

**THE SOCIAL FACTORS THAT INFLUENCE GROWTH  
OF WOMEN OWNED BUSINESSES IN THE INFORMAL  
SECTOR IN KENYA.**

**A Case of Women Street Vendors In Bungoma Town,  
Bungoma District.**

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## DECLARATION

This research project is my original work and has not been presented for award of degree or diploma in any other University or institution to the best of my knowledge.

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## DEDICATION

This work is dedicated to my loving husband Leonard Wakoli, my daughter Panitah Nafula.

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My thanks first and foremost go to Kenyatta University for starting the school based mode that enabled many to undertake further studies, which we would not have done due to the nature of our jobs that can not allow one to take study leave.

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## ABSTRACT

This study was set to investigate the social factors that influence the growth of the women owned Small Enterprises in Kenya. A case of women roadside traders in Bungoma town, Bungoma West District was preferred. The specific objectives of the study were to identify these social factors and determine those that influence growth of these women owned roadside enterprises. The study also explains why these women chose to operate along roadsides and other open areas. The social factors include level of education, age bracket, family size and marital status, training and previous occupation of the women entrepreneurs. The factors investigated, some are deemed to stimulate growth while others inhibit the rates of growth of informal sector so much so that these enterprises do not break into the domain of small- medium and large enterprises sector usually referred to as the “missing- middle”. Studies done earlier also indicate that there is an influx of women entrepreneurs into the informal sector because of low yields and shrinking farm sizes in addition to them not having any rights of land. The findings of the research reveal that women owned roadside enterprises provide an avenue for marketing of the District’s agricultural produce and also supports other formal enterprises in the District. The research reveals that these women have low levels of education, 90 percent are married and have families, and 84 percent of them have not been employed before, most of the women entrepreneurs have no training or previous skills in the business they are engaging in, 60 percent of the women entrepreneurs are within the productive prime age of between 24 years to 45 years. The study therefore reveals that social factors have a diverse effect on the growth of the women owned informal enterprises.

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## LIST OF ABBREVIATIONS

AfDB	-African Development Bank
ICEG	-International Center for Entrepreneurial Growth
ILO	-International Labour Organization
KIPPRA	-Kenya Institute of Public Policy Research and Analysis
MSE	-Micro and Small Enterprises sector
NGO	-Non Governmental Organization
UNESCO	-United Nations Educational, Scientific and Cultural Organization
GDP	-Gross Domestic Product
UNDP	-United Nations Development and Gender Equity
IfAD	-International Fund for Agricultural Development

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# CHAPTER ONE

## 1.0. INTRODUCTION

### 1.1 Background to the study

Developing countries are faced with one major challenge namely the need to increase their Gross Domestic Product (GDP) in order to sustain the ever increasing population. A close look at the formal sector reveals stringent rules and regulations that hinder entry while the agricultural sector's contribution to the GDP is diminishing due to low yields and shrinking farm sizes, (Kenyaweb.com 2006). On top of these, some groups of the population like the women and the poor do not have any rights of land as the fairly educated youth do not want to spend their lives tending farm-lands. These three groups desire to be accommodated within the cash sector of the economy and yet stringent regulations deny them entry into the formal sector.

It is against this background that many people - the women, the poor and the youth are compelled to seek for means of livelihood in the informal sector popularly known as "jua kali" in Kenya.

Growth can be defined in many ways which include an increase in number of assets, volume of sales, profits or number of employees. This growth can be attributed to many factors including availability of credit, technology, security of tenure in areas of operation, management, marketing skills, infrastructure, and fair legal and regulatory conditions. These factors are complex but require proper coordination for an enterprise's growth to be realized. It calls for understanding at all levels including the central government, local authorities and the women entrepreneurs in the informal sector. While growth should entail a change in the size of the enterprise from a lower level to a higher level, a horizontal growth would involve moving into other businesses without abandoning the initial one.

The failure to grow by most informal sector firms is an issue that is raising concern among policy makers and those who have interest in this vital sub-sector of the economy, ( ILO and AfDB, 2004).

ILO's and Women Entrepreneur Development and Gender Equity

(WEDGE) team have carried out activities in support of women entrepreneurs in the Eastern and Southern African region and the available information depicts growth among these enterprises in terms of employment, but actual growth measurement in terms of productivity is not easy to determine.

A joint report by the International Labor Organization (ILO) and the African Development Bank, 2005 revealed that 46 percent of SME's in Kenya are owned by women who face numerous constraints in establishing and running their businesses. These women are predominantly found in informal, micro level, and low-growth sectors, and encounter high competition while earning subsistence incomes. The report revealed that women in this business are seriously encumbered by their low levels of education, which makes them unable to find employment in the formal, private sector and are the first to lose their jobs in retrenchment exercises. They venture into businesses like food production, sewing, crafts, small-scale farming, and small-scale cooperative production which are not high growth potential businesses.

A survey by ILO, 2004 revealed that the challenge of developing women's enterprise is different in developed versus developing countries. In developed countries, the initial challenge is to increase women's share of business ownership by encouraging more women to start businesses, removing impediments, and improving their access to economic resources (e.g. credit, business advice, entrepreneurship training). The secondary challenge



is to address their growth barriers, that is, to increase the percentage of women- owned enterprises that grow rapidly. While in developing countries, a higher percentage of women are often found in the micro- enterprise sector, particularly among informal enterprises, so the challenge is less about trying to increase the number of women entrepreneurs and more about how to legitimize and strengthen the base of their activity so they can grow their enterprises.

The survey also reveals that regardless of the country, relative to the men, women start smaller businesses, are less likely to employ hired workers, grow more slowly (if at all ), are less likely to borrow from a bank, are more likely to access personal networks for advice and support, and tend to dominate the lower growth sectors of the economy. The same survey revealed that in all countries both developing and developed, larger enterprises are mainly owned by men. That even in the most developed countries; women- owned enterprises are seriously under-represented among technology and export-oriented firms. This shows that both developed and developing countries there is need to improve the conditions under which women operate businesses by increasing their access to credit, training, business support and information and other necessary resources; and enhancing the level of cultural support for women's role as entrepreneurs.

A study by Stevenson and St-Onge, 2003 revealed that women in East Africa that patriarchal attitudes and institutional structures are in favor of men than women. These social, cultural and economic barriers impose a greater burden on women to start and grow enterprises. It also highlighted lack of business premises and regulations/ legislation as hindrances to women owned enterprises. Furthermore, weak urban infrastructure inhibits the growth of small firms that cannot afford their own water facilities, on top of struggling to acquire business premises

## **1.2 Kenyan Policy on Women Entrepreneurs in the MSEs**

The Government of Kenya made a commitment to foster the growth of MSEs (Government of Kenya, 1986) and in the year 1992 it published the MSE policy report which was reviewed in 2002, leading to a new policy framework that provides a balanced focus to MSE development in line with the national goals of fostering growth, employment creation, income generation poverty reduction and industrialization. The paper's action plan was for the ministry of Information to identify and promote successful women entrepreneurs as role models and the central Bureau of Statistics to facilitate the collection of data on women entrepreneurs. Since then some changes have been effected, particularly in promoting women's awareness of their rights and focusing more on special measures to increase access to credit by women in both rural and urban areas. 2004 draft Sessional Paper on Development of Micro and Small Enterprises for Wealth and Employment Creation gave Gender equity as a priority.

Poverty reduction strategy paper for the period 2001- 2004 volume 2 recommended that the Government and other interested bodies should; Support women enterprises through incentives, improve credit availability to women and provide entrepreneurial training to women.

