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Sangurah Ramari Mukhebi Robert and Ruth Tubey

## ROLE OF WOMEN ENTREPRENEURS' TRAITS ON NEW VENTURE START-UPS IN WESTERN KENYA

<sup>1\*</sup>Sangurah Ramari Mukhebi Robert

<sup>1</sup>Post Graduate Student: Department of Quantitative and Entrepreneurship Studies  
Moi University

\*Corresponding author's email: [sanguraramari@gmail.com](mailto:sanguraramari@gmail.com)

<sup>2</sup>Ruth Tubey

<sup>2</sup>Senior Lecturer of Entrepreneurship: Department of Quantitative and Entrepreneurship Studies  
Moi University

### Abstract

**Purpose:** There has been little emphasis on public policy and research interest on female entrepreneurship, a situation that has left female entrepreneurs prone to both general and gender-specific barriers. The need for a female-specific policy, which was the basis of this study therefore cannot be over-emphasized. This study analyzed the relationship between the niche policy's promotional efforts and female entrepreneurs' MSE start-up rates.

**Methodology:** The study design was a Cross-sectional Survey, guided by Motivational Theory. It adapted a Positivist Paradigm and used a Quantitative Multi-method approach. Using multi-stage sampling, 375 adult female entrepreneurs participated in the study. Data was analyzed through inferential methods; correlation coefficient and coefficient of determination.

**Results:** The results revealed there being direct and indirect relationships between and among variables. For example, the correlation coefficient results for the first hypothesis (**H01**);  $R^2=.2374$ ,  $p=.025$  meant that 24% change in the rate of new start-ups initiated was attributed to promotional efforts. Also, the coefficient of determination results for the second hypothesis (**H02**);  $k^2=.0766$ , 95% *BCa CI* (.0007, .0633) and  $b=.001$ ,  $z=.7134$ ,  $p=.4756$ ; meant that 8% change in the rate of new start-ups initiated was due to the mediation influence of promotional efforts between the female entrepreneurs' motives and their rate of starting new MSEs.

**Key Words:** *Venture start-ups, niche policy, promotional programs, cross-sectional survey, Western Kenya Counties*

## INTRODUCTION

Studies on female 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 the female'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 government agencies) with the view to offer support (OECD 2004 & Dzis, 2008 50). The researchers examined characteristics, motivations, attitudes and barriers of female entrepreneurs, mainly focused on personal characteristics that form the human. Also, the indicators they used such as MSE ownership and management are not designed to capture gender differences capital (Dzis, 2008 1).

Against this background, this study sought to answer the research question “*which entrepreneur succeeds under which policy environment?*” The niche policy was mediated between entrepreneur profile and entrepreneurial activity. More specifically, this research had two objectives; *To analyze the influence of promotional efforts on the rate of MSE start-up rates among Western Kenya female entrepreneurs;* and *To evaluate mediation influence of promotional efforts between entrepreneur's profile and the MSE start-up rates among the Western Kenya female entrepreneurs.*

The study therefore attempted to sensitize policy makers on the unique needs of female entrepreneurs. Its results are a prescriptive niche policy model that can be used to drive and enhance the females' economic development in Kenya. The findings also provide useful research output to tertiary learning institutions for teaching-learning purposes and guiding other academic researches on female entrepreneurship. The rest of this paper has four parts. First it reviews the literature in the background. Then the research methodology is presented and the data analysis techniques are discussed. Next, the results are discussed and the paper concludes with a discussion of theoretical and policy management implications and direction for further research.

Entrepreneurship plays an important role in development, innovation, and creation of job opportunities (Nuogera, 2012 25). The demand for economic growth and the accompanying benefits like job creation, affect societies today. Within this context, female members of our society have played an important role (Nuogera, 2012 25). Their entrepreneurship has been a fundamental driver of firm creation and consequent economic growth (Acs *et. al.*, 2011), leading to the female entrepreneurship topic being addressed from social, political, and academic fronts. Governments have developed policies to promote female entrepreneurial activity, as a means to the above goals and for socio-economic inclusion.

Government policies aim at promoting females in patriarchal societies to address gender inequalities and foster sustainable economic 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)). Research by the World Bank for example indicated that if the Middle East and North Africa regions had same policies as East Asia

regarding gender equality, they could have grown 0.7 percent faster per year during the 1990s (www.ifc.org).

