

DECLARATION

THIS THESIS IS MY ORIGINAL WORK AND HAS NOT BEEN PRESENTED FOR

PERFORMANCE OF WOMEN IN INFORMAL SECTOR ENTERPRISES;

A CASE OF ENTERPRISES SUPPORTED WITH CREDIT.

Lucy Wangui Maina

BY

LUCY WANGUI MAINA

THIS THESIS HAS BEEN SUBMITTED WITH OUR APPROVAL AS UNIVERSITY
SUPERVISORS

A THESIS SUBMITTED IN PARTIAL FULFILLMENT FOR THE DEGREE OF MASTER
OF ARTS IN SOCIOLOGY, KENYATTA UNIVERSITY.

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in informal sector*

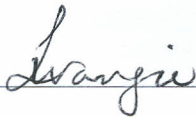


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A DEGREE IN ANY OTHER UNIVERSITY.

Lucy Wangui Maina



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TABLE DEDICATION

This work is dedicated to my mother Mary Njeri Maina for making the dream a reality and for her unfailing faith in me. It is also dedicated to my brothers and sisters Henry, Elizabeth, Peter and Jane for their immense trust in me.

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ABBREVIATIONS USED IN THE THESIS

		PAGE
ECA/TRCW	Economic Cooperation of Africa for Training and Research Centre for women.	40
G.O.K	Government of Kenya.	44
I.D.S	Institute for Development Studies.	46
I.F.A.D	International Fund for Agriculture Development.	49
I.L.O	International Labour Organization.	51
K.I.E	Kenya Industrial Estates.	51
K.W.F.T.	Kenya Women Finance Trust.	54
K-REP	Kenya Rural Enterprise Programme.	56
N.G.O	Non-Governmental Organization.	58
P.R.I.D.E	Programme for Rural Initiative Developing Enterprise.	60
S.A.Ps	Structural Adjustment Programmes.	62
UNESCO	United Nations Education Scientific Culture Organization.	64
UNICEF	United Nations Children Emergency Fund.	64
UNIDO	United Nations Industrial Development organisation.	67
U.S.A.I.D	United States Aid for International Development.	70

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the sector. The sector employs about 31% of the total women population of NIGERIA (2011). Studies on women in the informal sector show that women have had even greater constraints arising from their inability to acquire loans from commercial lending banks, since they do not own property which can act as collateral in the event of loan default.

Recent studies have highlighted the constraints of capital access in informal enterprises particularly those of women entrepreneurs in capital and technology. Surprisingly, even when women have had access to finance in form of credit lines made available by finance agencies, they have not used as predicted partly because attention has been given to constraints arising from the conflict between family roles and demands of enterprise. The present study sought to focus on these factors while taking into consideration the role of socio-economic factors. Of importance was the expectation that multiple roles of women arising from diverse obligations brings about role conflicts which lead to poor performance in business development.

Consequently, this study was carried out with a sample of 70 women engaged in small scale business with a view to identifying factors that influence their performance. The researcher examined the importance of socio-economic and family characteristics with respect to their impact on the performance of women in the sector.

ABSTRACT

The informal sector in Kenya is seen as the solution to unemployment and associated ills. In recent years, the sector has gained widespread recognition. It is now proved that the sector is the second largest employer preceded only by agriculture. However, the sector's growth has been constrained by a number of factors or obstacles. Many studies have been done with respect to problems arising from capital constraints.

More important to this study is that a number of women are seeking employment in this sector. The sector employs about 31% of the total women population. (UNIDO\GOK, 1991) Studies on women in the informal sector show that women have had even greater constraints arising from their inability to acquire loans from commercial lending banks since they do not own property which could act as collateral in the event of loan seeking.

Recent studies have highlighted the constraints to performance in informal enterprises particularly those of women in relation to capital and technical skills. Surprisingly, Even after women have had access to finance in form of credit now made available by donor agencies, they have continued to perform poorly. Little attention has been given to constraints arising from the conflict between family roles and demands of competitive enterprise. The present study sought to focus on these factors while taking into consideration the role of socio-economic factors. Of importance was the prediction that multiple roles of women arising from domestic obligations brings about role conflicts which lead to poor performance in business development.

Specifically, this study was carried out with a sample of 70 women engaged in small scale business with a view of identifying factors that influence their performance. The hypothesis examined the importance of socio-economic and family characteristics with respect to their impact on the performance of women in this sector.

The study aimed at contributing to the insight understanding of the persistent constraints that women experience in entrepreneurial activities. It was guided by the following objectives:

1. To identify the family characteristics of the women in the informal sector enterprises and particularly those women who have been supported by a credit scheme.
2. To identify the socio-economic characteristics of women entrepreneurs in the informal sector and how they have influenced their performance.
3. To find out how economic responsibilities had influenced the performance of these women in their informal enterprises.
4. To identify the constraints that have been experienced by women involved in the informal enterprises.

The sample of 70 women was drawn from women under a credit programme supported by K-REP who had been recipients of loan for at least one year. The data was collected by use of the survey method principally structured interview and questionnaire with supplementary data from documents and group discussion.

The data were analyzed using both qualitative and quantitative methods which allowed for the examination of the influence of socio-economic and family characteristics on indicators of performance through regression analysis and corresponding tests of significance.

The findings of the study indicate that socio-economic characteristics, notably initial capital, credit level and education have substantial impact on the performance of women as compared to family characteristics which included marital status, duration of marriage, size of the family and domestic financial commitments.

The study recommends that, constraints experienced by women are largely influenced by economic factors and that these factors need to be given considerable attention in order to improve performance of women in entrepreneurial activities.

The study also recommends that further studies be carried out in this field particularly on the comparison between constraints experienced by women in urban areas and those in rural areas.

The study also recommends that comparative studies be carried out on the performance of men and women in specific sectors. Such studies may lead to additional knowledge on the limitations of women in economic progress and ways in which these limitations can be alleviated.

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background To The Study

Women form a large proportion of the population in many parts of the world, including Kenya where they constitute 51% of the total population. This makes it necessary to recognize their importance and plan for their contribution to development. At present there is an increasing awareness in the society of the important role that women perform both in the formal and the informal activities.

This awareness is reflected through the recognition that has been given to women in various development plans by policy makers and programmes that have been made by various donor agencies to support women in development activities here in Kenya and elsewhere in the world.

Development changes that have occurred in the last three decades have systematically shifted the roles of women from those of the traditional environment to urban industrial sector. Expansion of women roles in urban industrial sectors have led to conflict of responsibility that arise due to industrial sector demands and family demands. Consequently, it has been argued that this conflict has constrained the performance of women in industrial and/or business activities.

In addition to urban and business roles that women are expected to perform, family structure has been changing making a considerable proportion of them heads of families (ECA/TRCW 1980, Anker 1986, South Commission, 1990, Hulme, 1991).

In the family division of labour, women have for a long time performed the greater proportion of domestic responsibilities which have rarely been costed or compensated, (Chapman 1981, Abbott 1990) and therefore cannot support the demands of the modern urban environment.

The constraints that women experience in carrying out domestic and business responsibilities have necessitated the need to identify how women have performed in urban industrial sectors.

In addition, women have experienced limited access to the modern wage sector as a result of either discriminative practices that have been carried out through socialization and that have arisen from disadvantages in the education process. Indeed, socialization has for a long time emphasized domestic roles for girls through which disadvantages for girls have also occurred both in the employment sector and educational process (Chapman, 1981).

Women in the rural areas have been considered capable of sustaining their basic needs, essentially because of their involvement in subsistence agriculture. However, studies have indicated that rural women experience constraints that affect their performance, some of which include lack of ownership of land because they do not even own the land they cultivate on and land is either under the ownership of the husband or father, (I.L.O. 1972, The South commission 1990, UNIDO/GOK 1991,).

The situation is even worse for urban women who have been reported to experience greater constraints with regard to meeting their needs UNICEF (1990). The nature of urban environment demands that one be engaged in a gainful employment or an income generating activity to sustain living. Indeed, in many cases women desperately need extra income to supplement their family incomes and to meet the overall welfare needs of their families (ECA/TRCW 1980). Besides the disadvantages in the formal employment, urban women experience constraints in finding income generating opportunities. Where these opportunities are available, women experience challenges related to their inability to be competitive.

In summary therefore, because of the prevailing socialization and discriminatory practices, a substantially smaller number of women in urban areas have been able to acquire formal employment or to undertake business in the modern sectors (Chapman 1981).