June 2007, Equity bank launched a partnership with United Nations Development Program (UNDP) to promote women entrepreneurs as well as to train them to be able to compete in the global market. (June 19<sup>th</sup> 2007 Nation News Paper) 4000 women formed business club chaired by first lady Lucy Kibaki which is intended to increase their competitiveness in the global market. The women were taken through a training session on business skills as part of an economic empowerment program having been sponsored by Equity Bank, the United Nations, the International Labor Organization (ILO) and International Labor

Organizational Fund for Agricultural Development (Ifad). It was followed by the launch of partnership programmed dubbed “Promoting Women in Business and Investment”

The implication of the foregoing is that special measures should be put in place to control these conditions that impact negatively on the growth of the women owned businesses in the informal sector. Relaxing local authority by-laws, creating training centers, improving accessibility to power and water, good sanitation facilities and undisturbed access to their areas of operation can greatly propel the women owned businesses into achieving their desired growth targets.

### **1.3. The Statement of the Problem**

Women, traditionally were meant to farm the family land to produce food for the family consumption .They were therefore less involved in the formal sector thus placing them in the informal sector. They had lower rates of literacy and education attainment leading most of them into the informal sector and that the women in urban areas do not engage in economic activities that would stretch them beyond their physical and mental endurance (Smock, 1981).Women and girls who leave the rural areas in search of opportunities in urban areas tend to find employment in the least paid, least skilled jobs, which often offer little legal protection such as domestic work (the biggest employer of women in many developing countries ) or work in the informal sector,(John Nkinyangi, 1995 ).

Mwatha, 1999, in her study revealed that due to increasing major transition from an agricultural economy to a cash economy, there are the problems of urbanization and rural-urban migration which has led most women to move to urban centers, with some joining their husbands who are working in the formal sector. She says, due to idleness and lacking in petty cash these women are forced into the MSEs. A research by ILO, 1998 showed that the reduction in public sector jobs had affected



women more than men, because of their concentration in temporary and lower level jobs; the decline in formal sector wages, has also forced many women to turn to remunerated most often informal work; attitudes and cultural norms constitute other powerful barriers to women's entry into the formal labour market.

Activities of these women include selling of green vegetables and fruits, fresh- farm produce, hardware items, open air restaurants, sale of shoes and clothes both old and new, sale of cereals. Roadside trading is now very common and popular along the major roadsides in the district especially along Bungoma- Kanduyi, Bungoma-Mumias and Kanduyi – Webuye highways and town pavements where women are the key sellers of the products. Although this kind of selling is commonly practiced, little information is known about the factors influencing its growth. Mandu-2001, in his study of the roadside vendors noted that roadside enterprises do not grow into large enterprises but only increase in numbers with more and more people moving into this business.

Friedrich- Naumaun, 2006, in his study said that women are the backbone of rural economies through ensuring their families well being in terms of providing food, shelter, good health and education in the developing countries, especially in Africa. Given the potential contribution of women owned Micro and Small scale Enterprises (MSEs) to the country's economic growth, greater attention should be paid to both encouraging their development and identifying the factors that help them to ascend beyond the micro enterprise level. Street and roadside vendors are lacking in such internally generated growth which is why this study wants to establish the factors that influence the growth of the women owned roadside enterprises.

## **1.4 Objectives of the Study**

The overall objective of the study is to investigate the factors that influence the growth of the women owned businesses in the informal sector in Kenya. The specific objectives are as follows;

1. To identify the social characteristics of women street vendors operating in the municipality.
2. To identify the social factors that influence the growth of the women owned businesses in the informal sector.

## **1.5 Research Questions**

1. What are the social characteristics of women operating businesses in the informal sector?
2. What are the social factors that influence growth of the women owned businesses in the informal sector?

## **1.6 Significance of Study**

The results of this study will be useful to;-

### **Stakeholders**

This study will allow stimulate where possible, women traders in this sector to aspire to grow at the roadside and move into the medium and large scale sector.

### **Municipal Councils**

The study will assist the Municipal Councils to set aside specific locations within the town centre where women entrepreneurs can work without disturbance.

### **Policy makers**

The Kenya government and private sectors are seeking to encourage MSE development as a strategy for poverty reduction and, increasingly, for employment creation, they will therefore benefit from the results of this study. The government has put special emphasis on women entrepreneur who are the home makers by putting aside KShs. 2 billion towards

the women development fund in the 2007 budget (Daily Nation 15<sup>th</sup> June 2007). The results of the study will be used to institute a credit scheme tailored for the needs of women roadside traders and it can also stir up policy makers to institute measures that can bring about growth in roadside women owned enterprises.

### **Future scholars**

The research findings will form an important baseline for future research focusing on factors influencing growth of women owned roadside enterprises.

## **1.7 Scope of the Study**

Women street vendors form a major component of the informal sector. The study will cover all those women entrepreneurs who sell their wares on the town's street pavements and roadsides. These enterprises include the sale of second-hand shoes and clothes; cooked food (open air restaurant) cereals such as maize, rice, beans, groundnuts, roast maize, vegetables, fruits and other fresh farm produce; seeds, farm inputs and implements. Others include shoe shining and repairing, barbers, household goods and hardware.

The women entrepreneurs operating from any kind of covered structures will be excluded from the study. Primary data from these traders will be used in the study.

## **CHAPTER TWO**

### **2.0. LITERATURE REVIEW.**

#### **2.1 Introduction**

This chapter gives an analysis of the key issues relating to women owned enterprises in the Micro and Small Enterprises (MSEs) in Kenya and other developing countries. It will include the concept of growth of a business, functions of growth in an MSE and measures of growth, historical development of women owned enterprises in the MSEs in other countries both developed and developing that have growth oriented women owned enterprise in the MSEs sector.

#### **2.2. The Role of women in the Informal sector**

Informal sector activities as defined by Aluko Orodho- 1990 refers to the various activities which are characterized by; the operators needing fairly little capital base for investment; operators are on a very small scale indeed, the activities or enterprise does not need prior legal recognition ( by way of registration and licensing );the business is fluid indeed, with participants coming and going (ease of entry and exit ), and finally, the drive to join the sector originates from the inability of operators to secure employment in the formal sector.

ILO, 2003, on the other hand defines the Informal sector by referring to informal activities as the way of doing things that are characterized by; easy of entry, reliance on indigenous resources, family ownership or enterprises, small scale operation, labour intensive and adapted technology, skills acquired outside the formal school system, unregulated and competitive markets.

The importance of women entrepreneurs to the economies of Ethiopia, Kenya and Tanzania is reinforced in various Micro and Small Enterprise policy documents of the respective



countries; women make up a significant share of the micro- enterprise population and are considered critically important to poverty reduction strategies (ILO, 2003).

Friedrich-Naumaun-2006, in his study said that women are the backbone of rural economies in the developing countries, especially in Africa. He said that women play a significant role to ensure their families well being in terms of providing food, shelter, good health and education and that women represent about 55% of the rural population, therefore they are crucial in bringing about change in their communities. A special report from South Africa in 2005 reported that there is a recognition which is growing in Africa that reveals that women make a vital contribution to economic development. The report notes that despite the contribution, women in many African countries still do not have equal economic rights and access to resources which makes them unable to take full advantages of the economic opportunities presented by the transition into the new millennium (Hendricks, 2000).

The women entrepreneurs chosen in this study are those along roadsides in Bungoma Municipality. These women trade in green vegetables and fresh fruits, cereals, condiments or generally basic food stuffs, fresh and dry fish, dress making, new and second hand clothes, roasted maize. They sell their merchandise to passersby, both who live within and those who come just once on their way to different destinations. They get their raw materials mainly from the nearby farms and from wholesalers who come to town early in the morning and sell their goods on wholesale and go back home or go to other market places to purchase more goods in preparation for sale the following day.

