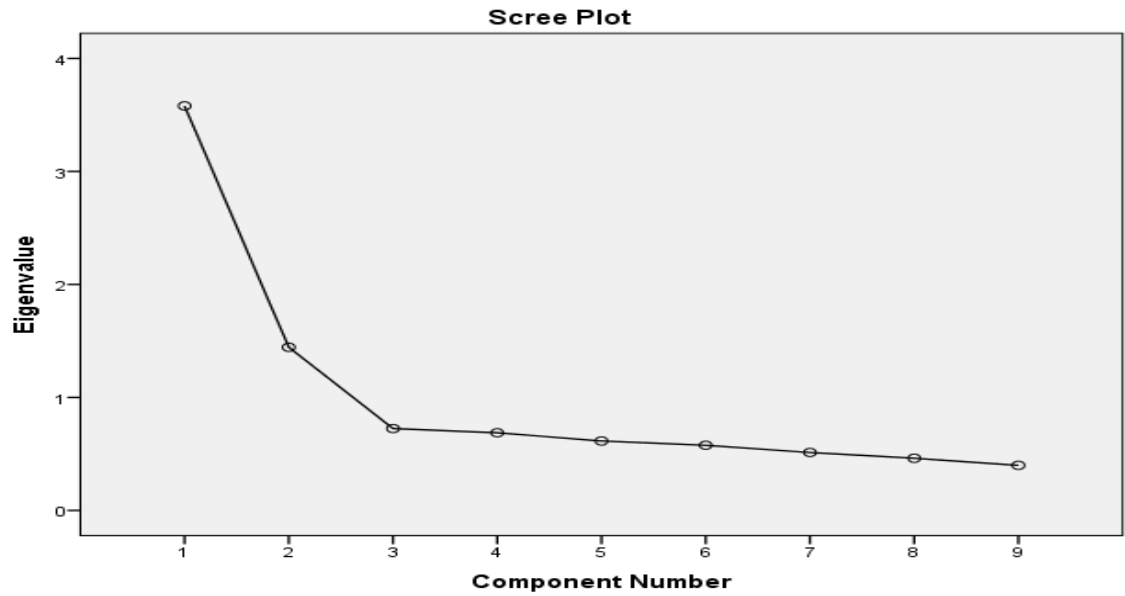
Component	1	2
1	1.115	.677
2	.677	1.115

Extraction Method: Principal Component Analysis. Rotation Method: Promax with Kaiser Normalization.

Component Scores.

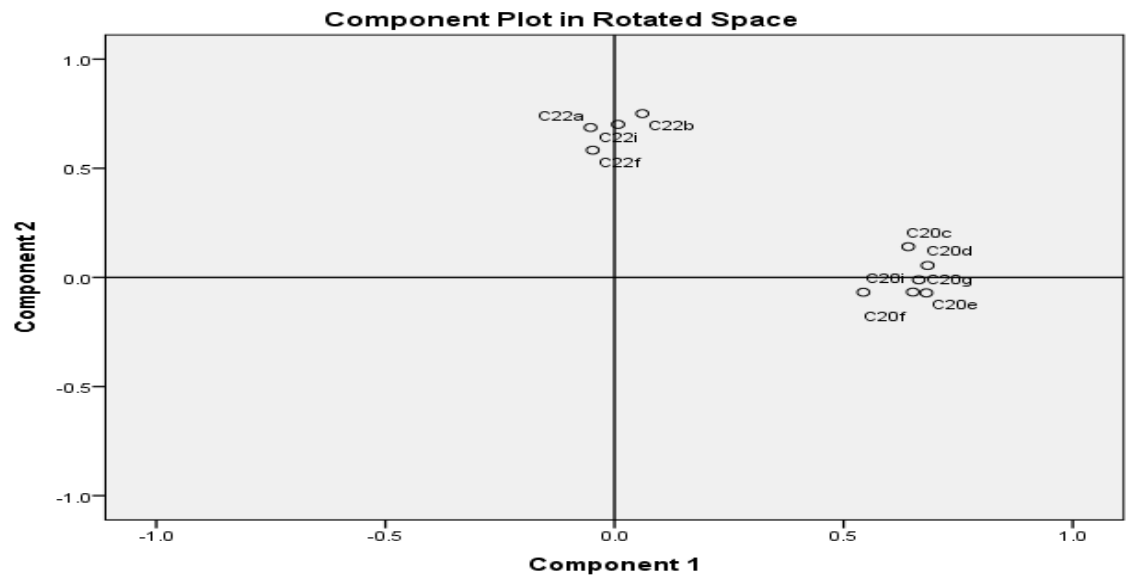
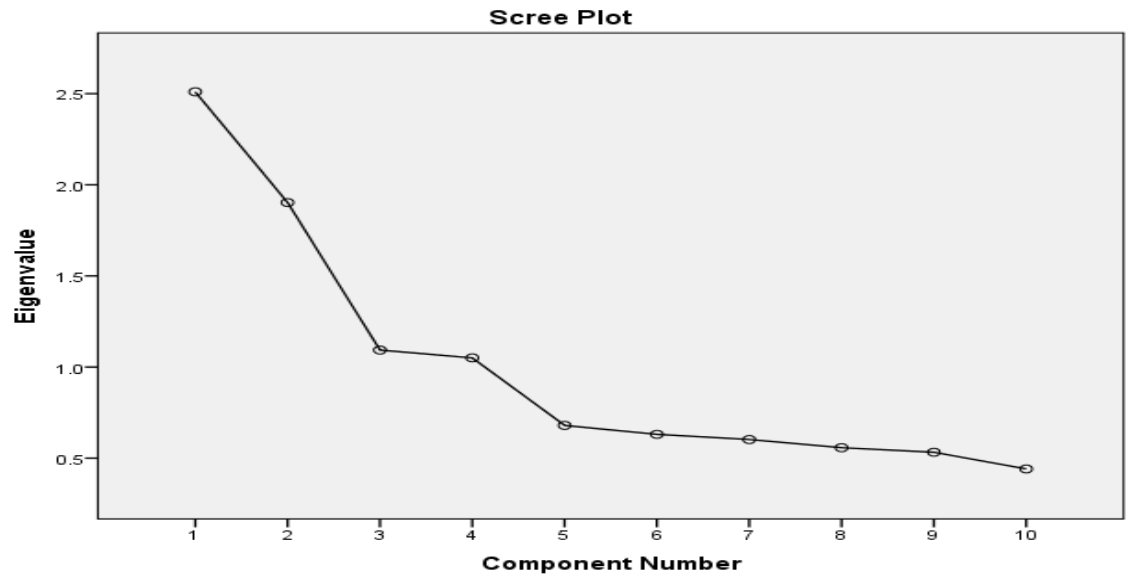
**APPENDIX 1D: FACTOR SCREE PLOTS & COMPONENT PLOT IN ROTATED SPACES**