Despite its importance articulated above, female entrepreneurship has attracted less research than entrepreneurship in general. Schwartz's (1976) *'The New Frontier'* was amongst the earliest published works on females' entrepreneurship. It examined characteristics, motivation, attitudes and barriers of female entrepreneurs. Several other studies followed Schwartz's, mainly focusing on personal characteristics that form the human capital (Brush, 2006: xiv, Schwartz 1976, Brush 1992; Brush *et al.*, 2006; Brush & Hisrich 1999; Butler 2003; Holmquist & Sundin 2000 in Dzis, 2008 1). They reveal that although females have owned enterprises ever since, public policy and popular media interest in female business ownership is relatively a recent phenomenon (Brush, 2006 18), a situation that has left them prone to both general and gender-specific challenges.

A big percentage of females especially in developing countries are therefore necessity entrepreneurs, courtesy the many societal barriers and constraints they face that prevent them from fully developing their entrepreneurial potential (Marlow *et al.*, 2008 335). They face both general barriers for the development of MSMEs that include weak institutional support, lack of access to credit and services; and gender-specific barriers related to uneven sharing of privatization gains like lack of collateral to acquire start-up capital, lack of networks, and traditional views on their role in society (Esim, 2001 9). Other female-specific obstacles are type of education, lack of role models, gendering of entrepreneurship, weak social status, competing demands on time between family and enterprise and inaccessibility to finance (OECD, 2004 51).

Basing on the above gender-specific constraints, the ILO study by Stevenson and St-Onge (2005 9) in Kenya categorized female entrepreneurs in three categories, using their demographic profiles, extent of previous entrepreneurial experience, needs, access to resources and growth orientation (ILO, 2008 6). The Jua Kali micro-enterprisers own unregistered (informal) businesses, have little formal education (less than secondary school level) and lack entrepreneurial and business know-how. They have little access to credit, and limited awareness of market opportunities. Household responsibilities and marital status like obtaining permission from their husbands to travel out of town for training or trade fairs are a real constraint to them (ILO, 2008 ).

Very small micro-enterprisers, the second category may be registered and operating from legitimate business premises. They have acquired at least, secondary level education with some previous experience as employees. Some female entrepreneurs in this category are well supported by spouses who may be directly or indirectly involved in the enterprise activities. Their main constraint is lack of access to finance for various reasons, including 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 female firm owners form the third category. They 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 in this category engage in international business. The gender inequality in the MSE sector therefore continues to

be a serious economic issue in Kenya. Addressing it can lead to improved outcomes not only for women entrepreneurs, but for families and the society as a whole (ILO, 2008 6).

Despite various recent policy interventions in Kenya, a bigger fraction of females as highlighted above still lag behind their male counterparts in the MSE sector. This study therefore investigated if the female entrepreneurship niche policy has helped to enhance the Kenyan female entrepreneurs' profiles as a mediating variable to improve their entrepreneurial activity as the outcome or not. Using a Cross-sectional Survey design and guided by the Motivational Theory, it tested two null hypotheses: **H01**; *There is no significant relationship between promotional efforts and the MSE start-up rates among Western Kenya female entrepreneurs* and; **H02** ; *There is no significant mediating influence of promotional efforts between Western Kenya female entrepreneurs' motives and their rates of initiating new start-ups.*

## METHODS

These two counties are well endowed with resources, both natural infrastructure that can leverage b entrepreneurs. In 2006 however, the joint research report by the UNDP and the Government of Kenya on district poverty indices 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 (UNDP/ ROK, 2006). Women-owned MSEs in Trans Nzoia do not achieve optimum growth (Bwisa & Ongach 2013). They exhibit very limited trend growth, a situation that has resulted in high poverty levels among women. The sessional paper two of 1992 on SMEs and informal enterprises 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).

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). It adopted the positivist philosophy as 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).

The study population was female entrepreneurs who had accessed the government entrepreneurial development assistance in Bungoma and Trans Nzoia Counties, and had been operating in the last four years. Respondents were approached through registered groups which most government offices interact with. The 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.

Due to lack of statistics on female entrepreneur categories targeted, this study employed multistage sampling to provide more manageable and meaningful data. 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). Snowballing through group leaders was then applied to access more of the difficult-to-identify hence less studied home-based women-owned MSEs (Neuman, 2006 223). Derived from Cochran (1963 75 in Israel 2013 1) sample determination table, 394 respondents participated in this study as respondents. This translated to ninety four registered groups.