The role in generating income by this sector cannot be overlooked, local authority raise income from them in terms of taxes on licenses for small repair shops and street vendors, are subject to indirect taxes, especially when they buy from local retailers, absorbing the cost of taxes on sales, fuel and imports (Mandu, 2001 ).



## **2.3 Characteristics of Growth**

Like all enterprises where every stage of growth has its own difficulties, informal sector enterprises experience different needs with every stage of development. The level of sophistication, knowledge, skill and attitude change inputs will vary with every stage of development. IMF, 1993, notes that there have been recent developments in the growth theory which have emphasized the potential growth enhancing roles of physical and human capital, research and development and how these can lead to the possibility of increasing returns to scale. The implication of this is that capital accumulation should not only increase the level of output but also lead to long term growth rates.

At each growth stage, a firm encounters problems and opportunities which if solved propels it to increase levels of productivity. Growth in the informal sector units would take many forms. The number of employees would increase overtime, including technical skills, the size of the firm in terms of assets, which would lead to a substantial increase in capital. The overall impact of these would be to raise productivity and lower the cost of doing business ( Mandu, 2001 ).

## **2.4 The viability of the informal sector**

The activities of the women roadside traders include selling of green vegetables and fruits, fresh- farm produce, hardware items, open air restaurants, sale of shoes and clothes both new and old, sale of cereals and household goods (Mandu, 2001).

Informal activities is a way of doing things characterized by ease of entry, reliance on indigenous resources, family ownership of enterprises, and small scale operation, also labour intensive and adaptive technology is used and skills are acquired outside the formal school system. All their activities are unregulated and most of them fund the activities through informal financial systems. Start-up capital is low, and these inventors obtain much of their initial capital from personal and family savings.

This sector has no fixed abode or premise; therefore it requires little capital to start. The limit on capital makes them use simple technology that use more labour than machines. They have grown as far as they can on their own resources (World Bank, 1994). Currently the Kenyan government has put aside funds to support women in the Micro and Small Enterprises. The viability of this sector is reduced by the lack of infrastructure, training, low levels of education, family and marital status, age bracket and previous occupation, among other issues that create a kind of uncertainty.

In normal circumstances entrepreneurs seek a stable business environment before they can invest on increased production. An accessible and predictable legal framework could help entrepreneurs escape the constraints imposed by informality, while also helping to eliminate some barriers that prevent graduation to large scale production (World Bank, 1989).

With the right legal framework, availability of funds of low costs, the necessary infrastructure, and this sector could become a major source of growth (Mandu 2001). He also notes that this enterprise contributes a substantial portion of their annual income to the Municipal Council. They are therefore a vital source of revenue.

## **2.5 Past studies done on women owned enterprises in the Micro and Small Enterprises Sector (MSEs)**

A number of studies have been done on women entrepreneurs in the Micro and Small Enterprises (MSEs) especially those in urban areas.

A joint report by the International Labour Organization (ILO) and the African Development Bank, 2005 revealed that 46 percent of SME's in Kenya are owned by women who face numerous constraints in establishing and running their businesses.

Another study by Winnie Mitullal-2002 revealed that the types of activities these women are involved in within urban areas are beyond the traditionally recognized roles which they are familiar with. These women have to ensure the upkeep and survival of the family in an unfamiliar environment which does not consider their activities and interests. Even in cases where their spouses are employed, as they manage household chores, women have to learn to budget in order to satisfy household needs. Many have been pushed to get into petty trade in order to supplement family income. This is done in addition to the normal daily activities, inferring that women have to know how to divide their time between household chores and economic activities.

Mwatha, 1999 in her study on women entrepreneurs found that women irrespective of their social-economic status tended to congregate in certain types of business associated to the domestic domain such as dressmaking, groceries, hairdressing and running different types of kiosks. She also revealed that the women's choice of business is largely influenced by gender-specific role models, female friends and relatives whom they are exposed and the socio-cultural environment in which they operate. Her study also revealed that women lack creative innovation and that they largely lack foresight and awareness of a wider market that can be serviced if they expanded and that those who have the capacity to expand prefer a size of an enterprise that can be easily managed by one person.

Another study by Sichangi, 1999 on roadside sellers revealed that traders who had some formal business training have the potential of performing well in business although most of them had no formal training. It also revealed that most of the entrepreneurs entered into the business just to make additional income but not as a permanent employment. The study also revealed that most of the entrepreneurs do not take credit to help them improve on



their businesses but use their own savings, friends, relatives and also women groups. It also revealed that these women do not even bank their money therefore cannot have guarantee in terms of shares to ask for loans.

Opata, 1989, in his study of Small Scale enterprises in secondary towns revealed that growth of these enterprises is hampered by; lack of adequate financial and physical capital, lack of suitable working premises, lack of adequate supply of raw materials and lack of market outlets and unnecessary high fees and taxes from town and Municipal councils.

A study by Achieng, Ngwawe and Eunice, 1999 revealed that entrepreneurs lacked knowledge in record keeping despite being able to save a bit of their earnings from the sales and that there is a potential linkage between the small enterprise activities and quality of life changes.

Mbari, 1999, in her study reviewed that the age of entrepreneur is a factor in the growth of a business. She noted that a youthful age shows a likely lack of enough capital and lack of experience which are hindrances to business growth. On the other hand, marriage for these women serves to increase personal demands on the entrepreneur resulting in the diversion of resource from the enterprise which limited the business growth.

A study on roadside traders by Mandu, 2001 revealed that lack of security of tenure over the sites on which they operate makes them not to invest substantially in expansion and growth. Studies by Dorothy and Poul, 1996 have revealed that women entrepreneurs suffer from legal and financial constraints, ownership of land, parental responsibilities, and systematic forms of discrimination based on sexist. It singles out Islamic and Hindu women as the most discouraged from participating in trade and business on account of their culture and religion. Another obstacle noted is lack of experience in business lines.

Women are the backbone of rural economies in the developing countries, especially in Africa. Friedrich-Naumann, 2006 said that women play a significant role to ensure their families' well being in terms of providing food, shelter, health and education for the children, He says women are a majority (55%) of the rural population; therefore they are crucial in bringing about change in their communities.

A study in North East of Sri Lanka's women entrepreneurs has shown that women are not only majority of the work force in the informal sector, but their businesses have also influenced in one way or another the structure of all the area's economies. It also reveals that self-employment and women in entrepreneurship has also been growing in less developed economies, as a means for women to survive themselves and oftentimes to help support their families. (Selvamalar,2004). Selvamalar concluded that women entrepreneurship is a growing phenomenon and has had a significant economic impact in all economies. The ILO, 2005 research paper on women entrepreneurs revealed that women make up a significant share of the micro- enterprise population and are considered critically important to poverty reduction strategies.

Women entrepreneurs in the developing countries operate own micro-enterprises, live in rural areas, and they have limited access to markets, credit, information, training of any kind, business developed services, technology, business networks and proper business premises. Most of them operate below the micro-financial ceiling; very few grow to be a small business, and even fewer to become medium or large scale enterprises, (ILO, 2003).

They face gender-based barriers in society as well as in their households. They depend on male relatives, male-based policies and male-dominated markets which are among the women specific barriers to enterprise development and growth.

As much as these businesses are largely operated by women, the buyers are both men and women. For instant both men and women frequent the market to buy food stuffs and other products. Women also go to these markets for hair - dressing both themselves and their girl children as the boys are taken to the barbers for shaving. All these activities have made the informal sector in the town indispensable, (ILO, 2003).