**I. FACTORS FOR ENREPRENEURS' PROFILE**

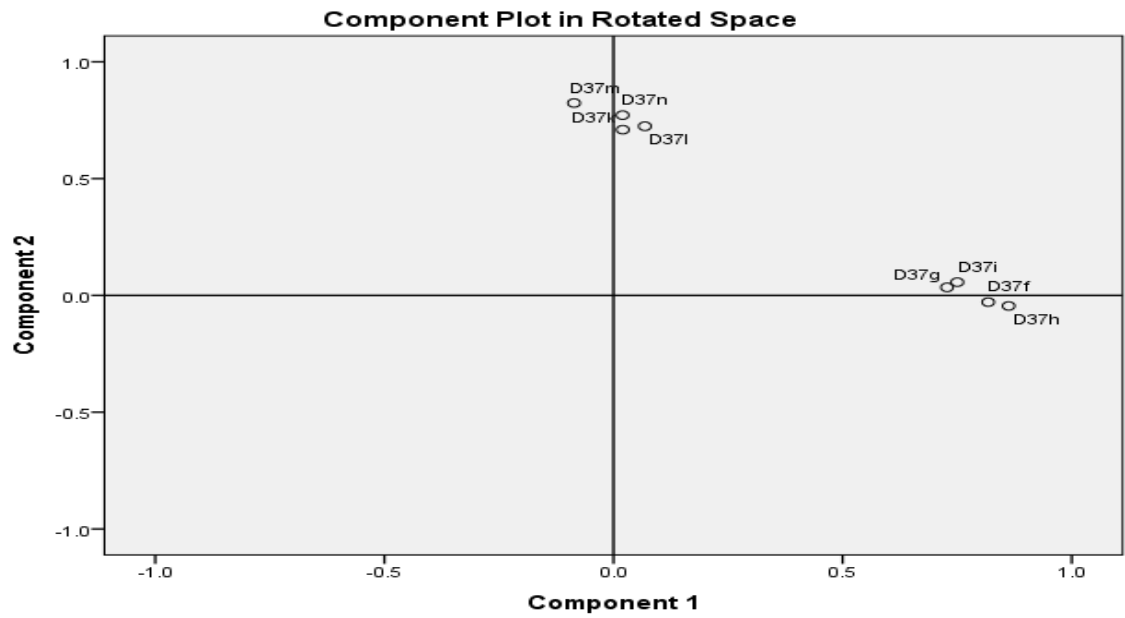




## II. FACTORS FOR NICHE POLICY



### III. FACTORS FOR ENREPRENEURIAL ACTIVITY



## Appendix 2 A: A Series of Regression Results; Traits, Promotion and Start-ups

Run MATRIX procedure:

\*\*\*\*\* PROCESS Procedure for SPSS Release 2.13.2 \*\*\*\*\*

Written by Andrew F. Hayes, Ph.D.      www.afhayes.com  
Documentation available in Hayes (2013). www.guilford.com/p/hayes3

\*\*\*\*\*

Model = 4  
Y = STARTUPS  
X = ACHVT  
M = PROM

Sample size  
375

\*\*\*\*\*

Outcome: PROM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.3304	.1091	.6146	45.6994	1.0000	373.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0405	.0000	1.0000	-.0796	.0796
ACHVT	-.3053	.0452	-6.7601	.0000	-.3942	-.2165

\*\*\*\*\*

Outcome: PROM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9829	.9661	.0283	5294.0090	2.0000	372.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0087	.0000	1.0000	-.0171	.0171
RSUPPT	-.0652	.0111	-5.8738	.0000	-.0871	-.0434
ACHVT	.9756	.0103	95.0215	.0000	.9554	.9958

\*\*\*\*\* TOTAL EFFECT MODEL \*\*\*\*\*

Outcome: PROM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.9813	.9629	.0308	9683.7552	1.0000	373.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0091	.0000	1.0000	-.0178	.0178
ACHVT	.9955	.0101	98.4061	.0000	.9756	1.0154

\*\*\*\*\* TOTAL, DIRECT, AND INDIRECT EFFECTS \*\*\*\*\*

Total effect of X on Y

Effect	SE	t	p	LLCI	ULCI
.9955	.0101	98.4061	.0000	.9756	1.0154

Direct effect of X on Y						
	Effect	SE	t	p	LLCI	ULCI
	.9756	.0103	95.0215	.0000	.9554	.9958

Indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0199	.0049	.0110	.0304

Partially standardized indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0219	.0059	.0119	.0346

Completely standardized indirect effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0196	.0048	.0109	.0295

Ratio of indirect to total effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0200	.0049	.0111	.0301

Ratio of indirect to direct effect of X on Y				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.0204	.0051	.0112	.0310

R-squared mediation effect size (R-sq_med)				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.1391	.0313	.0811	.2049

Preacher and Kelley (2011) Kappa-squared				
	Effect	Boot SE	BootLLCI	BootULCI
PROM	.1755	.0307	.1130	.2341

Normal theory tests for indirect effect				
	Effect	se	Z	p
	.0199	.0045	4.4065	.0000

\*\*\*\*\* ANALYSIS NOTES AND WARNINGS \*\*\*\*\*

Number of bootstrap samples for bias corrected bootstrap confidence intervals: 1000

Level of confidence for all confidence intervals in output:95.00

----- END MATRIX -----

**Appendix 2B: A Series of Regression Results; Motives, Resource Support and Enterprise Performance**

Run MATRIX procedure:

\*\*\*\*\*PROCESS Procedure for SPSS Release 2.13.2 \*\*\*\*\*

Written by Andrew F. Hayes, Ph.D. [www.afhayes.com](http://www.afhayes.com)  
 Documentation available in Hayes (2013). [www.guilford.com/p/hayes3](http://www.guilford.com/p/hayes3)

\*\*\*\*\*

Model = 4  
 Y = PERFORM  
 X = MOTIV  
 M = RSUPPT

Sample size  
 375

\*\*\*\*\*

Outcome: RSUPPT

Model Summary

R	R-sq	MSE	F	df1	df2	p
.3577	.1279	.6016	54.7198	1.0000	373.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0401	.0000	1.0000	-.0788	.0788
MOTIV	-.3580	.0484	-7.3973	.0000	-.4532	-.2628

\*\*\*\*\*

Outcome: PERFORM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.5977	.3572	.5357	103.3555	2.0000	372.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0378	.0000	1.0000	-.0743	.0743
RSUPPT	-.2191	.0489	-4.4832	.0000	-.3151	-.1230
MOTIV	.5455	.0489	11.1533	.0000	.4493	.6416

\*\*\*\*\* TOTAL EFFECT MODEL \*\*\*\*\*

Outcome: PERFORM

Model Summary

R	R-sq	MSE	F	df1	df2	p
.5679	.3225	.5632	177.5215	1.0000	373.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	.0000	.0388	.0000	1.0000	-.0762	.0762
MOTIV	.6239	.0468	13.3237	.0000	.5318	.7160

\*\*\*\*\* TOTAL, DIRECT, AND INDIRECT EFFECTS \*\*\*\*\*

Total effect of X on Y

Effect	SE	t	p	LLCI	ULCI
.6239	.0468	13.3237	.0000	.5318	.7160

Direct effect of X on Y

Effect	SE	t	p	LLCI	ULCI
.5455	.0489	11.1533	.0000	.4493	.6416

Indirect effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0784	.0199	.0443	.1207

Partially standardized indirect effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0861	.0210	.0468	.1299

Completely standardized indirect effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0714	.0175	.0400	.1086

Ratio of indirect to total effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.1257	.0328	.0655	.1951

