

Original Article

Influence of entrepreneurship on small and medium enterprises: A case study of SMES owned by females in Kisii Town, Kisii County, Kenya

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Abstract

Female entrepreneurs make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses. United Nations 2006 stipulated that their interests and activities in the economic growth and development especially in the area of SMEs have received outstanding interest of researchers. Businesses owned by females do not grow to medium or large scale hence not clear what influences stagnation of these businesses. This could be attributed to either lack of proper planning, improper financing or, poor business management. The study therefore set to establish the influence of entrepreneurship of women of SMEs and also finds out factors that hinder their growth. The objectives of the study have been to: Determine the major influences facing female in small scale business in Kisii Town; establish suitable strategies in improving the female small scale Business influences and determine the impact of a proprietor's professional improvement on the business strategy implementation. The study adopted descriptive research design. The target population was 577 respondents. Data was collected using questionnaires and interview schedules which were both open and closed-ended and analyzed using tables and charts. The open-ended questions were analyzed qualitatively. The study is useful to female entrepreneurs in making useful decisions regarding their SMEs.

1. Introduction

Contribution to Females are becoming increasingly important in the socio-economic development of both developed and developing economies as they account for significant percent of the operators of Small and Medium Enterprises (SMEs). Their interests and activities in the economic growth and development especially in the area of SMEs have received outstanding interest of researchers.

The primary role of small scale business entrepreneurship design is to demonstrate the creative energies of small scale business leadership. Rowe in 2008 contends that the influence of female entrepreneurs skills are a major observation in the Micro, small and medium-sized enterprises (SMEs) that play a major role in the European economy. In addition to being one of the major source of entrepreneurial skills, innovation and employment they have contributed to the enlargement of the business power house of the 25 countries in European Union leading to establishment of over 23 million SMEs. Further still that has led to the provision of around 75 million jobs representing nearly 99% of all enterprises. These SMEs are the backbone of the British economy.

UNESCO (2003), under funding of small scale female business entrepreneurs has resulted in most developing female enterprises inability to develop and grow to medium levels This is not only a worldwide phenomenon but rooted in specific historical, social, geographic, and environmental conditions that females are beginning to redefine their identities, their roles, and the meaning in relation to influence of female small scale Business and business development.

According to United Nations (2006) Female entrepreneurs make substantial national economies through their participation in start-ups and their growth in small and medium businesses In parts of Africa, the influences small scale business are increasingly involved and observed not only in managing business activities and their personal resources enlargement. Further more in Kenya they are also found in political and social action as well. This process entails affirmative action and establishment of their sense of human dignity, individually and through female group actions. The government has the obligation to make female small scale Business 'understandable to the business

woman. The business female could only internalize what is accessible, understandable, comprehensible and intelligible.

According to Kenya National Bureau of Statistics, (2007) Despite their significance, past statistics indicate that three out of five women businesses fail within the first few months of operation These problems of female small scale business include lack of access to credit, inadequate managerial and technical skills, and low levels of education, poor market information, inhibitive regulatory environments, and lack of access to leadership (Kenya National Bureau of Statistics, 2007). Infrastructure as it relates to provision of access roads, adequate power, water, sewerage and telecommunication has been a major constraint in the development of the effects of female Business leadership in the Small and medium women enterprises (SMWEs).

1.1 Statement of the problem

Kisii County is one of the counties in the lake region. It has a population of approximately 1.5 million according to www.kisiicounty.go.ke 2014 report. Most of these people are comprised of women. Majority of these women are small scale business people. According to the Economic Survey (2006), female Business was felt in SMEs sector which contributed over 50 percent of new jobs created in the year 2005. In addition to its importance in creating jobs, Female Business ownership were observed to have played a major role in small scale female enterprise sector which itself contributed 33% of the value-added in manufacturing and the retail trade in Kenya. Despite their significance, past statistics indicate that three out of five women businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007). The study therefore set to establish the influence of entrepreneurship on small and medium enterprises and also to find out factors that hinder their growth.

1.2 Purpose of the study

The study examined the influence of entrepreneurship on small and medium scale female enterprises in Kisii town, Kisii County, Kenya

1.3 Objectives of the study

- i. To find out the determinants of entrepreneurship of SMES owned by female entrepreneurs in Kisii town, Kisii county.
- ii. To establish the influence of entrepreneurship on SMES in Kisii town, Kisii county
- iii. To determine the level of ownership of SMES by females in Kisii town, Kisii county

1.4 Research questions

- i. What are the determinants of entrepreneurship of SMES owned by females in Kisii town Kisii County?
- ii. What is the influence of entrepreneurship in Kisii town, Kisii County?
- iii. What is the level of ownership of SMES by females in Kisii town, Kisii County?