## 2.6 Conceptual Framework

This study seeks to investigate the factors that influence the growth of the women owned Informal Enterprises. Holding other factors constant, this study assumes that the growth of the women owned informal enterprises depend on the women’s social factors. The women’s social factors include, level of education, age bracket, family size and marital status, training, husband’s occupation and his monthly.

This relationship can be summarized diagrammatically as follows;

Fig. 1 CONCEPTUAL FRAMEWORK OF BUSINESS GROWTH

Independent Variables		Dependent variables
<b>Social factors</b>		<b>Growth parameters</b>
Level of education	→	Increase in assets
Age bracket		Increase in sales
Family size and marital status		Increase in profits
Training		Increase in number of employees
Husband’s occupation and monthly income		Growth from micro to small to medium size
		Expansion of product base markets
		Improvement in employment conditions

*Source: Modified by Author from Forbes- Igharo, 1993*



Smock, 1981 and a report by ILO and AfDB, 2005 revealed that women in the informal sector have low levels of education that has led to the low growth of the informal sector.

John Nkinyangi, 1995, Dorothy & Poul, 1996 and Sichangi, 1999 sited a lack of training as a hindrance to the growth of the informal roadside sector businesses.

Sichangi, 1999 also revealed that the women funding came mainly from own savings, friends, relatives and also from women groups. This shows that women from established families are more likely to have more capital therefore their business stand a chance of growing.

Mbari, 1999 in her study revealed that the age of the entrepreneur is a factor in the growth of a business. He noted that a youthful age shows a likely lack of enough capital and lack of experience which are hindrances to business growth. On the other hand, marriage for these women serves to increase personal demands on the entrepreneur resulting in the diversion of resources from the enterprise which limits the business growth.

Mwatha, 1999 and Winnie Mitullal, 2002 revealed that the women entrepreneurs are mainly involved in activities associated to domestic domain due to their previous occupation and experience but these businesses are less paying therefore unlikely to grow.

## **2.7. Literature Gap**

Mandu, 2001 in his study of roadside traders looked at social facts affecting both men and women but the women's social factors may not be necessarily the same as those that affect men. Also the factors that affected growth of the informal sector in the year 2001 may not be the same in the year 2007.

Mwatha, 1999 study revealed that women entrepreneurs congregated in domestic domain businesses but these may not be the case currently on levels of education ILO & AfDB, 2005 revealed that women entrepreneurs have low levels of education which may not be

the same now due to the current provision of free primary education which has led to many girls going to school thus illiteracy level has reduced.

The literature reviewed points to the fact that growth is necessary if the informal sector is to make its right contribution to the GDP of the country. This study seeks to investigate the factors that influence the growth of women owned informal sector.

## Research Design

Descriptive survey method was used to collect data.

The study was carried out in the following manner.

The study was carried out in the following manner.

The study was carried out in the following manner.

The study was carried out in the following manner.

The study was carried out in the following manner.

## Sample Population

The study was carried out in the following manner.

The study was carried out in the following manner.

The study was carried out in the following manner.

The study was carried out in the following manner.

The study was carried out in the following manner.



## **CHAPTER THREE**

### **3.0 Research Design and Methodology**

#### **3.1 Introduction**

This chapter constitutes of the blue print for problem statement, data collection, measurement and analysis of data. The design consists of a plan for selecting the sources and type of information used to answer the research questions. It acts as a framework, for specifying the relationship among the variables. The chapter examines the techniques that are used to gather data. The sampling that is used and how time and cost constraints have been dealt with.

#### **3.2 Research Design**

A descriptive survey research design has been used in this research .The objective of descriptive study is used to learn, what, when, where and how of a topic. The study is concerned about the state of something; the size, form, distribution or existence of a variable. The research has as precisely as possible described the association between growth of women owned enterprises and the social factors; education, age, family and marital status, training and the entrepreneurs' previous occupation.

#### **3.3. The Population**

The unit of analysis in the study a woman owned businesses in the informal sector. This type of business employs between one (1) and nine (9) people. Focus is based on the assumption that there are some factors that affect the size of the enterprises in question. The researcher assumes that growth is desirable in every business. The population has therefore been drawn from all those women street vendors on roadsides, street pavements

and verandas. Among the objectives of this study is to assist these enterprises to grow to such a level that they no longer will remain on the streets.

**3.4 Sample size**

The traders in the target micro- enterprise are about 200 women entrepreneurs. They have been taken by the researcher to constitute the sampling frame.

Out of the 200 women, 50 have been selected to participate in the study. This ensures that out of every 4 women owned enterprises, one woman entrepreneur has been surveyed. In such studies a sample of 30 people would be considered adequate. Therefore a sample of 50 respondents is high enough to reduce resultant sampling errors.

**3.5 Sampling Technique**

A stratified sampling technique was used to select the respondents into the sample. The population was divided into strata such that there was as homogeneity as possible with strata and as much heterogeneity as possible between the strata.

These strata were used: -

Type of strata	Total number	Sample number
Shop (mobile)	4	1
Dry cereals	28	7
Fruits	32	89
New/second hand clothes	20	5
New/old shoes	20	5
Hotel	16	4
Other farm produce	56	14
Household goods	12	3
Fish mongers	12	3
Total	200	50

### 3.6 Data Analysis

The methods used to analyze the data were as follows: -

#### (i) Scoring methods

Data was scored by use of percentage tables and statistical methods. It was facilitated by simple statistical analysis such as measures of central tendency - means, modes and median. The study sought to show that there was a relationship that exists between the dependent variable growth and the independence variable factors that influence it.

#### (ii) Measurement

In order to measure the variables representing growth and the factors affecting it, the study adopted frequencies of occurrence. This would facilitate computation of measures of central tendency.

## CHAPTER FOUR

### 4.0 RESULTS AND DISCUSSION

#### 4.1. Introduction

In this chapter, the results of the research have been presented, analyzed and discussed. The prime objective of the study was to find out the factors influencing the growth of the women owned businesses in the informal sector in Bungoma Municipality of Bungoma West District. Data on the personal characteristics of woman street vendors, types of businesses, preference for the street, selling, the average age of the businesses, the volume of sales, have been presented, analyzed and discussed in this chapter.

The general social and economic environment surrounding the enterprises has also been analyzed with the view of identifying the social factors that can aid growth and those which hinder this growth.

#### 4.2 Entrepreneurs' personal details

The study sought to collect data about personal characteristics of the women entrepreneurs such as age, level of education, marital status, entrepreneurship skills number of children, and the role of spouses in the growth of these women owned street enterprises.

##### 4.2.1 Age

Data on the average age of women street vendors was collected. The researcher wanted to know how the ages of these entrepreneurs impacted on the growth of the sector as shown in table 1 below:

**Table 1: Age distribution of women entrepreneurs**

Age in years	Frequency	Percentage
Below 19	0	0
19-23	8	16
24-28	7	14
29-33	9	18
34-38	6	12
39-43	8	16
44-48	2	04
49-53	5	10
54 and above	5	10
<b>Total</b>	<b>50</b>	<b>100</b>

Mean age = 36.2 years or 36 years and 3 months

Standard deviation = 11.5742

Analysis of the age of the women entrepreneurs revealed that 60% of the total population of the vendors is between the age 24 and 43 years. This is a productive age that is seeking for self reliance and survival.

**4.2.2 Entrepreneurs’ Levels of Education**

The role of levels of formal education in relation to growth of women owned street enterprises was also studied and Table 2 shows the education levels of women street vendors.