A Considerable proportion has pursued either employment or business in informal sector. Studies have shown that the informal sector offers a wide range of opportunities for women, (I.L.O. 1987, Hulme 1990). According to Adepoju (1994), 76% of Swaziland population involved in the informal sector are women. This conglomeration of women in informal income activities is also linked to their roles as family caretakers. Indeed Brydon (1989) asserts that most women tend to be involved in the Informal sector not only because of discrimination in the formal sector recruitment system but also because they have to find ways to balance their income generation with domestic labour and child care. Adepoju's (1994) study in Ghana found that many women were able to care for their young children while working.

However, the informal sector has been reported to be characterized by many difficulties. According to I.L.O (1972), the major problems that have been identified range from lack of capital, and management expertise to lack of an enabling environment. These problems have been said to lead to a high mortality rate of informal enterprises G.O.K (1989-1993).

Indeed, the Kenya government plan (G.O.K, 1979) reiterated these very facts and made it a policy to upgrade the informal sector through the Kenya Industrial Estates expansion program. By the year 1984 the government was seriously addressing the problems facing the informal sector. The recommendations that were made included provision of loans, training, extension and workshop facilities.

In spite of the considerable attention that has been drawn to the informal sector activities, there are still persistent problems that continue to militate against the performance of women. Indeed the sessional paper 2 of 1991 addressed gender issues in the informal sector and admitted the lack of policy on gender specific issues.

In examining constraints in the informal sector, studies have concentrated on credit and the lack of business acumen, these studies include Kabagame (1977), Ngethe et al.(1989), Adieri (1990).

More specifically, studies on constraints faced by women in the informal sector have also concentrated on credit and expertise. While it has been argued that the informal sector enterprises are relatively accessible and promising to individuals with limited capital, there are observations that women have additional constraints arising from domestic responsibilities (UNICEF, 1994).

These studies have emphasized on credit and pointed out that women have limited access to credit facilities mainly because they do not own property to use as collateral, (Boserup 1970, Dondo, 1988, South commission 1990, UNIDO/GOK 1991). In addition, it has also been pointed out that such limited access has arisen from discriminatory practices and inadequate education among many women.

The contention, according to these studies, is that those constraints have had a negative influence on the performance of women in the informal sector enterprises.

More important however, is that less attention has been given to the family characteristics of women as constituting substantial constraints to the performance of women in both formal and informal sector. It has been reported that women enterprises in this sector are characterized by poor performance and inconsistency, (Nici 1978, Mc Cormic 1992).

The concern of the present study was to identify the nature or the characteristics of the women involved in the informal business and the way in which those characteristics have influenced their performance.

1.2 THE PROBLEM

Studies have reported consistently that performance of women in the informal sector enterprises is substantially negligible (Awour 1989, UNICEF 1990). These studies have

pointed that capital accumulation is either stagnant or negative or most of the women in this sector tend to be operating on part-time basis. More importantly, these studies observed that women enterprises in this sector are characterized by inability to shift towards modern or formal sectors.

As stated earlier, most studies on the participation of women in the informal sector enterprises have concentrated mainly on capital and management experience, (Watchel, 1974, Kagombe, 1990). Indeed, these studies have emphasized the importance of credit and managerial skills. However little attention has been given to socio-economic and family characteristics of women in the informal sector as important determinants of their performance.

The purpose of this study therefore was to identify the socio-economic and family characteristics of women in the informal sector enterprises and the ways in which these characteristics have contributed to their performance in the informal business sector.

In order to understand the role of such characteristics, attention was given to women who had access to credit facilities. This was to allow assessment of other constraints, besides financial obstacles that might have influenced their performance.

Questions that were of interest in this study included; what are the characteristics of the women in the informal enterprises supported by a credit scheme and what impact they have had in determining their performance in business. Specifically, the study was concerned with how family characteristics contributed to women's performance, how socio-economic status of the women had influenced their performance and how economic responsibilities of the women had influenced their performance.

Important family characteristics that were examined in this study included marital status, family size, family roles and family economic commitment for purposes of identifying the way in which these aspects made women entrepreneurs less competitive. The socio-economic

characteristics that were of interest included credit level, initial capital and educational background.

One of the assumptions examined was that these family and socio-economic characteristics will influence performance of women in the informal sector enterprises. This is in regard to the conflicting roles of women as primary caregivers in the family and as entrepreneurs in the informal sector.

Performance was examined in terms of the ways in which women enterprises in the informal sector had accumulated capital and improved their business capabilities and operations. More specifically, attention was given to the extent to which socio-economic and family characteristics had influenced sales, level of returns, expansion and the nature of transition to formal sector.

1.3 OBJECTIVES

The objectives of this study may be summarized as follows:

1. To identify the family characteristics of the women in the informal sector enterprises and particularly those women who have been supported by a credit scheme.
2. To identify the socio-economic characteristics of women entrepreneurs in the informal sector and how they have influenced their performance.
3. To assess how economic responsibilities had influenced the performance of these women in their informal enterprises.
4. To identify the constraints that have been experienced by women involved in the informal enterprises.

1.4 SIGNIFICANCE OF THE STUDY

This study will contribute to the current efforts to improve performance of the informal sector enterprises particularly with respect to the participation of women. The study revealed the challenges peculiar to women in the informal sector enterprise in the 1990's. It is hoped that the issues highlighted will be used to formulate necessary strategies and policy initiatives.

The study has also provided insight understanding of business handicaps that require attention by donor agencies and aid organizations.

This study will add to existing knowledge on the constraints of women involved in entrepreneurial activities. This in turn will lead to research on other constraints apart from economic and family characteristics that can be addressed in order to boost women's progress in entrepreneurship.

1.5 DEFINITION OF TERMS

Important and main concepts and terms used in this study will be defined or used as follows;

Informal sector or Small Scale Business.

Characteristics

This term will be used in this study to refer to the social circumstances and status of women that determine their commitments, interests, and roles. Characteristics involved attributes such as marital status, family size and family roles.

Constraints:

Refers to any obstacles or hindrances to expansion in the informal business.

Economic commitments

Is used to refer to expenses that women have to meet in performing their personal and domestic roles, such expenses may include rent, food, education and fees.

Empowerment

Used in this context to refer to the process of enhancing women's capacity to be competitive in their enterprises.

Entrepreneurs

Refers to business men/women who seek resources and take financial risk to carry out business in the informal business sector. They are persons involved in mobilisation of resources for business venture or endeavor.

Enabling environment

Used in this study to mean the state created by the inducement of development of the informal sector's profitability of operations, the initiation of enabling policies and legislation, the creation of institutional support and infrastructure.

Informal sector or Small Scale Business:

These terms are used synonymously in the study.

There is no strict definition to date in Kenya but for this case the definition will follow that of the Kenya National Development Plan (1989-1993) and Brydon (1989) where the characteristics of the informal sector are listed as follows;

1. Those enterprises employing family labour or less than 10 employees
2. Enterprises using simple technology.
3. Enterprises depending on local and recycled resources.
4. Those enterprises utilizing low skills.
5. Enterprises with low capital investment.

Performance

Refers to the general trend in the business determined by;

1. Volume of sales.
2. Rate of capital increase
3. Level of profit
4. Management improvement while in business
5. Additions in employees.

Good performance will thus indicate a general transition of the business towards a formally organised structure.

Socio-economic background/characteristics

Used to indicate the financial and social factors of the entrepreneur in the study with reference to such factors as amount of credit given, initial capital and education.

Family roles

In this case used to mean the amount of domestic obligations that women have towards their families as determined by the hours of domestic work and child age with the conception in mind that as children grow, responsibilities increase (O'Connell, 1989).

CHAPTER TWO**2.0 LITERATURE REVIEW**

Relevant literature reviewed for this study was subheaded along four topics namely;

- I) Literature on participation of women in the informal sector.
- II) Literature on previous studies on women in the informal sector.
- III) Literature on perspectives of women entrepreneurship.
- IV) Funding for women in the informal sector.

Though most of the literature reviewed here may not have direct linkage to the topic in question, it will help to illuminate some of the issues that have been discussed relating to the subject.

2.1. WOMEN IN THE INFORMAL SECTOR.

According to UNIDO/GOK (1991), the small scale enterprise sector is the highest employer of women outside the agricultural sector. In Kenya it employs 31% of women's population. The paper highlights women's unique business constraints which handicap their ability to start and maintain their business.

This study also discusses diversities between male and female entrepreneurs in terms of hours spent working and social cultural roles. Family roles precisely child bearing and rearing dictate that women commit a larger proportion of time to caring for their families. They are therefore not able to devote much time to their informal business as they would otherwise do.