Ratio of indirect to direct effect of X on Y

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.1438	.0438	.0701	.2424

R-squared mediation effect size (R-sq\_med)

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.1075	.0230	.0669	.1527

Preacher and Kelley (2011) Kappa-squared

	Effect	Boot SE	BootLLCI	BootULCI
RSUPPT	.0829	.0188	.0493	.1227

Normal theory tests for indirect effect

Effect	se	Z	p
.0784	.0206	3.8087	.0001

\*\*\*\*\* ANALYSIS NOTES AND WARNINGS \*\*\*\*\*

Number of bootstrap samples for bias corrected bootstrap confidence intervals:

1000

Level of confidence for all confidence intervals in output:

95.00

----- END MATRIX -----

### Appendix 3: LETTER OF INTRODUCTION

Dear Madam,

#### **RE: LETTER OF INTRODUCTION**

I am a PhD student at Moi University, Kenya. I am conducting research about the *level of female entrepreneurial activity in Trans Nzoia and Bungoma counties*, following the intensified government efforts to promote the same. You have been recommended as a female entrepreneur who can participate in the study. I would be grateful if you could use 30 to 60 minutes of your precious time to answer the questions in the survey. The survey explores Kenyan female entrepreneurs' profiles, the profiles of their firms, the mediating effect of government policy programs and the resulting level of entrepreneurial activity.

This is part of an important academic research project. By participating in it, you will be helping in making a significant contribution to knowledge about female entrepreneurs in Kenya, and bringing into recognition the great efforts ladies are making towards the socio-economic development of our country. Participation is voluntary and your response will be kept confidential. After coding the responses, all the original questionnaires will be destroyed.

Thank you in advance for your co-operation.

Yours Sincerely,

**Sangurah Ramari Mukhebi Robbert**                      Sign \_\_\_\_\_ Date \_\_\_\_\_

**Guiding supervisors: Prof. Peter Isaboke Omboto** Sign \_\_\_\_\_ Date \_\_\_\_\_

**Prof. Ruth Jelagat Tubey**                      Sign \_\_\_\_\_ Date \_\_\_\_\_

## Appendix 4: SURVEY QUESTIONNAIRE

### How to Complete this Survey Questionnaire

Most of the questions seek responses by ticking (✓) the bracket in front of the appropriate answer. You are kindly requested to answer the questions appropriately and where applicable tick the appropriate likert value mostly from 1 to 5, which best reflects your response to the question.

### SECTION A: ENTREPRENEURS' PROFILE

<b>A1</b>	State your age in years _____					
<b>A2</b>	State your sibling position in the family _____					
<b>A3</b>	State your marital status; Single ( ) Married ( ) Separated ( ) Widowed ( ) Divorced ( )					
<b>A4</b>	How many dependants do you have? 0 1 2 3 4>					
<b>A5</b>	What highest level of education have you attained? Never attended school ( ) Primary level ( ) O level Secondary ( ) A level secondary ( ) College ( ) University ( ) Postgraduate degree ( )					
<b>A6</b>	Have you completed any technical, functional or entrepreneurial skills training? Yes ( ) No ( )					
<b>A7</b>	To what extent is your previous work experience/ educational background within the field of your venture? to no extent 1 2 3 4 5 exactly the same N/A ( )					
<b>A8</b>	How many other enterprises have you operated before the current one? _____					
<b>A9</b>	Please indicate the degree of importance to you with respect to entrepreneurial motives below (scale; 1=Very unimportant, 2=Unimportant, 3=Neutral, 4=Important and 5=Very important)	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
A9a	I was unable to find a paid job/ It was the sole way to make a living					
A9b	Be my own boss/ avoid working for others					
A9c	To build a successful organization					
A9d	To achieve a higher position for myself in society					
A9e	To follow the example of a person I admire					
A9f	My salary was not enough/ make more money to sustain my family					
A9g	To have more control of my time/ enjoy flexible time usage					
A9h	To exploit a market opportunity					
<b>A10</b>	Please rate the possible prevalence of the following entrepreneurial characteristics (scale; 1=very low, 2=low, 3= average, 4=high and 5=very high)	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
A10a	Ability to protect personal interest					
A10b	Always making plans work					
A10c	Believe to determine what happens to me					
A10d	Planning with certainty to succeed					
A10e	Rarely achieve important goals for self					
A10f	Sticking to tasks however unpleasant					
A10g	Difficulty solving unexpected problems					
A10h	Bothered by risks however high potential gains					
A10i	If possible rewards are high, I won't hesitate to invest in even if it fails					
A10j	Suspicious of new inventions / processes					
A10k	Often trying to invent new uses of objects					
A10l	Helping others to generate new ideas					
A10m	Believe success in entrepreneurship base on new ideas					
A10n	Believe there are right and wrong ways of doing things					
A10o	Problems attract me less if they have no solution					
A10p	Discomfort when unable to follow other peoples' line of thought					
A10q	Discomfort in a group I don't understand					
A10r	Persistence even where others discourage					
A10s	Only satisfied after reaching set goals					
A10t	Keep trying hard even when task is hard					
A10u	Work is a means to achieve goals					