**Table 2: Entrepreneur by level of education**

Level of education	Frequency	Percentage
No formal education	4	08
Primary	27	54
Secondary	19	38
Tertiary	0	0
<b>Total</b>	<b>50</b>	<b>100</b>

It is found that majority of street vendors were of low levels of formal education, with 62% of the respondents having primary level of education and below, while 38% reached secondary school although most of who dropped out at form two or three level.

None of the respondents had tertiary level of education. The low levels of education could be a factor that affects growth of these businesses.

**4.2.3 Marital status**

The study also sought to know whether the role played by spouses influenced the growth of women roadside traders. The marital status of these women entrepreneurs data was collected and is shown in table 3 below

**Table 3: Marital status of the Respondents**

Marital Status	Frequency	Percentage
Single	5	10
Married	35	70
Widowed	8	16
Divorced	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

Analysis of marital status position revealed that 70% of the roadside women entrepreneurs are married. 16% windowed and 4% divorced. These entrepreneurs may have gone into roadside trade because of responsibilities that marriage thrust upon them. It can also be said that harsh economic conditions related to marriage is one of the factors influencing the growth of these informal sector (Naumann-2006).

#### 4.2.4 The role of spouses in business growth

The study also sought to know the activities of the husbands of women street vendors and whether the spouses would have a bearing on the growth of the sector. The data is depicted in table 4.

**Table 4: Nature of Activities of the respondent’s spouse**

Type of activity		Frequency	Percentage
Employed:	Formal	5	10
	Informal	11	22
Business:	Formal	0	0
	Informal	10	20
Farming		4	08
Others		20	40
<b>Total</b>		<b>50</b>	<b>100</b>

Women street vendors either support their spouses or are supported by spouses in one way or another or are sole bread winners in case of widows and divorcees.

4.2.5. Number of children

The researcher also undertook to know the number of children each woman entrepreneur has. The table below shows this research.

Table 5: Number of Children per Entrepreneur

No. of children	Frequency	Percentage
0	3	6
1	9	18
2	6	12
3	9	18
4	6	12
5	6	12
6	4	8
7	3	6
8	2	4
9	2	4
Total	50	100

The research reveals that 48% of the women entrepreneurs have 1 to 3 children. Only 6% of the respondents have no children and are single. 22% of the respondents had 6, 7, 8 Or 9 children. The responsibility of child raring could be a factor that influences the growth of their enterprises.



4.2.6 Employment Record of entrepreneurs

The study sought to determine the types of activities entrepreneurs were involved in before coming to the roadside. The table 5 shows this data.

Table 6: Employment Record of the Respondent

Type of Employment	Frequency	Percentage
Not employed before:		
Just at home	29	58
Farming	5	10
Other	8	16
Employed before:		
Public Sector	1	2
Private Sector	7	14
Total	50	100

The study revealed that 84% of the respondents have never been employed before and 58% of this group was just at home while 10% were doing some kind of farming. 2% of the respondents were in formal employment and only came to the roadside because of loss of jobs. The results show that this sector is an outlet for those who have lost jobs. The roadside is therefore seen as a place of last resort (Opata- 1989).

4.3.0 Business information

4.3.1 Type of business

Various types of enterprises were identified during the study. These include sell of farm produce, dry cereals, hotels, fruits, new and secondhand clothes, new and old shoes, household goods shops. Table 6 shows these enterprises.

**Table 7: Type of Street Enterprises**

Types of business	Frequency	Percentage
Farm produce	14	28
Cereals	7	14
Fruits	8	16
Hotel	4	08
New and old clothes	5	10
New and old shoes	5	10
Household goods	3	06
Fish mongers	3	06
Shop	1	02
<b>Total</b>	<b>50</b>	<b>100</b>

These were dominated by the sale of agricultural related products with mobile shops being with least percentage of 2%. The rich agricultural hinterland has offered this sector a life time for growth.

#### **4.3.2 Form of ownership**

The form of business ownership was also examined. Close control and supervision over the activities of business determines survivability and growth of enterprises. The research revealed that all the street vendor enterprises were sole proprietorships. The forms of businesses are easy to form and manage and the owner/manager takes all the profits and losses. The ease of the formation of enterprises determines the horizontal growth of this sector. Although such a form of ownership is that, capital, technical knowledge and continuity becomes a problem which limits the growth of such enterprises.

4.3.3. Age of the enterprises

The study also sought to know the length of time that street vendor enterprises had been in existence.

According to Kuratko & Hodgetts (1995) most businesses collapse within their first year of operation. This mortality rate declines in the second year and subsequent years. Table 7 shows average age of street vendor enterprises in terms of month.

Table 8: Age of enterprises

Duration in months	Frequency	Percentage
0-4	6	12
5-9	1	02
10-14	9	18
15-19	0	0
20-24	3	06
25-29	0	0
30-34	0	0
35-39	3	06
40 and above	28	56
Total	50	100

While assessing the overall age of women owned street enterprises, it was found that most of them are on and off at their places of work. Although some respondents claimed to have been on the roadside for many years, this period of stay was not continuous.

The age of the business and its survival will determine the quality and quantity of investment for expansion that an entrepreneur will put in. The study reveals that 68% of the

respondents have been on the streets for a period of up 2 years and above, yet most of these firms are still at the existence level and have not even undertaken much investment capital. This is the one way in which growth is affected.

4.3.4 Start-up capital

The amount of capital available to an entrepreneur at startup is an important input in business growth. The study surveyed how much capital women street vendors started with and the results of the survey are shown in table 8.

Table 9: Amount of capital at the start of the business

Amount in Kshs	Frequency	Percentage
Less than 100	13	26
101-499	4	08
500-999	7	14
1000-1499	6	12
1500-1999	3	06
2000-2499	4	08
2500-2999	0	0
3000 and above	13	26
Total	50	100

The results of the research show that many of these enterprises started with very little capital. The research reveals that 60% of the entrepreneurs started with capital of less than Kshs. 1,500.00 with those in open air restaurants starting with less than Kshs. 100. Even businesses which started with Kshs. 3,000.00 and above can be said to have started with



little capital in comparison with enterprises in the formal sector. Low capital requirement at start-up could be having an influence on the growth of this sector.

**4.3.5 Sources of start-up capital**

The sources of capital for start-up of street vendor enterprises were also of interest to the researcher. Sources of funds for initial investment are crucial in determining when an entrepreneur should go into business. Table 9 shows the various sources of capital for the women entrepreneurs.

**Table 10: Sources of Startup Finance for the Entrepreneurs**

Source of finance	Frequency	Percentage
Personal savings	16	32
Self-help groups	2	04
Family and friends	27	54
Others	5	10
<b>Total</b>	<b>50</b>	<b>100</b>

The research reveals that 86% of the entrepreneurs sourced their start-up finance from own savings, family and friends. Whereas such sources of finance are good for gaining ground, sole reliance on them for growth is detrimental to the entrepreneur’s quest for accumulation of wealth (ILO-2003).

**4.3.6 Input product sources**

The potential contribution of sources of products sold by roadside vendors to growth was also examined in the research. Table 10 shows the various sources of inputs dealt in by women street vendors in Bungoma.

**Table 11: Sources of Materials for Sale**

Source	Frequency	Percentage
Other districts	8	16
Within the district	33	66
Neighboring country	9	18
<b>Total</b>	<b>50</b>	<b>100</b>

The results show that 66% products sold by road side vendors and street vendors are mainly sourced from within the district, 16% from other districts and 18% of the rest acquired from neighboring countries. Source of materials could affect the growth of the industry because failure in farm produce in the district due to one reason or another will affect a large percentage of the enterprises.

**4.3.7 Value of stock on Day of study**

The level of stock on the day of study was also regarded as a vital element of growth. Although these enterprises do not hold any accounting documents to which reference can be made, an attempt was made to collect data on the value of stock of these roadside enterprises on the day of study. The data is tabulated in table 11. The data displayed was given with a lot of reservations.