Women's participation in business and in the informal sector presents unique problems as compared to those of men, First their business roles conflict with their family roles. The South Commission Report (1990) shows that many women combine these economic pursuits with

their vital social roles as home managers and mothers bringing up the young and caring for their families.

A study by UNIDO/GOK (1991) agrees with this observation and asserts that women's lives embody multiple roles and need to cater for the day to day demands of their children means that savings cannot be accumulated.

The South commission (1990) adds that this fact is made worse by increases in the cost of food, education and health services in the 1980's structural adjustment programmes (SAPs). These S.A.Ps make it difficult for women as home managers to meet family requirements due to increased food prices, cuts in education and health services. Thus the commission concluded that mobilization of women as equal partners in all development processes needs the special attention of policy makers.

The general agreement here is that women in business are overburdened by social/cultural demands. This study supports this view. However these studies do not address the actual performance of women in business and fail to identify to what extent these roles influence this performance.

Participation of women in the informal business is also hampered by problems associated with discriminatory practices that favour men. These arise in areas of credit and education.

According to UNIDO/GOK (1991), women face real financial constraints which handicap their ability to start and maintain a business. Accordingly, women's informal income generating activities are often non starters. The paper foresees the need to re-evaluate roles of women vis a vis those of men in measuring their performance.

The Non Governmental Organization (N.G.O) Forum '85' identified the major constraints to successful women entrepreneurship in the informal sector as lack of credit, a disadvantage

posed by the non ownership of property on women in loan seeking procedures. However, these studies fail to address the issue of credit accessibility to women which has been made possible by governments and donor interest in the contemporary situation. The issue of how women fare after credit is not discussed.

The N.G.O. Forum '85' study recommended a review of the loan seeking system to consider women's position. It also urged for provision of soft loans to women by banks and governments in order to enhance greater participation of women in the informal business.

Women's participation in the informal sector business also presents unique problems as compared to men's due to the socialization process they undergo. This socialization does not equip them with a prerequisite for business operation owing to the fact that for quite a long time women have not been mobilized to participate in education or other training.

According to UNIDO/GOK (1991) this situation is due to an imbalance in the formal education which began with restrictive colonial practices and continued to and beyond independence. The imbalance is evident in secondary, technical schools and even universities.

Though the UNIDO/GOK study does not assume a strong correlation between educational level and successful entrepreneurship, it does however point out that lack of access to education hampers women to embark upon non traditional entrepreneurial activities. It also hampers women to link up with technological innovations in production. Finally, it also hampers women's penetration into organizations and institutions that are influential in policy and programme development for small scale enterprises. This study upholds this view but evaluates whether this factor transcends all enterprises and assesses how far it is an influential factor.

Most studies recognize the upcoming interests of donors and other organizations regarding the issue of funding for women businesses. They acknowledge its impact in increasing the rate of

women participation in the informal business sector. However, these studies point out the poor dissemination of these services.

For example according to UNIDO/GOK (1991) information on lending services is not well disseminated to reach women in different parts of Kenya. The report recommends employment of many channels such as women groups, churches and cultural groups to solve this handicap.

The paper therefore attests that women's performance in the informal sector is poorly enhanced by factors beyond their control, and not factors related to their background characteristics. Though this study acknowledges the role of these external factors, it also assumes a strong relationship between women's background characteristics and their performance in their business.

N.G.O. Forum '85' identified the major problem for women in business as lack of credit and awareness. The paper also noted that women entrepreneurs were unaware of the lending sources and that this hindered to a great extent their participation in the business economy. The paper also envisioned that with availability of funds and market for their products, women's participation would be enhanced. However, since then, little has been done to focus on the changes that have come up due to the accessibility of credit for women and the improved dissemination of information on the lending sources.

2.2 PREVIOUS STUDIES.

Mc Cormic (1988) in her comparative study on women in small scale manufacturing in the Eastland section of Nairobi found out that there were unequal rates of success among men and women of different classes. She found out that women were limited in their occupation choice in the informal sector.

Her study came up with certain facts; that women's sole occupation in the informal manufacturing was the garment industry. Men tended to have a wide range of activities ranging from carpentry, metal working to wood carving.

She attributed this stratification to differing educational opportunities open to men and women and prevailing socialization patterns in the society.

Mc Cormic (1988) also found out that women businesses had lower profit when rated but paradoxically their capital accumulation was higher than that of men. Mc Cormic's study did not delve into the real background of the women in her sample or the real personal characteristics of the same. Her research also excluded women in petty trading who form the majority of those in the informal sector and who are the most needy. This study focused on women's socio-economic and family circumstances across various sub-sectors.

Mc Cormic (1992) study on gender participation and performance in Nairobi's small scale manufacturing sector showed concentration of women by percentage in various industries as follows; (i) 80% in trade, hotels, and restaurant, (ii) 13.2% in personal/social and community services and (iii) 5.7% in financial and business sector and (iv) 1.9% in manufacturing.

She observed that women were absent from construction and transport sector. She attributed this to men's diverse choice of occupation due to prior education, good opportunities for acquiring skills on the job and ability to meet capital requirements when starting a business.

Other factors causing this differentiation were; premise availability and expected earnings for each business. Mc Cormic notes that this exclusion of women limited their income since men dominate activities that are better paying. Her study did not recognize that women are now able to venture into even better paying sectors due to financial and technical aid being offered, (UNICEF 1990). The current study will focus on women who have had their chances in business made better and whose potential to succeed has been facilitated.

Mc Cormic (1992) further notes that the highest percentage (80%) is concentrated in trade because it requires little education yet it offers little remuneration. Textile is more remunerative but requires a larger starting capital.

Mc Cormic (1992) used the Nairobi garment industry to evaluate the performance of women vis a vis that of men because the industry has a good distribution of both men and women. She notes that women's businesses are younger than men's in size and category. In her study she used the following criteria to rate performance; the potential for job creation, ability to increase output while conserving scarce resources, contribution to owner's income and ability to efficiently use available resources.

Mc Cormic's (1992) research does not specify whether the barriers women face in entering the various sectors now dominated by men can be removed or whether given education and apprentice skills, women can be as competitive as men. She does not show whether women would perform well in the now male dominated sectors if given the chance. This study aimed at exploring whether women's performance is influenced by other factors while considering barriers to entry.

Nelson (1978) carried out research in sectoral division of labour in the informal sector of Mathare squatter settlement. She found out that men do work which involves new skills for example tailoring and shoe making and that they carry out activities which require relatively high capital investment for example retail shop trading, taxi operating and wholesale trade.

She found that a positive correlation existed between successful women entrepreneurship and barrenness. This study predicted that number of children would influence performance of women in informal enterprises because it adds to their roles and obligations at family level. Nelson also concluded that most women spent a large proportion of their earnings on school fees and other family needs while men concentrated on accumulating capital. This contradicts

Mc Cormic (1988) findings that women accumulate capital faster than men. This study aimed at unearthing such details and though no comparative data was collected, it partly showed the rate of capital accumulation for women and the factors influencing it.

Nelson (1978) also envisaged that many men in Mathare's informal urban business sector looked at their occupation as rather temporal anticipating a time when they would be able to get lasting formal (real) employment.

Most women regarded their occupation as permanent and foresaw a time when their businesses would expand beyond the current state. This raises an important question on the dualism dealt with by House (1981). According to House (1981), the informal sector can be divided into the community of the poor and the intermediate sector where the former is composed of entrepreneurs who regard their occupation as temporary and who have come in the city in search of formal employment. They portray a defeatist attitude and show no motivation to excel in business. Their businesses are often unsuccessful.

The Intermediate sector is composed of conscious entrepreneurs who intend to make their business a permanent venture and who are motivated to build and expand. They have high potential for success.

This dichotomy if used to explain Nelson's (1978) analysis would seem to regard men as part of the community of the poor while women form the intermediate sector. This with regard to Nelson's work would be contradictory factually since Nelson herself found out that women's businesses were performing poorly and were only concentrated in the rather non-permanent type such as entertainment and vegetable hawking. This excludes the few women who were found to be engaged in sorghum and maize meal wholesale business.

The men on the other hand were found to be concentrated in the more lasting and well paying sub-sectors. Nelson (1978) also generalizes that women sell in the informal sector skills that

they normally practice at home such as beer brewing and operation of food kiosks which tally with their role in food preparation. Some are house maids and baby-sitters which tallies with their roles as mothers while others are engaged in commercial sex which tallies with their roles as wives. This reflects on the socialization patterns shaping the kind of occupation that women in the informal sector engage in. This study Provided basic data that illuminated the role of socialization in shaping women careers more vividly with regard to business types.