### SECTION B: FIRM PROFILE

<b>B11</b>	<b>When did you start this enterprise?</b> _____
<b>B12</b>	<b>What was the main source of your enterprise idea?</b> My hobby ( ) Family ( ) Friends ( ) BDS center ( ) Media ( ) Societal problem ( ) Resource endowment ( ) Other, specify _____ ( )
<b>B13</b>	<b>Where is your enterprise located?</b> At home ( ) On the market ( )
<b>B14</b>	<b>Which utilities do you access?</b> Electricity ( ) Water ( ) Sanitary ( ) Telephone net-work ( )
<b>B15</b>	<b>Your enterprise falls in which sector?</b> Trading ( ) Processing/Manufacturing ( ) Construction ( ) Service ( ) Agriculture ( ) Textile and Fabric ( ) Other (specify) _____ ( )
<b>B16</b>	<b>What is your enterprise's legal status?</b> Sole proprietorship ( ) Partnership ( ) Joint stock company ( )
<b>B17</b>	<b>Which market/s does your enterprise serve currently?</b> Local ( ) Regional ( ) National ( ) International ( )
<b>B18</b>	<b>Rate the markets above on the scale of; 1=less profitable, 2=profitable, 3=more profitable and 4=most profitable.</b> Local ( ) Regional ( ) National ( ) International ( )
<b>B19</b>	<b>Which of these statements best describes your current firm's main objective?</b> To grow by seeking and pursuing new opportunities ( ) To provide a decent livelihood to my family ( )

### SECTION C: NICHE ENTREPRENEURSHIP POLICY: I.PROMOTION

<b>C20</b>	<b>Please indicate the degree of agreement to the statements below with respect to female entrepreneurship promotion in Kenya (scale; 1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree and 5=Strongly disagree)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
C20a	There is broad-based public awareness campaigns in promotion of and support for female entrepreneurship					
C20b	Entrepreneurship is considered feasible/ viable and attractive economic choice among Kenyan females					
C20c	There is a high supply of credible female entrepreneur role models and mentors who are promoted by the governments (central and county governments)					
C20d	Women Entrepreneurs Associations (WEAs) effectively network female entrepreneurs and effectively represent their needs and concerns					
C20e	WEAs have the capacity to represent members at local and national policy making levels					
C20f	The governments develops Female Entrepreneurs Associations (e.g., on group dynamism, governance, project management, marketing, and advocacy, e.t.c)					
C20g	Through their associations, female entrepreneurs are well represented on government MSE advisory bodies					
C20h	Regular meetings of partner organizations are held to share good practices, review progress and identify challenges to be addressed					
C20i	There are mechanisms for advocating the interests and concerns of female entrepreneurs among relevant government departments (e.g., females' desk)					
C20j	Following promotional efforts, female entrepreneurs today enjoy full societal support					
<b>C21</b>	<b>To what extent do you still experience the following problems despite promotional activities above? (Key: 1=not at all, 2=not, 3=neutral, 4=I do and 5=a great deal).</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
C21a	Discrimination from banks due to my gender					
C21b	Discrimination by civil servants					
C21c	Difficulty balancing enterprise work and family life					

### II. RESOURCE SUPPORT

<b>C22</b>	<b>Please indicate the degree of agreement to the statements below with respect to female entrepreneurs resource support in Kenya (scale; 1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree and 5=Strongly disagree)</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
C22a	Our education system nurtures entrepreneurship in females of the population.					
C22b	During schooling process, we had programs/ clubs that were concerned with entrepreneurship development					
C22c	Female entrepreneurs have adequate access to entrepreneurial training opportunities tailored to meet their special needs in their localities of residence.					
C22d	There is adequate supply of effective female entrepreneurial trainers, advisers and mentors in Kenya's Business Development Service network					
C22e	In Kenya there are enough dedicated systems to support female entrepreneurs (e.g. female's desk in MSE agencies; female's enterprise resource centers)					