**Table 12: Value of stock on the day of the study**

Amount in Kshs	Frequency	Percentage
Below 499	17	34
500-999	7	14
1000-1499	6	12
1500-1999	3	6
2000-2499	4	8
2500-2999	0	0
3000 and above	13	26
<b>Total</b>	<b>50</b>	<b>100</b>

The data reveals that 62% of the enterprises held stock of between Kshs 800.00 and Kshs 2,000.00. Open air restaurants held stock of less than Kshs 499 which could mean that they serve a cheap menu. Those who held stock values of Kshs. 3000 and above traded in new and old shoes or clothes and other household goods.

**4.3.8 Business location**

The research further sought to know why and how roadside women entrepreneurs came to operate from the roadsides. Information was sought from the entrepreneurs to know what they were doing prior to coming to the roadside, The data collected would enable the researcher to determine whether these entrepreneurs are at the roadside by choice or by chance.

**Table 13: Reason for Entrepreneurs choice of the Roadside**

Reason	Frequency	Percentage
Closeness to market	26	52
Type of business does not need Premises	4	8
Lack of business Premises	15	30
Lack of another location	5	10
<b>Total</b>	<b>50</b>	<b>100</b>

The results show that there are some factors which pushed these entrepreneurs to the roadside and street pavements while others pulled them. Their reasons for coming to the roadside ranged from lack of business premises (30%) to being close to the market (52%). Those, who saw market as the main reason for coming to the roadside argues that these enterprises are easily accessible to customers. The location of a business is so important because it enables entrepreneurs to anticipate the future correctly and continuously affecting its sites (Mandu- 2001).

4.3.9 Other activities

**4.3.9 Choice of type of business**

The study examined the reasons why the entrepreneurs chose the type of businesses they are involved in. The data collected is presented in Table 13.



**Table 14: Reason for Entrepreneur's Choice of type of business**

Reason	Frequency	Percentage
Give high profits	10	20
High skills/family business	7	14
Easy of entry	22	44
Non perishable	9	18
Market availability	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

The study revealed that entrepreneurs chose the type of businesses based on easy of entry, high skills, high profits; none perish ability of commodities and market availability of the goods to deal in. The ease of entry at 44% ranked as the most frequent reason. According to a joint report by the International Labour Organization and the African Development Bank- 2005, choosing and evaluating the right business idea is inherent in growth of enterprises. Therefore choosing the right business idea influences the growth of roadside trade (Mwatha- 1999).

**4.3.10 Other activities**

The study also sought to know the other activities that entrepreneurs participate in. These extra activities were considered to influence roadside trade either by the entrepreneurs opening similar businesses at some other roadside place and consuming most of the traders time which time would have been used in monitoring the growth of the business. The data is given in Table 14.

**Table 15: Other Activities besides the surveyed business**

Type of Activity	Frequency	Percentage
Brokerage	0	0
Farming	0	0
Other Businesses	7	14
No other business	43	86
<b>Total</b>	<b>50</b>	<b>100</b>

The study revealed that 14% of the respondents participated in some other kind of business activities which are in line with their main type of business. The research revealed that 86% of the respondents did not have any other business but concentrated on the one under study. Although participation in other businesses may be seen as a way of spreading the risk of business, the extra activities divide the attention of the trader which reduces the chances of growth of the surveyed enterprises.

**4.4.0 Site ownership**

The study also surveyed the ownership and acquisition procedures of the site on which the entrepreneurs operate. Table 15 shows the details.

**Table 16: Site Allocation procedure**

Procedure	Frequency	Percentage
Through friends	0	0
Just moved in	50	100
<b>Total</b>	<b>50</b>	<b>100</b>

Out of the 50 respondents none got the site through friends. The remainder just moved into the sites on which they operate. The implication of this is that there is no security of tenure.

According to Mandu- 2001, ownership of the site determines the survivability and growth of enterprises. The research revealed that 64% of the respondents would give a chance to, and would want to operate from a business premise. This is so because a fixed abode offers higher chances of growth which would be more secure and have no adverse weather conditions like rain and sun heat.

#### **4.5.0 Employee Information**

The study had also sought to find out the number of employees engaged by roadside enterprises, their levels of education and technological skills. The research revealed that very few of these entrepreneurs take any workers. Out of the 50 Enterprises surveyed 6% have hired employees, 6% use colleagues to sell for them, 32% used family labour while the rest 56% closed for some time so that they could fulfill other responsibilities.

Further to this, only one out of the 50 of entrepreneurs has attended any kind of courses on business management. According to ILO- 2003, accumulation of technical knowledge both by the owner and employees is a great determinant of growth. This factor therefore hinders the growth of roadside and street pavement enterprises.

#### **4.6. Business Growth Information**

Information about the growth of enterprises was also sought by using averages. The information on this is shown in Table 16.

**Table 17: Profitability of Roadside Enterprises**

Level of profitability	Frequency	Percentage
low	9	18
Average	31	62
Above average	10	20
<b>Total</b>	<b>50</b>	<b>100</b>

The study revealed that about 62% of the enterprises recorded average profits. Above average profits margins represent a good return on investment, which is a great motivating factor for any kind of enterprise (20%).

**4.6.1 Desire for Growth**

The researcher also interviewed the respondents for their desire to grow by way of increasing stock. The research wanted to establish why the respondents had not increased their stock levels before. The data is given in table 17.

**Table 18: Reasons for not increasing stock**

Reasons	Frequency	Percentage
Low supply	0	0
Competition	2	4
Lack of capital	47	94
Low returns	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

The research revealed that 97% of the respondents cited lack of capital, 4% cited competition while another 2% cited low returns as the reason why they have not been able



to increase the level of stock. According to them, high competition makes them have a lot of dead stock.

4.6.2 Loans for Business Growth

The respondents were also surveyed for their access to external funding through loans to finance growth of their business. Out of 50 respondents only 14 have taken loans, the remaining 38 had varied reasons for not taking loans to finance their businesses. The results are as shown in table 18 below.

Table 19: Reasons for not taking loans

Reason	Frequency	Percentage
Not heard about loaning facilities	4	11
Would not want to take a loan	0	0
Lack of collateral security	10	28
Fear	22	61
Total	36	100

The research revealed that 72% of the respondents have never taken any loan with which to carry out businesses. Although 8% would have desired to go for loans, they cited lack of information relating to availability of loans as the reasons why they have not taken any loans. The implication of this is that roadside and street pavements entrepreneurs have not been specifically targeted by loaning institutions. These entrepreneurs have come to the level they have reached by their own funds. For them to grow beyond this level external funding is crucial (World Bank 1989).The research revealed that 61% of those who have not taken loans said they fear venturing onto loan taking since many of those who have taken have had to pay for others whom they guaranteed but defaulted.

4.7 Obstacle to Growth

The study sought to determine those factors within the business environment, some of which favored growth while others discouraged growth.

4.7.1 Payment of rates and rent for the site of operation

The factors assessed include payment of rates and rents, payment of license fees, and local authority regulations. This is reflected in Table 19.

Table 20: Rents and rates for the sites of operation

Type	Frequency	Percentage
Rates	38	76
Licenses	3	6
Rents	9	18
Total	50	100

The survey revealed that 82% of roadside and street pavement trade does not pay rent. This seems to be the greatest impetus for the growth of this sub-sector. Out of those surveyed 18% paid rent because they operated in stalls. Money spent on rents, rates and licenses are a drawback to many micro enterprises especially when their sales volumes are low. Furthermore, most of the respondents surveyed do not pay any licenses but what they pay to Municipal council are daily amount of Kshs 20.00 only .In return for this payment, the local authority collects refuse generated by these enterprises and occasionally, these enterprises get water from the council water points.