1.5 Significance of the study

The study addressed a universal problem and challenges being faced by business women in any rural town in Kenya: As such the study is highly relevant to the overall economy in Kenya.

The findings of the study are of interest and use to a wide range of persons and entities, beginning with the Ministry of Trade and industry, small scale female entrepreneurs and, group of proprietors.

1.6 Justification of the study

The influence of female on small and medium role plays a crucial function in creating the conditions for improving Small scale female business standards (Eun, 2011). In many countries, not only is landlessness among the rural poor increasing the numbers of women and women-headed households among the poorest are rising as well. There is also a growing awareness that the burdens of natural resource destruction may fall most heavily on women in poor households.

In Kenya, for example, where privatization of land is well under way, women rarely have ownership rights to land and hence are not eligible for credit, cooperative membership, or other benefits made possible by land ownership. The inextricable link between land resources and rural livelihoods, along with the increasing role of women as household providers in declining rural economies, stresses the need to consider how effective the female Business leadership in terms of access and control of the resource base, particularly in ecologically vulnerable regions.

1.7 Scope of the study

This study was carried out in Kisii town, Kisii County, Kenya. The study sought to carry out a comprehensive assessment on the business entrepreneurship on small scale business operations.

1.8 Limitation of the study

This study was conducted within Kisii Town. Expanding the study area could cause heavy financial implication for the researcher. Furthermore the time available for conducting the research could not be sufficient to effectively cover other areas in order to provide effective data for decision making.

1.9 Assumptions of the study

- i. SMES owned by female entrepreneurs in Kisii town do not grow to large scale business.
- ii. Females in SMES do not access financial credit in Kisii town.
- iii. Females in SMES of Kisii town have poor managerial skills.

2. Results and Discussions

UNESCO (2003) contends that promoting women small scale business is one of the most suitable means of empowering women by eliminating business leadership disparity in the developing countries. While there was government and political will in achieving both national and international women small business goals, the challenge of efficiency and quality still remained. Improvement in the area was this research's believe and which is open to criticism, was hindered by rising difficult in Business strategies acquisition. According to daGachukia 200, Republic of Kenya 2005) cost of starting small scale proprietors hip rises; poor business skills; inadequate planning hinders business growth.

2.1 Factors influencing Females Entrepreneurship Development

A study of women entrepreneurs in the western world, proposed that three factors influence entrepreneurship – antecedent influences (i.e., background factors such as working capital and genetic factors that affect motivation, skills and knowledge), the “incubator organization” (i.e., the nature of the organization where the entrepreneur was employed just prior to starting a business; the skills learned there) and environmental factors (e.g., economic conditions, access to venture capital and support services, role models). Research from the rest of the world indicates that women and men differ on some of the above factors. While several of these financial factors are in inherent to many countries, some of them are more severe in Kenya [1].

2.2 Small and micro enterprises

Bowen, Morara & Mureithi, (2009) explains that small and micro businesses are dominated by people with relatively low levels of education he also defines small and micro enterprises as businesses owned by individual entrepreneur who employs one person to twenty people as the business grows Entrepreneurs are widely recognized as the prime movers of economic development; the people who translate ideas into action. An interesting though not widely accepted definition of an entrepreneur is a person who has the ability to scan and identify opportunities in his or her environment, gather the resources necessary to take advantage of the opportunities and implement successful action to utilize the opportunities.[2]

2.3 Factors influencing small and micro enterprises

Factors influencing small and micro enterprises Starting and operating a small business includes a possibility of success as well as failure. Because of their small size, a simple management mistake is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. Lack of planning, improper financing and poor management have been posited as the main causes of failure of small enterprises. Lack of credit has also been identified as one of the most serious constraints facing SMEs and hindering their development. Education is one of the factors that impact positively on growth of firms [3]. Those entrepreneurs with larger stocks of human capital, in terms of education and (or) vocational training, are better placed to adapt their enterprises to constantly changing business environments [3]. Infrastructure as it relates to provision of access roads, adequate power, water, sewerage and telecommunication has been a major constraint in the development of SMEs [4].

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