C22f	There are special finance sources for female entrepreneurs accessible without demands for collateral.					
C22g	Female entrepreneurs now can access “individual,” loans instead of group-guaranteed ones from our financial institutions					
C22h	Female entrepreneurs in Kenya now access loans beyond micro-finance limit.					
C22i	We have multiple sources and types of financing in Kenya to meet female entrepreneurs needs at different stages of their firms’ growth and development					
C22j	Efforts are made to ensure female entrepreneurs access information on sources, types of finances and criteria used to make lending decisions					
C22k	Efforts are made to improve female entrepreneurs’ skills to negotiate for funds					
C22l	Attention is paid to ensuring female entrepreneurs access adequate production premises and up-to-date commercial technologies					
<b>C23</b>	<b>Given an opportunity to be trained today, rank the importance of the following courses to you starting with 1 the most important, 2 the second important till end of the list</b>	<b>Rank</b>				
C23a	Opportunity identification					
C23b	Enterprise planning					
C23c	Production					
C23d	Marketing					
C23e	Creativity & innovation					
C23f	Networking					
C23g	Human resource					
<b>C24</b>	<b>What was your main source of start-up capital for this enterprise?</b> Own savings ( ) Parents ( ) Spouse ( ) Government agency ( ) Financial institution ( ) NGO/CBO ( )					
<b>C25</b>	<b>If you ever sought credit to finance your enterprise after start-up, please specify the source and estimated amount you got.</b>					
	<b>Source</b>	<b>Tick (√)</b>	<b>Amount (Kshs.)</b>			
C25a	WEDF/ Uwezo/ YEDF Funds					
C25b	Commercial Bank/ MFI					
C25c	Table banking					
C25d	SACCO					
C25e	NGO/CBO					
<b>C26</b>	<b>If you never sought credit to finance your enterprise after start-up, what could be the reason?</b> I fear loans ( ) Lacked collateral ( ) Non existence of such loans ( ) Inability to pursue the process ( ) Prohibitively high interest rate ( ) Other _____ N/A ( )					
<b>C27</b>	<b>What type of security did you give if any?</b> Household goods ( ) Title deed ( ) Log Book ( ) Salary ( ) My savings & Guarantors ( ) N/A ( )					
<b>28</b>	<b>To what extent do you still experience the following problems despite resource support measures above? (Key: 1=not at all, 2=not, 3=neutral, 4=I do and 5=a great deal).</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
C28a	Inadequate education					
C28b	Unavailability of business & entrepreneurial trainings					
C28c	Inadequate capital					
C28d	Limited access to finance due to a collateral-based banking system					
C28e	Limited financing from microfinance institutions					

### III. INSTITUTIONAL FRAMEWORK

<b>C29</b>	<b>Have you procured any license for your enterprise in the last one year?</b> Yes ( ) No ( )					
<b>C30</b>	<b>If Yes in question 30 above, how long did it take you to acquire it?</b> < A day ( ) 1 Day ( ) Days ( ) 1 Week ( ) 2-3 weeks ( ) 1 Month ( ) > A month ( ) N/A ( )					
<b>C31</b>	<b>If yes in question 30 above how can you describe the financial costs involved?</b> Very costly ( ) Costly ( ) Neutral ( ) Affordable ( ) Very affordable					
<b>C32</b>	<b>If No in question 30 above, what is the reason?</b> Offices are far away ( ) High costs involved ( ) Long process involved ( ) Unfriendly officials ( ) N/A ( )					
<b>C33</b>	<b>Which costs do you think entrepreneurs bear as a result of operating without licenses?</b> Inaccessibility to government support ( ) Inaccessibility to individual loans ( ) Frequent harassment from authority ( ) Exploitation by law enforcers ( ) None ( )					
<b>C34</b>	<b>Has the government ever mounted public education on the process and benefits of enterprise formalization in your locality?</b> Yes ( ) No ( )					

<b>C35</b>	<b>If Yes in question 31 above, through which body?</b> BDS centre ( ) Tax authority ( ) Financial lenders ( ) N.G.O ( ) Other, specify _____ ( )					
<b>C36</b>	<b>To what extent do you still experience the following problems despite improved institutional framework?</b> (Key: 1=not at all, 2=not, 3=neutral, 4=I do and 5=a great deal).	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
C36a	Taxes and customs by central government are a burden					
C36b	Inaccessible international market					
C36c	Few business associations effectively target us women					
C36d	Bureaucratic barriers to firm registration					
C36e	High taxation level by county government					

#### SECTION D: ENTREPRENEURIAL ACTIVITY

<b>D37</b>	<b>You are required to give information on your group entrepreneurial dynamism and your individual firm performance, at joining/start-up and now</b>		
	<b>Group entrepreneurial dynamism</b>	<b>At joining</b>	<b>Now</b>
D37a	Number of group members		
D37b	Number of members owning & running enterprises		
D37c	Number of formal enterprises		
D37d	Number of exits due to entrepreneurs' personal reasons		
D37e	Number of exits due to enterprise failure		
	<b>Your individual enterprise performance</b>	<b>At start-up</b>	<b>Now</b>
D37f	Monthly sales (range in Kshs)		
D37g	Profits (range in Kshs)		
D37h	Capital invested (range in Kshs)		
D37i	Assets value (range in Kshs)		
D37j	Number of employees (number)		
D37k	Number of markets (number)		
D37l	Number of suppliers (number)		
D37m	Number of processes (number)		
D37n	Number of products/ services (number)		
D37o	Number of branches (number)		