4.7.2 Local Authority Regulations

The survey also attempted to establish how local Authority Regulations affected growth. The respondents identified a number of problems which they believed hindered their ability to grow. These included harassment by council security personnel, eviction from their place of work, lack of water especially for those enterprises which need water like hotels, fish mongers and green vegetables sellers. These entrepreneurs also see the demand by local authority revenue personnel that payment is made whether sales have been made or not as a hindrance. These problems were deemed to hinder the growth of these enterprises since these factors affected all the respondents' therefore tabulation was not possible. All the respondents surveyed did not volunteer any suggestions about the possible solution to these problems.

4.7.3 Other Hindrances to Growth

The study also sought to know the other factors that hindered the growth of roadside enterprises. These hindrances are tabulated in Table 20

Table 21 Other Hindrances to Business Operations

Hindrance	Frequency	Percentage
Public Health officials	9	18
Weather elements	41	82
Total	50	100

Drawing from the table, 18% of the respondents saw public health officials as a big threat to their businesses while weather elements (sunshine, rain, wind etc) at 82% were

considered a large threat. All respondents indicated that these problems were beyond their control and therefore offered no solution.

#### **4.8. Relationship between Findings and the Theoretical Framework**

The study analyzed the growth of roadside women owned enterprises using a five stage growth model. This model identifies the needs of the firm at each of the stages which if met, enables a firm to grow to higher levels of productivity. The stages found in the model are: Stage 1 which is existence stage: Stage 2 the survival stage: Stage 3 the success stage: Stage 4 the take-off stage and stage 5 the resource maturity stage. The findings reveal that only the first two stages may, to some extent be applicable to women owned roadside enterprises.

##### **The existence Stage**

It was found out that because of the eagerness to make their first sales; these firms strategically positioned themselves at the roadside. In addition to this, the proprietors call out to the potential customers and openly invite them to buy the wares on display. The products may be sold at lower prices in order to entice the customer. The transaction is sealed by the thank you and come again verbal clauses. The price at which the product is sold may be at cost price. For some items like foodstuffs and farm produce, some kind of free items is given for example an extra finger of sweet banana, cluster of vegetables; the restaurants for instance could offer a free cup of tea.

##### **The survival Stage**

In this stage the need to generate adequate cash leads to activities that aim at retaining the customers. Here the roadside entrepreneurs have polished the language of business. In addition, the customers who frequent the site of trade the roadside entrepreneurs have



devised ways of delivering merchandise to the customer's place of work or even at home at no extra cost to the customers. According to the World Bank (1989) these traders have devised informal distribution networks to keep pace with growing demand. Through such incomes roadside traders ensure a steady flow of cash to keep their enterprises running.

**The success, Take-off and resource maturity stages**

The applicability of these stages 3 to 5 was found to be lacking in the women owned roadside enterprises. It was found that roadside enterprises did not make economic gains on labour and capital because they do not engage any workers. The owner could not also disengage either partially or fully from the enterprise because these firms do not have management control systems in place. This would entail the owner leaving the business in the control of managers and accountants. Disengaging from management and control would entail these enterprises being registered with the office of the Attorney General, which would defeat the notion of informality.

## **CHAPTER FIVE**

### **5.0 CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The purpose of the study was to investigate those factors which influence the growth of women owned roadside enterprises in Bungoma Town, Bungoma West District. A summary of the findings, conclusions, recommendations and suggestions for further research are presented in this chapter.

#### **5.2 Summary of the Findings**

The research summarized the following based on the results of chapter four. First, women owned roadside enterprises provided an avenue for marketing of the District agricultural produce and also supports other formal enterprises in the District.

Secondly, 64% of the women entrepreneurs in roadside trade are of low levels of formal education and so they have a problem in keeping records.

Thirdly, these enterprises offer an avenue to those who are seen as marginalized, such as, the widows, the divorcees, and the uneducated and single parents to earn a form of livelihood. The sector has therefore helped many women of lowly in class to live a fair standard of life.

Fourthly, informal ways of raising seed-capital are the most prevalent source of capital for starting roadside enterprises.

Fifth, the ease of finding a site from which to work has led many women to the roadside.

Sixth, the ability of roadside enterprises to grow vertically is not possible because of low capital layout. However, there is potential for horizontal growth. Also women roadside entrepreneurs in Bungoma have not been targeted by formal loaning institutions so that these traders can finance growth.

Seventh, the research has revealed that 40% of these enterprises are for supplementing family incomes leaving little profit for ploughing back in expansion and growth.

Eighth, most if not all, these women roadside entrepreneurs do not keep records about their transactions and these makes it difficult for stakeholders to measure precisely the performance of this sector over time.

The research has revealed that 60% of the women entrepreneurs are 38 years old and below. These are young women who have not saved enough capital to help increase stock which would in turn lead to business growth.

### **5.3 Conclusion**

On the basis of the findings, a number of conclusions are made. First, the young age of the women along the roadsides has led to the slow or no growth at all for these enterprises since they have not saved enough capital to help increase stock which would in turn lead to business growth.

Secondly, lack of proper record keeping due to low levels of education and lack of business training are barriers to growth of these women owned enterprises.

Thirdly, the legal and regulating environment prevailing in legal authorities hinders the ability of this sector to generate high levels of income and this leads to low growth.

Fourthly, women owned roadside enterprises do grow but only horizontally. They lack the capacity to provide the “missing-middle” link which is crucial in vertical growth.

Fifth, some factors, like ease of entry, low capital requirements and the not-so-stringent rules about getting a work site have aided the rapid expansion of this sector.

Sixth, the unavailability of capital to finance initial operations and later growth has inhibited the growth of the sector.

Finally, these enterprises do not have security of tenure over the sites on which they operate. Without a proper allocation mechanism in place which enhances safety and surety these entrepreneurs cannot invest substantially in expansion and growth.

#### **5.4 Recommendation.**

The performance of the women owned roadside businesses can be fostered by carefully manipulating the business environment in order to aid growth. The women entrepreneurs have acquired the motivation to invest further by selling at the roadside and they play a crucial role in distribution chain. This sector can also be seen as an incubator. Those that have been incubated thus move to other sectors of the economy be it informal or formal.

Emanating from the data analysis, interpretation and findings, the research came up with a number of recommendations. These recommendations are expected to assist the government, Bungoma Municipal Council, Non-governmental Organizations and other stake holders to specifically target and assist women owned roadside enterprises to grow and thereby make their rightful contribution to the economic development process of the country.

First, the government through relevant ministries and departments should specifically direct Trade Development Services to women roadside entrepreneurs so that they can be equipped with basic business management knowledge and skills.

Secondly, the government and the Bungoma Municipal Council should set a side alternative trading sites for women roadside traders not far away from their current work sites. This will assure them of the security of tenure which motivates these entrepreneurs to invest more in the sector.

Thirdly, loaning facilities with favorable terms and conditions should be established to specifically target women roadside traders in order to ease their working capital problems.



Finally roadside entrepreneurs should form a trade association through which they can articulate their problems and seek solutions to them.

## 5.5 Recommendations For Further Research

Several important areas of further research emerged during the course of this study. Firstly, a great deal of benefit could be derived from a second study that seeks to replicate or extend the findings of this study with another sample, a larger group or a slightly different methodological approach.

Another useful project would be to repeat this study after a length of time to allow for trend analysis as well as development of additional validity or data on the psychometric properties of the instrument.