Nelson (1978) further observes that the informal sector provides many third world women with the only alternative to marriage because in business, they can easily raise up their children even outside wedlock. However, She does not proceed to show whether the sector is dominated by unmarried women or not, and the performance of different status of marriage which this study has addressed.

Awour (1992) did a study on factors that determine success of women in small scale businesses and found out that the major obstacles to success were price fluctuation, good will demands for premises ,competition and lack of loan collateral. Her study did not view family obligations as significant factors in the performance of women business. This study sets out to show this relationship.

Watchel (1974) studied certain characteristics of women who were in the informal business in Nakuru. Her survey found out that many women had started business with the backing of their husbands. She found out that some of the best businesses and most receptive in the town were owned and run by women.

Watchel predicted that getting financial help from husbands limited the women's decision-making in business. Watchel noted that the Kenya Industrial Training Institute then had no facilities for training women which explained the low literacy rate of women engaged in the informal business in Nakuru which was then 1 out of 47.

She concluded that this low literacy rate for women meant that women were less likely to be running profitable businesses. She also assumed that very few women had security in real estate or land which could act as collateral for loan acquisition hence her comment that

"women go for businesses that are cheap and easy to run and didn't require much capital or experience" pg. 10.

However, she did not consider the issue of credit and how it could change women's choice for a particular business, an issue which this study has explored.

Concerning whether Kenyan business women are a special case, Watchel (1974) asserted that most women in her survey did not feel that success depended on their sex. However she admits that some women did feel disadvantaged when dealing with banks. Others did not feel this intimidation but claimed that if they had enough money, it would not matter whether they were men or women.

Watchel in her conclusion envisions that small businesses would become the leading edge to women's economic progress in comparison to the formal wage sector and felt that much attention was needed in this area. This study upheld this fact.

2.3 PERSPECTIVES ON WOMEN ENTREPRENEURSHIP.

According to the South Commission (1990), more women are entering into the industrial and services sector beside becoming prominent entrepreneurs in the informal economic activities as traders. The report admits that women combine these pursuits with their domestic roles at the same time carrying the double burden of poverty and discrimination. The report agrees that third world women entrepreneurs face real challenges that can only be solved by reformulating the current programmes to respond to the gender dimensions in development.

It is the contention of the same report that while modernization has necessitated the involvement of women in development, it has not created adequate channels for women to be equal participants in this process. However, the report does not show explicitly how current programs can be reformulated or the actual performance of women faced by these challenges.

N.G.O. Forum '85' report cited that women are driven to sole entrepreneurship by circumstances beyond their control which militate against their inclusion in the formal wage sector. These circumstances include; limited education, job scarcity and lack of experience. The paper seems to suggest that women would rather be in the modern wage sector than in the informal sector given the choice.

The report also attests to the fact that women have been socialized not to take entrepreneurship or even waged labour but to serve as domestic workers and reproducers. The paper recommends change of socialization patterns as the only alternative to creating able women entrepreneurs.

As a matter of fact, the paper does not address real issues of women who have consciously chosen to compete as entrepreneurs and who find themselves handicapped by certain factors not brought by the socialization they received.

Hulme (1990), asserts that women entrepreneurs are concentrated in petty trading, street vending and home based craft industries. Accordingly, this is the only gainful employment open to women. Yet it constantly suffers from competition due to mass production and trading of duplicated items. However, it is evident that many women are getting involved in other sub-sectors apart from petty trading. This study showed to what extent women have ventured into other sub-sectors.

However Hulme (1990) does not focus on the background characteristics affecting the women's performance in the field of entrepreneurship. His argument is rather based on the

prevailing systems of patriarchy which do not allow fair competition for men and women on equal footing. This is solely blamed on men's control over organizations, institutions and other practical areas of life.

UNIDO/GOK (1991), admits that differences exist between men and women as entrepreneurs and recommends adjustments of policy to take note of the needs of women entrepreneurs while integrating such needs into their operations .

The report claims that women's entrepreneurial activities are non starters and more so even when women come together in groups since those groups do not lend themselves to the spirit of entrepreneurship. This failure is attributed to women's multiple roles and the discriminatory practices in business which seem to favour men more. This contradicts reports concerning the Bangladesh women cooperatives which show that women in groups are becoming more successful in the Grameen banking procedures than as individuals. Many small sector aid agencies in Kenya have adapted this Grameen lending module with great results. Examples are the Programme for Rural Initiative Development Enterprise (P.R.I.D.E) and Kenya Rural Enterprise Programme (K-REP) .*Juhudi* group lending programs, (Mutua 1985). Thus the group spirit discussed by UNIDO/GOK (1991) is not a failure in itself since it has been known to work elsewhere. This study illuminates the real issues behind women's failures and the possible alternatives that can be sought to help major policy formulation concerning the area.

Though the paper admits that women are overburdened by domestic duties it does not delve into how they have performed or how their situation can be addressed.

The South Commission report (1990) urges that the solution to women's problems as entrepreneurs lies in their self mobilization to work in partnership with men. It alludes to the fact that women can not work in isolation but must merge themselves with the whole society and compete from within rather than without. However the report does not show realistically

how women can aim to compete adequately in business realms and what chance of success they could have amid a myriad of inhibitions such as those women face.

2.4 FUNDING FOR WOMEN IN THE INFORMAL SECTOR

Studies consistently report that women have for a long time been excluded from benefiting in credit facilities for the development of the informal sector due to the fact that they have not in the past owned land or other property which could act as collateral for loans or grants, (Hulme 1990). The other reason for this state is that information on sources of funds has not been well disseminated and many women in business are still ignorant of the funding programmes available to them.

According to the N.G.O Forum '85' document, many women are still unaware of the special loan facilities being made available to women in the informal sector enterprises since this information is rarely advertised so as to reach most of the needy women. A study by Sebstad (1991) on micro enterprise credit in Kenya found out that there were gender differences in credit seeking behaviour between men and women. UNICEF (1990) reiterated this very fact citing that information on lending services is not well disseminated to reach women in different parts of the country.

The Kenya Government Plan of 1989-1993 period recognized the role of women in the development of the informal sector and emphasized that plans to support women in the informal businesses were underway. The plan urged that funding organizations must respond to special needs of women especially in reference to acquisition of funds. Kenya's Sessional Paper Number 2 of 1993 urged commercial banks to be considerate to women in pursuit of loans.

The increased awareness of women's financial constraints is manifested in the considerable effort to access finance to women by some assisting organizations in Kenya. There are a host of organizations that are playing this role.

Some of these organizations are gender biased for example The Kenya Women Finance Trust (K.W.F.T) geared towards assisting women exclusively. The Trust was formed out of an idea discussed at a conference for women in Mexico in 1975 which proposed the formation of the Women's World Bank for the purpose of availing funds for women all over the world.

The Kenya government responded by setting up the Women's Bureau in 1976, within the Ministry of Culture and Social Services to co-ordinate governmental and non-governmental women organizations dealing with women programmes and activities. At that time the Women's Bureau played the role of receiving funds from United Nations bodies and also the government, offering technical assistance to women and also training women in entrepreneurship skills.

K.W.F.T began in 1981 as a subsidiary of the Women's Bureau and took over some of the responsibilities of the Bureau. Since then, the K.W.F.T has been undertaking the roles of accessing financial credit to women through three basic approaches; The Biashara credit scheme, The Uaminifu credit scheme and the Barclays Bank of Kenya credit scheme (K.W.F.T, 1994).

The Trust also gives technical training to women in business and does follow-ups for businesses owned by their clients. The Trust is funded by a myriad of organizations including (K-REP), United States Aid for International Development (U.S.A.I.D), and International Fund for Agricultural Development (I.F.A.D.). Currently the organization has programs running in areas of Karatina, Kilifi, Malindi, Kwale and Nairobi which is a recent venture. (K.W.F.T 1994).

The Kenya Rural Enterprise Programme is another body that has been accessing credit to small scale enterprise since 1984. It was established as a U.S.A.I.D funded project by World Education Inc. an American private voluntary organization based in Boston (Mwaniki et al

1993). It was locally incorporated in Kenya in 1987 from when it adopted the local name K-REP in 1992.

The body aims at providing loans to individuals through groups and organizations. It provides financial and non-financial assistance to micro enterprises. It also provides training and technical assistance to small scale enterprises on consultancy basis. In addition, it enhances understanding of the dynamics of the small scale enterprise programs through research and evaluation (Mwaniki et al 1993).

K-REP has four main programs which are

- i) The *Juhudi* credit program
- ii) The Institutions credit program (*Chikola*)
- iii) Training and research
- iv) Evaluation programs.