Respondent's sign \_\_\_\_\_ Date \_\_\_\_\_

**END**

***THANK YOU, BE BLESSED***

## Appendix 5: SAMPLE SIZE DETERMINATION TABLE

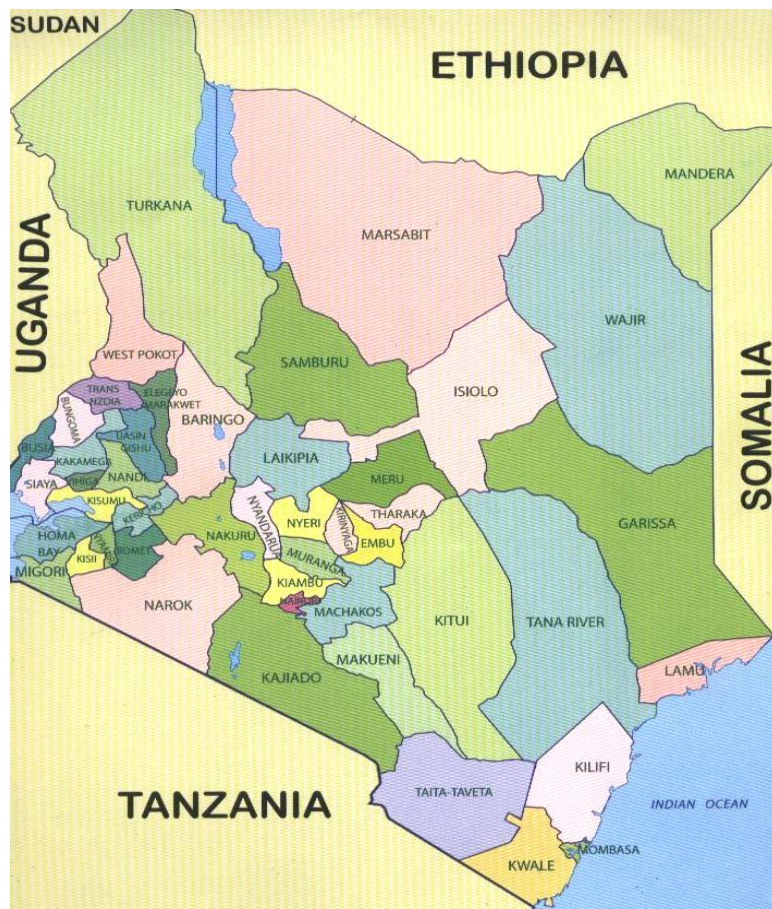
For  $\pm 3\%$ ,  $\pm 5\%$ ,  $\pm 7\%$ , and  $\pm 10\%$  Precision Levels, where Confidence Level is 95% and  $P=.5$ .

Population size	Sample Size (n) for Precision (e) of:			
	$\pm 3\%$	$\pm 5\%$	$\pm 7\%$	$\pm 10\%$
500	a	222	145	83
600	a	240	152	86
700	a	255	158	88
800	a	267	163	89
900	a	277	166	90
1,000	a	286	169	91
2,000	714	333	185	95
3,000	811	353	191	97
4,000	870	364	194	98
5,000	909	370	196	98
6,000	938	375	197	98
7,000	959	378	198	99
8,000	976	381	199	99
9,000	989	383	200	99
10,000	1,000	385	200	99
15,000	1,034	390	201	99
20,000	1,053	392	204	100
25,000	1,064	394	204	100
50,000	1,087	397	204	100
100,000	1,099	398	204	100
>100,000	1,111	400	204	100

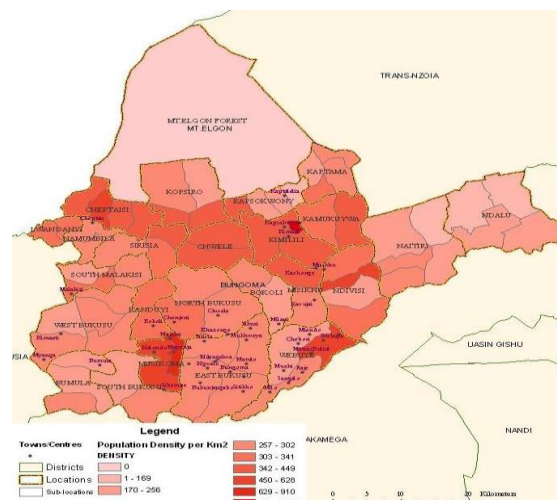
a = Assumption of normal population is poor (Yamane, 1967), the entire population should be sampled