Every group randomly sampled produced four respondents; the chair lady, who then identified least one home-based firm, and one each from micro, small and medium enterprises. The number of respondents from various business 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.

Two data collection methods were employed; content analysis for secondary data and survey for primary data. Survey was used in this study because it enabled the researcher administer questionnaires and responses were recorded (Neuman 2006). Literature was reviewed to clarify the topic, identify the gaps and suitable theories and justify research project value (Leedy and Ormrod 2005:142 & Neuman, 2006 322). It let the researcher unravel the content in different sources, compare content across many texts and analyze the data exhaustively (Neuman (2006 323). It was important in that it provided the researcher with background information on the topic.

The data collected from the survey was analyzed through correlation/ inferential techniques to establish the joint variation of two or more variables for determining the amount of correlation between and/ or among variables. Correlation coefficient and the coefficient of determination helped assess the strength of relationship between dependent and one or more independent variables. Inferential techniques were useful for testing hypotheses to determine with what validity data can be said to indicate the conclusions (Kothari, 2004 130). In scientific researches, it is mainly on the basis of inferential analysis that the task of interpretation is performed.

SPSS 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 factor 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).

## RESULTS

**Hypothesis One (H01);** *There is no significant relationship between promotional efforts and the MSE start-up rates among Western Kenya women entrepreneurs.*

The scales developed through factor analysis for promotional programs and MSE start-up rate among female entrepreneurs were subjected to simple regression analysis with the enter method to test the first hypothesis. The result (Table 1) showed how much of the influence variance the independent variables (promotion) explained in the dependent variable (start-up rate). The  $b=$

.102,  $t=2.257$  and  $p=.520$ . The R-squared value ( $R^2=.2374$ ) meant that the regression model explains 24% of the relationship between the two variables.

**Table 1 Regression Analysis Results between Promotion and Start-ups**  
**Outcome variable: START-UPS**

| Model Summary |       |          |       |        |          |       |  |
|---------------|-------|----------|-------|--------|----------|-------|--|
| R             | R-sq  | MSE      | F     | df1    | df2      | p     |  |
| .4873         | .2374 | .5308 57 | .9094 | 2.0000 | 372.0000 | .0000 |  |
| Model         |       |          |       |        |          |       |  |
|               | Coeff | se       | t     | p      | LLCI     | ULCI  |  |
| Constant      | .0000 | .0376    | .0000 | 1.0000 | -.0740   | .0740 |  |
| <b>PROM</b>   | .1019 | .0451 2  | .2588 | .0245  | .0132    | .1906 |  |

**Hypothesis Two (H02);** *There is no significant mediating relationship of the government's promotions between entrepreneur's motives and their MSE star-up rates in Western Kenya.*

The scales for promotional programs, female entrepreneurs' motives and their new MSE start-up rates were subjected to multiple regression analysis to test the second hypothesis. The initial results showed an insignificant indirect relationship of entrepreneur's motives on start-ups through promotion;  $b= .001$ , 95% and  $CI (-.0009 - .0054)$ . However, the Preacher and Kelley Kappa-squared,  $k^2=.0166$ , 95%  $BCa CI (.0007, .0633)$  and the normal theory tests for indirect effect where  $b=.0010$ ,  $z=.7134$  and  $p=.4756$ , showed there being a significant indirect relationship between motives and start-ups through promotion. Table 2 shows the details.

**Table 2 Regression Analysis Result among Motives, Promotion and Start-ups**

| Indirect effect of X on Y                  |        |         |             |          |
|--|--------|---------|-------------|----------|
|  | Effect | Boot SE | BootLLCI    | BootULCI |
| <b>PROM</b>                                | .0010  | .0014   | -.0009      | .0054    |
| R-squared mediation effect size (R-sq_med) |        |         |             |          |
|  | Effect | Boot    | SE BootLLCI | BootULCI |
| <b>PROM</b>                                | .0168  | .0142   | .0004       | .0524    |
| Preacher and Kelley (2011) Kappa-squared   |        |         |             |          |
|  | Effect | Boot SE | BootLLCI    | BootULCI |
| <b>PROM</b>                                | .0166  | .0163   | .0007       | .0633    |
| Normal theory tests for indirect effect    |        |         |             |          |
|  | Effect | se      | Z           | p        |
|  | .0010  | .0014   | .7134       | .4756    |

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