The *Juhudi* credit was implemented in 1990 as a micro enterprise lending institution. The *Juhudi* credit program uses the Grameen bank principle which is a system of lending to micro entrepreneurs using peer group influence whereby borrowers exert pressure on each other to repay loans and provide each other with security through savings. However, financial assistance is given on a person to person basis and the amounts are relative to the individual's capability (Kabbucho 1993).

The criteria for selecting members is restrictive to small scale entrepreneurs using the following guidelines;

- i) Members must be *Jua-Kali* entrepreneurs who own or intend to own small/micro scale business with an estimated capital size of less than KShs. 250,000.
- ii) The enterprises must have less than 10 employees.
- iii) The members must be more than 18 years old.
- iv) They must be Kenyan citizens.

- v) Members in the group must not be relatives and must have commonness in similar economic activities or business location.
- vi) The members should not be full time employees and must abide by all the rules and regulations of *Juhudi* (Mwaniki et al 1993).

The *Chikola* credit programme is an institutional lending programme which avails credit to individuals through existing registered rotating savings and credit self help groups. The scheme was started in 1984. It was formed with an aim to upgrade institutional capacity of local N.G.Os to promote the Informal sector in form of loans, grants, training, and technical assistance. This service has recently been upgraded to include group owned enterprises or *Chikolas* also known as Rotating Savings and Credit Associations or (ROSCAS), *Jua Kali* associations and co-operatives (Mwaniki et. al. 1993).

The procedure of borrowing is such that a registered institution often a self help group applies for a loan for its members which is then disbursed to members in the group. The criteria for membership in a *Chikola* is as follows;

- i) A self help group (*Chikola*) must have been in existence for at least 1 year and it must be registered with the registrar general.
- ii) The regulation requires that members save 10% of the required loan amount.
- iii) Members in the *Chikola* co-guarantee each other.
- iv) Unlike in *Juhudi*, loans for the *Chikola* are disbursed by K-REP in favour of the institution rather than the individual.
- v) The members are able to get 25,000/= for first loan, 50,000/= for second and 100,000/= for third, this is higher than that allowed in *Juhudi*.

In addition to these two programmes, K-REP also trains and conducts research on micro business. Training is done on consultancy basis. For example members in the *Juhudi* programme may organize themselves and request an officer to train them in a group or they may send representatives to seminars and conferences organized by K-REP. In addition to this

prompt business counseling is done by credit officers as they visit the enterprises during their field work.

Research on micro enterprises is also a major concern of the body which has brought out the birth of a document centre for information on small scale industries in Kenya.

K-REP also conducts evaluation on Micro-enterprise lending. The growth of various lending institutions is monitored and recommendations given for more effectiveness. In addition to this K-REP also does internal evaluation of their own programmes for better implementation.

K-REP has maintained a stable programme owing to the good donor relations and accountability that renders it a very efficient funding organization for the micro enterprises.

2.5 AN OVERVIEW OF THEORETICAL PERSPECTIVES

From the literature discussed above, certain perspectives explaining women's performance in the informal sector have been considered. One framework has an economic orientation. The economic perspective attributes women's poor performance first to financial demands made on them at family levels. The general contention here is that women's competitiveness in the informal sector is halted by the many capital demands made on women for provision of family necessities (Nelson 1978). According to Hulme (1990) these capital demands are made worse by the 1980's S.A.Ps which weaken the women's abilities even further.

At a second level, the economic perspective explains that women's failure in businesses is closely tied to their inability to start remunerative business due to lack of capital. According to (UNIDO/G.O.K, 1991 and Mc Cormic 1992), women are unable to begin remunerative businesses which often require large amounts of capital. As a result they tend to be concentrated in the petty trading sub-sector where entry is easy and affordable but where returns are low.

Thirdly, the economic perspective explains that women's poor performance is an attribute of their limited access to credit especially with regard to commercial lending principles which require collateral before granting loans. It has been said that women do not own much property, (Watchel, 1974, Awour, 1992). Some statistics show that women though constituting half of the world's population, own only 1% of the world's property (Abbott 1990). In addition to this, many cultural attitudes do not allow women to inherit property Hulme, (1990). Thus women's economic deterioration can be attributed to inaccessibility to capital from loan giving organizations.

While the economic perspective provides a profound explanation to women's performance, evidence shows that economic handicaps are common to both men and women, (Awour, 1989; World Bank, 1988; UNIDO/GOK, 1991). The perspective seems to suggest that if economic problems are apprehended, women would perform well. Yet there are other factors which affect women's performance. This study aimed at unearthing these factors and determining to what extent they affect performance while considering the role of capital.

A second perspective that has been used in explaining women's poor performance is the socialization concept. Sociologists define socialization as the process of learning to act in ways appropriate to "our" roles. According to Stark (1992), most human societies draw sharp distinctions between male and female roles. These distinctions define the ways in which either sex is socialized.

Thus women are socialized first and foremost to undertake domestic roles. More emphasis is laid on these roles than any other. Women become more oriented to performing domestic roles and ill suited to business or any other work roles (Nelson 1978). Chodorow (1974) suggests further that this role socialization affects feminine personality and the relative status.

Another argument concerning socialization patterns is associated with formal education. It has been argued that women have had less access to formal education as compared to men, yet

education often acts as a prerequisite for better management of businesses (UNIDO/GOK 1991).

The socialization perspective though offering a plausible explanation for the performance of women does not address the circumstances of women who have had formal education and even specialized entrepreneurial skills but who continue to fair badly in the informal enterprise. This perspective presupposes that all women who have failed to be competitive in business have had low level of education or have better orientation to domestic roles and therefore perform poorly.

The third perspective focuses on motivation as a determinant factor in the performance of women in business. According to this perspective, motivation strongly influences performance. The contention here is that women are poorly motivated to excel in business because they would rather be in the formal waged sector. The formal sector greatly marginalizes women leaving the informal sector as the only open opportunity. This argument thus presupposes that women are in the informal sector as a second alternative (South commission, 1990).

This perspective overlooks situations of women who are in the informal sector by choice and whose aim is to excel in business but who still find themselves handicapped by other factors wrought by their circumstances. It seems to regard women as the sole population forming the community of the poor, going by House, (1983). These are the entrepreneurs who are poorly motivated to perform as they look for better chances in the waged sector. This study aimed at unveiling the obstacles facing women entrepreneurs in the informal sector. The women in consideration have made deliberate efforts to improve their enterprises by seeking loans. This shows that they have a desire to perform better in informal business but they find themselves handicapped by other factors not considered by this perspective.

A feminist perspective evaluates women's performance from a sexist point of view. Feminists argue against what is called 'biological determinism' a term used to show that women's roles

are naturally constructed (Anker, 1986; Abbott, 1990). According to this feminist explanation, women are disadvantaged in all spheres of life due to their natural roles of reproducing, mothering and rearing children. These roles are said to create real strain in women's lives, to absorb much of their energy and time thus diminishing their capacity to compete in any field. According to UNIDO/GOK (1991), maternal responsibilities are paramount in the lives of women and therefore business concerns come second.

Moreover it has been argued that women are perpetually under the system of patriarchy (domination by the male or rule by the father). This renders them poor competitors against stronger forces in the society (Hulme, 1990). In addition to this, women are accountable to men, they do not have control of what they earn and therefore have no upper role in the running of the business. These issues heavily cripple women's performance in their businesses.

The feminist perspective though raising important considerations does not address the circumstances of women whose lives do not revolve around mothering or rearing children. It presupposes all women performing poorly have children. The argument on patriarchy does not clearly fit into the picture of a business environment where other forces are at play and where both men and women stand out as strugglers.

The perspective used to explain women's performance in the informal sector would seem to suggest that women will always be unsuccessful in business due to their powerlessness. The present study aimed at showing important constraints facing women entrepreneurs and how such constraints are related to their general circumstances. It is the contention of feminist theories that women are highly discriminated against in the credit seeking procedures. While this may not be negated, it is beyond the framework of this study which aimed at identifying the constraints common to women who have gained access to credit and who continue to face business constraints in their enterprises.

The conflict model has also been used to explain women's performance in informal business. This perspective presupposes that women perform poorly due to the conflicting roles they shoulder both at societal and family levels. According to this perspective, changes in the society necessitate changes in individual roles. Changes in the participation of women in the informal sector are reflections of changes in the whole society where competition, struggle and poverty prevail.