$$n_o = \frac{Z^2 pq}{e^2}$$

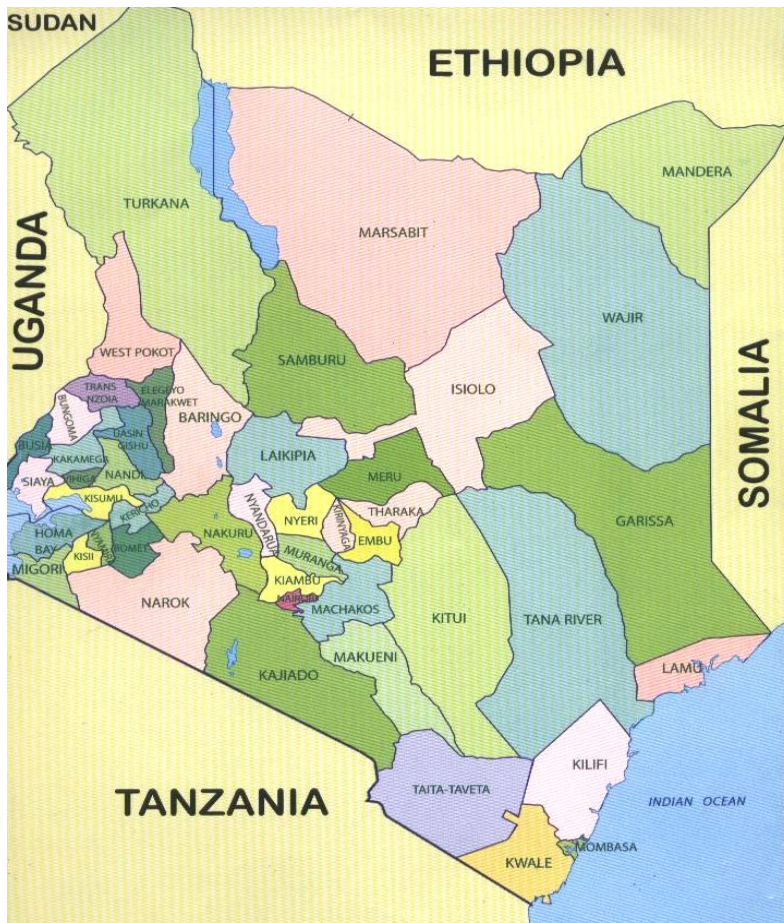
Appendix 6A: Location of Bungoma County on the Kenyan Map



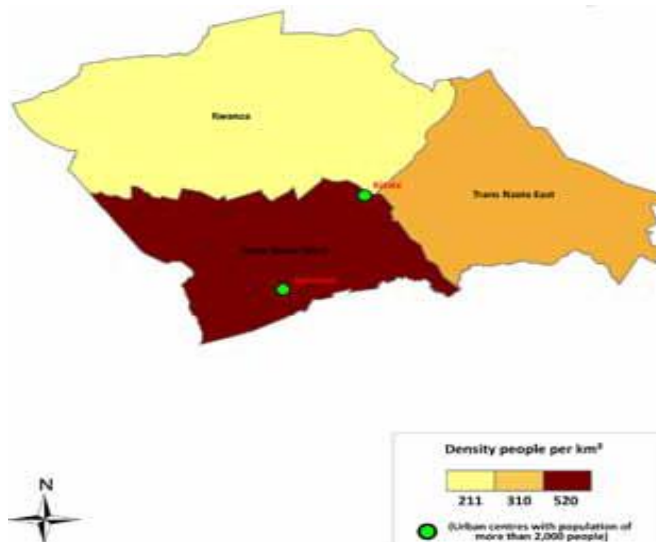
Bungoma County Map



### Appendix 6B: Location of Trans Nzoia County on the Kenyan Map



Trans Nzoia County Map





## Appendix 8: Research Authorization Letter



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 310571, 2219420  
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When replying please quote

9<sup>th</sup> Floor, Utalii House  
Uhuru Highway  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref: No. **NACOSTI/P/16/59319/8932**

Date:

**26<sup>th</sup> January, 2016**

Robbert Ramari Sangurah  
Moi University  
P.O. Box 3900-30100  
**ELDORET.**

#### RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Influence of niche policy on female entrepreneurial activity in selected Western Kenya Counties,”* I am pleased to inform you that you have been authorized to undertake research in **Bungoma County** for a period ending **5<sup>th</sup> January, 2017.**

You are advised to report to **the County Commissioner and the County Director of Education, Bungoma County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

  
**DR. S. K. LANGAT, OGW**  
**FOR: DIRECTOR GENERAL/CEO**

Copy to:

The County Commissioner  
Bungoma County.

The County Director of Education  
Bungoma County.



## APPENDIX 9A: A WOMAN ENTREPRENEUR IN A MALE-DOMINATED SECTOR



Source: Sida 2009

APPENDIX 9B: A WOMAN'S BIGGER BURDEN IN THE SAME JOB SHE DOES  
WITH A MAN IN OUR SOCIETY



Source: UNDP 2013

## APPENDIX 9C: WOMEN ENTREPRENEURS IN A MERRY GO ROUND



Source: Field 2015 December