Another interesting approach would be to explore these social issues through qualitative methodologies. Focus groups, organizational analysis, case studies and mixed-methodological approaches could lend support to this data through triangulating techniques.

Thirdly, the data that has already been collected could be explored in greater depth and detail with more sophisticated statistical analysis techniques. Exploring the relationships among the different strata may reveal additional useful findings.

A fourth area for additional study should involve use of a different survey methodology. For example a random sampling method to cover a whole province to ensure a more complete representation of all the women entrepreneurs a long road sides in the province.

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7. If yes, specify \_\_\_\_\_

8. Is your Spouse in employment? \_\_\_\_\_

9. If yes, what sector of employment? \_\_\_\_\_

10. If no, what does he/she do? \_\_\_\_\_

11. If in business, what sector of business? \_\_\_\_\_

12. Level of income earned by spouse? \_\_\_\_\_

General Business Information

13. Type of business \_\_\_\_\_

14. Form of business ownership: Sole proprietorship \_\_\_\_\_ Sole partnership \_\_\_\_\_

15. Year when business started \_\_\_\_\_

16. How much money started with? Kshs. \_\_\_\_\_



APPENDICES

APPENDIX I: Questionnaire for respondents

**Questionnaire**

Confidential

Personal details

- 1 .Name \_\_\_\_\_
- 2. Age \_\_\_\_\_
- 3. Marital status: single, Married, divorced or Window \_\_\_\_\_
- 4. Number of children \_\_\_\_\_
- 5. Level of education: No formal education, primary education, secondary education or Tertiary
- 6. Any other form of training relevant to the business you do Yes/no  
\_\_\_\_\_
- 7. If yes, specify \_\_\_\_\_  
\_\_\_\_\_
- 8. Is your Spouse in employment? Yes/No \_\_\_\_\_
- 9. If yes, what sector of employment? Formal/ Informal \_\_\_\_\_
- 10. If no, what does he do for a living? Business, Farming, others (specify)  
\_\_\_\_\_
- 11. If in business, what sector of business? Formal or Informal \_\_\_\_\_
- 12. Level of income earned by the spouse Kshs \_\_\_\_\_ per month.

**General Business Information**

- 13. Type of business \_\_\_\_\_
- 14. Form of business ownership: Sole proprietor, Partnership, Co-operative, Ltd co.
- 15. Year when business started \_\_\_\_\_
- 16. Amount of money started with Kshs \_\_\_\_\_

17. Source of capital:

Family and friends \_\_\_\_\_

Personal savings \_\_\_\_\_

Loan \_\_\_\_\_

Merry-go-round \_\_\_\_\_

Others (specify) \_\_\_\_\_

18. Sources of materials sold

From within the district \_\_\_\_\_

From other districts \_\_\_\_\_

From neighbouring country \_\_\_\_\_

19. Value of sales per day Kshs \_\_\_\_\_

20. Estimate value of stock on day of study Kshs \_\_\_\_\_

**Business Location Information**

21. Have you ever been in employment before? Yes/No

22. If yes, type of employment

Central government/Local government/Private \_\_\_\_\_

23. What made you leave employment to come to business? \_\_\_\_\_

24. If no, what were you doing before coming into business? \_\_\_\_\_

25. Why did you choose this particular business/ Easy to enter/High profit/others (specify)

\_\_\_\_\_

26. Apart from this business, is there anything that you do? Yes/No \_\_\_\_\_

27. If yes, specify \_\_\_\_\_

28. Why did you decide to sell from this place?

Lack of business premises, \_\_\_\_\_

Lack of another location, \_\_\_\_\_

High rents of premises \_\_\_\_\_

Type of business does not need premises others (specify) \_\_\_\_\_

29. How were you allocated this place?

By application \_\_\_\_\_

Thro friends \_\_\_\_\_

Others (specify) \_\_\_\_\_

30. Who did the allocation? \_\_\_\_\_

31. Given a chance, would you operate from a business premises? Yes/No

### **Employee Information**

32. Are you freely in charge of this business? Yes/No

33. If no, who stands in for you in your absence?

Friends \_\_\_\_\_

Employee \_\_\_\_\_

I close the business \_\_\_\_\_

Others (specify) \_\_\_\_\_

34. Who assists you accomplishing the work you do? Family members/ Employees Apprentice

Others (specify) \_\_\_\_\_

35. If employee, how many do you have? \_\_\_\_\_

36. Apprenticeship/ Formal training

What is the mode of employment?

Commission/Wages \_\_\_\_\_

37. Do these employees hold any special qualification? \_\_\_\_\_

38. Have you ever undertaken a course in business management? Yes/N \_\_\_\_\_

39. If yes, specify the type of course \_\_\_\_\_

40. The duration of the course \_\_\_\_\_

### **Fixed Assets Information**

41. Does your business require any special equipment? Yes/No
42. If yes, did you acquire them at the start of business? Yes/No
43. If no, how long did you acquire the equipment? \_\_\_\_\_
44. If yes, how much did the equipment cost you? Kshs \_\_\_\_\_
45. What hindered you from acquiring the equipment earlier? \_\_\_\_\_
46. What do you estimate is the present value of this equipment now? Kshs \_\_\_\_\_
47. How were these equipment financed? Profit/Loan/Others (specify) \_\_\_\_\_
48. Would you like to have more of the equipment? Yes/No \_\_\_\_\_

### **Growth Information**

49. How has your business been performing over all these years? Low/average/above average
50. What are your daily stock levels? Kshs \_\_\_\_\_
51. Given a chance, would you like to increase the stock of this business? Yes/No
52. If yes, why haven't you increased it before?
- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_
53. Have you ever taken a loan for this business? Yes/No
54. If yes, from which institution? \_\_\_\_\_
55. If no, why?
- i) \_\_\_\_\_
- ii) \_\_\_\_\_

### **Hindrances to growth**

56. Do you pay for licenses before you trade? Yes/No
57. If yes which ones? \_\_\_\_\_



i) Annual licenses/ Daily fees/ other (specify) \_\_\_\_\_

58. What are the rates? Kshs \_\_\_\_\_

59. To whom does the land you operate on belong?

i) Central government \_\_\_\_\_

ii) Bungoma Municipal Council \_\_\_\_\_

iii) Private individuals \_\_\_\_\_

iv) Others (specify) \_\_\_\_\_

60. Do you pay rates and rents for it? Yes/No

61. What problems do you encounter from the council?

i) \_\_\_\_\_

ii) \_\_\_\_\_

iii) \_\_\_\_\_

iv) \_\_\_\_\_

62. Is there any assistance that the council gives you? Yes/No

63. If Yes, what type of assistance?

i) \_\_\_\_\_

ii) \_\_\_\_\_

iii) \_\_\_\_\_

iv) \_\_\_\_\_

v) \_\_\_\_\_

64. How do you solve the problems you encounter?

i) \_\_\_\_\_

ii) \_\_\_\_\_

iii) \_\_\_\_\_

**THANK YOU FOR TAKING TIME TO FILL THIS QUESTIONNAIRE**

## APPENDIX II WORK PLAN

Activity	May07	Jun07	Jul07	Sep07	Oct07	Nov07	Dec07	Mar08
1. Full proposal writing and drawing up of the research instruments-questionnaire(including pre-testing)								
2. Data collection and entry								
3. Data analysis								
4. Report writing								
5. Submission of final report								

APPENDIX III: BUDGET

	Description	Amount ( Kshs)
1	Stationary	5,000
2	Relevant reference text and Internet surfing	10,000
3	Typing, Printing and photocopying of data collection tools, proposal and final report	7,000
4	Traveling& subsistence	10,000
5	Miscellaneous expenses	5,000
	Totals	37,000