Women's involvement in the informal sector is a residual of change which makes it necessary for women to have an income in order to supplement the family income. In businesses women combine multiple roles first as mothers and keepers of their families, then as business women. The conflict model explains the process of change and development. Women's participation in the informal sector is today considered as part and parcel of the overall developmental process. Women are thus disadvantaged since they have to combine these essential roles. According to UNIDO/GOK (1991), women's lives embody multiple roles which cannot allow for accumulation of capital in their entrepreneurial pursuits. This makes them weak in the general struggle for gainful business.

2.6 THEORETICAL FRAMEWORK

In the literature review, certain perspectives that attempt to explain the performance of women in the informal enterprises have been considered. It has been pointed out that some of these perspectives do not provide a sustainable explanation regarding the performance of women as entrepreneurs. While taking into account the aspects that arise from socialization and economic status, the present study adopts the conflict model which would allow understanding of the problems that women experience from a combination of the multiple roles that they handle.

Coser (1956) views conflict from a micro level. At the micro level, conflicts arise because of personal goals, values or interests. Applied to the study, the Conflict model had great potential in explaining performance of women and factors hindering their progress. The importance of

this perspective is its prediction that changes in gender roles in the society are brought by changes in economic structure. Increasing demands for women to earn income have led to their increased participation in the informal sector while not changing their prevailing family roles and obligations.

While carrying out their entrepreneurial activities, women perform domestic roles which include mothering and rearing of children. These roles are inherently incompatible with one another. Thus women in the informal sector experience role strain. Role conflicts brought about by requirements of business operations and family responsibilities for women can be explained as conflicts arising from social and economic demands. According to Coser (1983), such role conflict is a product of status inconsistency.

At the family level, women find themselves more involved in managing the everyday family demands because culture defines gender roles as distinctly different (Stark, 1992). Furthermore, the household division of labour is such that child care and domestic work are the responsibilities of women. In the modern family, economy dictates that women work to provide for basic necessities in the family (Anker, 1986). In addition to everyday business concerns women in business lack time due to the multiple roles they perform as mothers. UNIDO/GOK (1991) states;

“Traditional delineation of labour persists with women assuming the entire responsibility for child care and largest share of family welfare in the provision of food water, maintenance and fuelwood for the homestead (pg. 33)”

Child bearing and rearing limits their involvement and therefore success in the small scale enterprises. Most women have to result to role bargaining whereby they concentrate on the more important role which is often their primary rearing and caring for their families.

The situation is worse for those women who are heads of families. Studies show that more women are becoming heads of families. Statistics show that 31% of families in Nairobi are headed by women (Chapman, 1981), 1/3 of rural households in Kenya are headed by women (ECA/TRCW, 1980), and 32% of households in Kenya are headed by women (UNIDO/GOK, 1991).

This means that the number of women who bear full responsibility for the support of their children and themselves and often of the older members of their families is increasing and thus as N.G.O Forum '85' asserts;

“The heavy burden shelved by women in managing the family affairs makes it difficult for women to participate effectively in economic activities (pg. 10)”

Therefore it is not enough to label women as equal and competing partners with men even in the informal sector because underlying women's very circumstances are basic differences and conflicts in roles and commitments that need a serious address and which constrains women's effort to pursue competitive entrepreneurship.

2.7 HYPOTHESES

From the literature review and theoretical perspective examined arise certain hypotheses based on the premise that women's performance in the informal business is not only a factor of their economic status but also of conflicting roles and economic commitments. The hypotheses to be examined concern the effect of these on women's performance in the informal sector enterprises. Three specific hypotheses to be examined are;

1. The socio-economic characteristics of the women entrepreneurs will influence their performance in their informal enterprises.

2. The family characteristics of the women will influence their performance in their informal enterprises.

1.1 RESEARCH METHODOLOGY

3. Family household financial requirements will influence performance of women involved in the informal sector enterprises.

(For operational definitions of the variables, see pg. 37)

The study was conducted in Nairobi area. Nairobi was selected because it has a diversity of informal activities being the capital city, and because the area has the largest number of people involved in the informal activities. Nairobi area also has a variety of active bodies organizing and training women entrepreneurs in the informal sector compared to other towns. In addition, Nairobi area also harbours a diversity of people from different parts of Kenya, a fact which enhanced representativeness and removes bias resulting from basic differences in people's backgrounds. In addition to that, it was important for this study to select a sample from a sustainable long existing programme in an urban area. KREPP has been in existence in Nairobi for over 5 years as opposed to other areas. This period allowed for the assessment of the credit programme and the growth of the enterprises.

1.2 POPULATION AND SAMPLE

The population targeted for this study were women currently conducting informal businesses and who had been recipients of technical or financial assistance from an aiding organization. This selection was necessary first because the study is focused on women and secondly because the study intends to single out the determinants of performance when access to finance is held constant. The study assumed the view that women who were recipients of financial and technical assistance had had their capital and skill needs taken care of and this helped illuminate the role of the other constraints accruing from women's background characteristics and status.

The development assisting agency was selected to provide a sample frame which is "The Kenya Rural Enterprise Programme".

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 STUDY AREA

The study was conducted in Nairobi area. Nairobi was selected because it has a diversity of informal activities being the capital city, and because the area has the largest number of people involved in the informal activities. Nairobi area also has a variety of active bodies organizing and assisting women entrepreneurs in the informal sector compared to other towns. In addition, Nairobi area also harbours a diversity of people from different parts of Kenya, a fact which enhanced representativeness and removes bias accruing from basic differences in people's backgrounds. In addition to this, it was important for this study to select a sample from a sustainable long existing programme in an urban area. K.R.E.P had been in existence in Nairobi for over 5 years as opposed to other areas. This period allowed for the assessment of the credit programme and the growth of the enterprises.

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One development assisting agency was selected to provide a sample frame which is " The Kenya-Rural Enterprise Programme".

Previously, the Kenya Women Finance Trust had been selected for this purpose but was considered unsuitable because its Nairobi credit program was only a year old which was not ample time for a stable programme in the lending exercise to be effected and for evaluating performance.

The researcher's consideration for K-REP was based on the length of time it has been in operation within Nairobi which is 5 years and the stability of its credit program which can be said to be nearly perfect owing to the strong donor ties and recognition the body has had. The organization has two Area Offices in Nairobi area namely the West Nairobi and East Nairobi areas. The organization has two types of lending programmes. One of these is the institutional based programme where K-REP lends to other institutions and organisations who in turn lend to entrepreneurs. It is commonly known as the *Chikola* credit scheme. The second scheme is known as the *Juhudi* credit scheme which lends to individual entrepreneurs using the peer group pressure system. For the purpose of the study, *Juhudi* was suitable because it deals with individual enterprises and is directly administered by K-REP.

The West Nairobi area was selected for this purpose using a judgmental sampling procedure based on the fact that the East Nairobi area encompasses such areas as Thika, Machakos and Kajiado which can not be said to be part of the Nairobi urban area. The West Nairobi area office caters for such areas as Kawangware, Uthiru, Kangemi, Westlands, Ngara, and Dagorretti which were selected using the random sampling method.

Credit officers directly in contact with the women entrepreneurs in the above named areas also formed part of the population for the study for the purposes of providing additional data on the performance of women in their programme.

3.3 SAMPLING PROCEDURE

There are two kinds of sampling procedures. One is the Probabilistic sampling where each unit has an equal chance of selection and non-probabilistic sampling where some units have a higher chance of selection than others. According to Piel (1982) probability sampling effects representatives.

In this case probabilistic sampling procedure was employed. Registration lists of members were sought from the credit officer in the Nairobi West *Juhudi* programme. The lists given had both male and female entrepreneurs and the researcher had to classify them according to sex in order to design a sampling frame. The total women population obtained was 319. The second step involved listing the members and numbering them, then designing a sampling fraction and selecting the K^{th} unit. The value of K was 5. The sample size used for this study was 70 cases.

3.4 RESEARCH DESIGN

The research design was mainly survey; the researcher used both content analysis and survey method.

3.4.1 Content Analysis.

Primary data for the period ranging from 1990 to 1995 was collected from the existing records and evaluation reports which were available from the organization's library. These provided information regarding credit giving procedures, repayment systems, types of enterprises funded and general performance. Data regarding some characteristics of women in the program and business progress management was sought from their personal business records and then analyzed. (See appendix 3 for details).

3.4.2 Structured Interview

The structured interview method was used as the main instrument. The structured questionnaire is time saving and has less response variation making it easier for data coding and tabulation (Nachmias and Nachmias, 1981). It was administered to the selected women entrepreneurs first to isolate characteristics that were important in meeting basic objectives and secondly to help determine how these characteristics influenced the performance of the business.

This method brought out personal, opinions, attitudes that content analysis method could not facilitate. The interview dwelt on questions regarding family characteristics which included marital status, family size, family responsibilities or roles and family stability. It also dwelt on issues of business performance.

The four point likert scales type was used for opinion questions to avoid the central tendency of respondents opting for the middle responses. This system enhanced coding and analysis. Most questions were closed ended so as to save time and reduce vagueness. The researcher translated all questions in the interview schedule into the Kiswahili language with the consideration in mind that the majority of informal business entrepreneurs may not fully understand English.

Before the actual survey, a pre-test survey was carried out to determine clarity of questions in the questionnaire and to eliminate questions that were sensitive and whose answers appeared ambiguous. The pre-test gave a general and possible improvement in the whole exercise to effect reliability and validity of collected data. The researcher selected at random 10 cases not included in the actual sample for the purpose of the pre-test.

For details of the structured interview, see Appendix 1.

3.4.3 QUESTIONNAIRE

A self administered questionnaire was also completed by the 8 Credit officers directly facilitating the loan programme and who were in direct contact with the women entrepreneurs. The data collected gave a general overview of the performance of women businesses and possible reasons for the standard of their performance. This questionnaire also generated information regarding the running of the credit programme under study. All the 8 officers in the credit programme in the West Nairobi area completed the questionnaire.

For details see Appendix 2.

In addition to this, the researcher also employed participatory observation and group discussions as a supplementary method of eliciting particular sensitive information. See Appendix 3 for details.

3.4.4 VARIABLES

INDEPENDENT VARIABLES

The independent variables considered were;

Socio-economic characteristics

1. Initial capital
Measured on interval scale.
2. Credit level
Measured on interval scale.
3. Education background
Measured on ordinal scale with regard to particular education level reached.

Family characteristics

4. Marital status- measured on nominal scale.
5. Family financial obligations.

- Measured on interval scale in terms of average monthly expenditure on domestic requirements.
6. Family size.
Measured on interval scale in terms of number of children/dependents for respondent.
7. Family roles.
Measured on interval scale in terms of hours spent in domestic labour and child age.
8. Family stability
Measured on interval scale in terms of duration married and percentage contribution of spouse to domestic expenditure.

DEPENDENT VARIABLES

Performance indicators

1. Volume of sales
Measured on interval scale in terms of average daily sales.
2. Capital accumulation
measured on interval scale in terms of capital accumulated from the beginning of business to the present computed as present capital assets minus initial capital.
3. Level of profit
Measured on interval scale in terms of average monthly profits made.
4. Management improvement
Measured on ordinal scale in terms of improved management techniques over time with regard to record-keeping, accounting, banking and auditing.
5. Additions in employees.
Measured on interval scale in terms of current number of employees in the enterprise.
6. Rate of increase in employees
Measured in terms of percentage of increase of workers for the period of business existence.

INTERVENING VARIABLES

Certain variables may be said to affect the relationship between dependent and independent variable. The strength of these variables was also examined in the analysis. Intervening variable considered included;

Extraneous factors

1. Spouse income.
Measured on interval scale in terms of monthly salary.
2. Additional income.
Measured on interval scale in terms of monthly income from other employment.
3. Years in business measured on interval scale.
4. Age of entrepreneur measured on interval scale.

3.5 DATA COLLECTION

The researcher obtained directions and location details of the women in the sample from the officials of the organization and proceeded to visit them during working hours. Where necessary the researcher was accompanied by the credit officer who gave a brief introduction to the entrepreneurs and explained the purpose of the research in order to gain their confidence. The researcher took time to speak with each person in the sample at a time. For the purpose of content analysis, the researcher visited the K-REP offices and library occasionally in order to obtain first hand information from such materials as evaluation reports and other materials that provided more details for the study. In addition to this, the researcher also organized and held group discussions with the women entrepreneurs with the help of the credit officers in order to supplement information from the other instruments (See appendix 3).

3.6 DATA ANALYSIS

Analysis was carried out using both qualitative and quantitative data. For data on characteristics of women, type of enterprises and their performance, frequencies, percentages and descriptive analysis were used.

Relationships between performance and socio-economic as well as family characteristics were examined using correlation techniques namely regression analysis and correlation ratio. This analysis was done using the Statistical Package for Social Sciences computer program.

Where indicators of family characteristics of the respondents were measured on a nominal or ordinal scale, the correlation ratio (or Eta) was used to examine the impact of those aspects on performance. Eta makes separate prediction of the mean of the dependent variables within categories of the independent variable (Lothar, 1974). It indicates how dissimilar the means on the dependent variable are within the categories of the independent (Norusis, 1995). The coefficient of Eta ranges from 0-1, with 0 indicating absence of any impact and 1 indicating the highest possible impact in any association between variables.

Regression analysis was used where both characteristics of the respondents and performance were measured at interval level. In regression analysis the direction of the impact is indicated by a positive (+) or a negative(-) signs. The coefficient indicates the degree of association or (influence) between two or more variables and its magnitude ranges from +1 to -1. When r is +1, it reflects a perfect relationship, when 0 it reflects absence of association and when it is -1, it reflects a negative influence. The coefficient r^2 represents the degree of association in terms of variance explained without indicating direction. The magnitude of r^2 is usually 0-1. In this case, where r is closer to 1, the higher the variation explained in performance indicators by either socio-economic or family characteristics. For the purpose of this study Regression analysis was adopted as it is a suitable measure where both indicators of performance and socio-economic/family characteristics were measured at interval level.

The two measures of association were used because resulting coefficients are interpreted in the same way and are comparable. Hence the two measures can be compared directly and are a useful tools for making inferences about nature of associations (Blalock, 1972; Kelinger, 1973, Mueller, 1977). In addition, the resultant coefficient of r^2 and Eta^2 are directly translated as % of variance explained by multiplying by 100 (Kelinger, 1973).

Multiple regression was used to measure joint impact of the socio-economic and family aspects on indicators on performance. Multiple regression analysis indicates the multiple correlation between a set of independent variables on one dependent variable while controlling for individual effects. It is therefore a useful tool in examining the effects of a set of independent variables, (Kelinger 1973, Mueller, 1977). The coefficient for multiple regression is R and its squared sum is termed R^2 , indicating proportion of variation in performance indicator explained by socio-economic and family aspects in this case.

In order to identify single and joint effects of variables, the stepwise multiple regression method was used. This method is useful in controlling the order of importance with respect to aspects that give the highest possible explanation of variance on the dependent variable. By using stepwise method the best set of independent variables that have the greatest impact on performance are identified. The Procedure involves giving priority socio-economic or family aspects that has the greatest impact on performance (notably the highest coefficient) followed by the one that has the next highest impact until those with negligible impact (coefficient close to zero) have been identified (Kelinger, 1973; Blalock, 1976).

Finally, statistical data was analysed at the Alpha ($\alpha \leq 0.05$) level of significance. This is the common accepted value of α . The smaller the α , the greater the confidence in the observed results. An alpha level $\alpha \leq 0.05$ allows for 95% confidence in the results with a possibility of a 5% error or less. (Muller, 1977).

CHAPTER FOUR

DATA ANALYSIS

This chapter presents the description of the sampled enterprises, family and socio-economic characteristics of the entrepreneurs and their association with enterprise performance.

4.1 BACKGROUND TO THE SAMPLE

The sample for the study was drawn from a master list of women enterprises under the *Juhudi* credit scheme of K-REP programme. The list had 319 enterprises all from the West Nairobi area and 70 enterprises were selected for the study using a random sampling method.

As indicated in table 4.1 below, the percentage representation of each area in the sample was as follows;

Table 4.1 Sub samples drawn from Locations in West Nairobi area

Place	Number	Percent
Kangemi	25	35.7
Dagoretti	14	20.0
Kawangware	9	12.9
Ngara	9	12.9
Westlands	8	11.4
Uthiru	5	7.1
Total	70	100.0

Kangemi 35.7%, Uthiru 7.1%, Westlands 11.4%, Kawangware 12.9%, Dagoretti 20% and Ngara 12.9%.

No marked differences existed among the areas sampled in terms of population density, business types or market though Westlands area showed evidence of more lucrative business and higher prices of some goods. This close homogeneity in the areas allows for the generalization that any differences in performance cannot be attributed to differences in the location of business.

The sampled enterprises, table 4.2 below, engaged in 13 varied types of business activities. The most common business activities was tailoring (20%), Second hand clothes "Mitumba" (12.9%), and general Kiosks (10%).

Table 4.2 Type of businesses represented by members in the sample

Type	Number	Percent
tailoring embroidery	14	20.0
mitumba (second hand clothing)	9	12.9
other	8	11.4
vegetables and fruit	7	10.0
retail shop kiosk	7	10.0
food kiosk hotel	7	10.0
knitting	4	5.7
cereals and foods	4	5.7
saloon beauty products	3	4.3
charcoal paraffin	2	2.9
household goods	2	2.9
boutique	1	1.4
Curios handcrafts	1	1.4
wholesale trade	1	1.4
Total	70	100.0

As expected, these business activities are easily accessible to those with low capital level and skill investment. They are predominantly trade ventures. These data are consistent with the findings by Oketch (1991) who reported that women were basically concentrated in trade rather than service or manufacturing. According to Mc Cormic (1992), the reason for this concentration is lack of adequate starting capital and apprentice skills.

Supplementary data from the credit officers of K-rep provided similar information and ranked the most common businesses in this order; vegetables and fruits followed by second hand clothing, retail shops and kiosks ranked third, tailoring and embroidery was fourth followed by cereals and other foods, saloon and beauty products was ranked sixth while boutiques and clothes was ranked seventh, household goods eight and chackaol and paraffin was ninth.

As stated above, an important aspect of entrepreneurial activity is the source of capital. As presented in table 4.3 below, the most common source of capital was previous employment (47.1%).

Table 4.3 Distribution of the samples according to sources of initial capital

Source	Number	Percent
employment	33	47.1
from husband	23	32.8
relatives and friend	7	10.0
group savings	2	2.9
loan	3	4.3
	2	2.9
Total	70	100.0

Other sources of capital include spouses (32.9%) and relatives (10%). Notably, none of the enterprises was inherited or benefited from inherited savings meaning that the entrepreneurs made deliberate effort of acquire funds to begin their enterprises.

The data is consistent with Oketch (1991) who found out that women entrepreneurs have shifted from starting business activities with family gifts to the use of savings from previous employment. These results are also consistent with World Bank (1989) whose findings were that most start up capital for informal business were obtained from personal or family savings.

However, these findings differ from Watchel (1974) who found out that most women had started their business with backing from spouses. This could reflect a shift in the reliance of women on earning from their husbands due to urbanization and the necessity for women to generate their own incomes in order to supplement family income.

Most of the responding entrepreneurs were employed before they began their business as indicated by responses recorded in table 4.4 below. Previous employment has two important aspects namely source of capital and skills. As reflected in table 4.5, most of the women entrepreneurs (54.3%) had formal employment prior to beginning business.

Table 4.4 Occupation of respondents before starting business

Occupation	Number	Percent
employed	38	54.3
unemployed	25	35.7
farming	4	5.7
others	3	4.3
Total	70	100.00

The findings are also consistent with Awour (1989) who found out that 75% of women in her sample were formally employed before they began their business. More importantly, the findings tell that micro-enterprises are being taken to have equal or better potential as formal employment. This is particularly interesting in light of House (1983) who observed that micro-enterprises served as a stop-gap measure while waiting for formal employment.

The reasons given for the choice of business career were recorded in table 4.5

Table 4.5 Reasons for choice of business career

Reason	Number	Percent
better remuneration	17	24.2
improve family income	13	18.6
circumstances	10	14.3
flexibility, security	10	14.3
interest in business	9	12.9
independence, reliance	8	11.4
husband decision	3	4.3
Total	70	100.0

The data show that most of the entrepreneurs had started their businesses with the hope that they will prove more remunerative and would provide security and improve family income. Thus they fall in the group identified as the intermediate sector (House, 1983).

According to House, this group of informal entrepreneurs join the informal sector by choice and endeavor to improve their living standards as opposed to the community of the poor who enter the informal sector while waiting for opportunities in the formal sector.

Most of the entrepreneurs (57%) joined the K-REP credit scheme in 1994. More important, over 85% of them had been with the programme for about 2 years. Such a period is important in assessing business stability and performance.

Table 4.6 Year respondent joined the credit programme

Year	Number	Percent
1992	1	1.4
1993	19	27.2
1994	40	57.1
1995	10	14.3
Total	70	100.0

From this background section, we can summarize that the large portion of the sample were engaged in trade. Most of the women in the sample had acquired the initial capital from former employment while a few had obtained initial capital from the spouses. The majority of the women in the sample were employed before beginning their businesses and most had opted to begin business because they thought there were better prospects. In addition, most of the women had been in the business aiding programme for over 2 years.

With this background, the following section presents analysis of data with a view of meeting the objectives of this study and to test the hypotheses. The analysis involves examining

characteristics of the entrepreneur that were anticipated to have influence on the performance of women enterprises and to test the hypothesis how these characteristics have had influence on the performance indicators.

4.2 CHARACTERISTICS OF WOMEN ENTREPRENEURS

The socio-economic and family characteristics of the women entrepreneurs that are examined in this section are; initial capital, credit level, education background, the family financial obligations, marital status, family size, family roles and family stability.

It is important to note that the data are presented in grouped form due to the bulkiness of presenting actual figures. However the statistics given are drawn from the ungrouped data. In addition, the analysis that follows is also from actual data.

4.2.1 Initial investment

One of the socio-economic characteristics that was examined in this study was initial capital. Initial capital is important in that it determines the trend and growth of a business. It also determines mode of selling/service giving which is useful as a measure of performance. A strong capital base at the beginning of a business will determine the choice of business and the targeted market (UNICEF, 1990).

The grouped distribution of amounts of initial capital used to start the business is presented in table 4.7 below. Actual data shows that the amount of initial capital at the beginning of the business ranged from Kshs. 100 to Kshs. 200,000 in which 50% of the respondents had began their business with under 5000/= and 80% with under 10000/=. Actual figures showed that the average amount was Kshs. 13,975. Most of the respondents had started with 5000/=.

Table 4.7 Amount of initial capital in Kshs.

Kshs.	Number	percent
0-9999	16	22.9
1000-9999	32	45.7
10000-19999	12	17.1
20000-29999	3	4.3
30000-39999	0	0.0
40000 & Over	7	10.0
Total	70	100.0

These data are consistent with Kerre (1995) who reported that most of the women started with under Kshs. 5000/= . The data are also consistent with Oketch (1991) whose findings show that the average starting capital was 4,736/= Kshs. This is also consistent with the definition of the informal businesses because they are defined as having a small capital base Todaro, (1985).

4.2.2 Levels of credit given

Another socio-economic characteristic that was considered in this study was credit level. The study found out that the amounts given by the funding organization differed among the enterprises. As with the initial capital, the level of credit can determine the size of the business and its sustainability both stock wise and in nature of selling.

The average loan amount was Kshs. 68000/=. Most of the enterprises had loans of Kshs. 50,000 while the total amounts ranged from Kshs. 10,000/= to 220,000/=. The table 4.8 shows the distribution of loan amounts given in grouped form.

Table 4.8 Total credit given to respondents

Total Loan in Kshs.	number	percent
10000-49000	22	31.4
50000-99000	35	50.0
100000-149000	7	10.0
150000-199000	3	4.3
200000-250000	3	4.3
Total	70	100.0

4.2.3 The educational background

Another important socio-economic characteristic that was considered is educational background. It has been argued and reported that education will influence performance, (UNIDO/GOK, 1991).

The argument is that education can determine the ability of adoption of new technologies and management procedures which are necessary for the growth of a business enterprise. Business management requires some background knowledge of book keeping and accounting. Education can determine the rate at which these two are applied and therefore performance. In addition to this, growth from informal to formal business means an increase of written transactions, licensing and sub-contracting with large firms (House, 1981).

The data presented in table 4.9 indicates that 32.9% of women entrepreneurs had primary education, Most of them 54.3% had at least some secondary education and 12.8% had some college education.

Table 4.9 Educational background of respondents

Education	Number	Percent
primary school	23	32.9
Secondary school	38	54.3
college	9	12.8
Total	70	100.00

In general, the data shows that these women entrepreneurs had some form of education. This data are consistent with Mwatha (1990) who concluded that women venturing in micro-business were not lacking in formal education. This however contradicts Kerre (1995) who indicated that 23.9% of the women had no formal education.

This inconsistency can be understood because this sample was drawn from entrepreneurs who were under a credit programme. One persistent argument according to UNICEF (1990) has been that lack of education restraints women from seeking credit from financial agencies. This is consistent with the observation in the present study that most of these credit based entrepreneurs had some education.

4.2.4 Domestic Financial obligations

Another concern of the study was the family financial obligations of the respondents. It has been argued repeatedly, that the case of women financial expenditure on the family affects the performance of their enterprises, (UNICEF, 1990). It was important to consider family spending because it could affect capital input into the business and the handling of output capital both of which may affect the trend of the business (House, 1981, Mwatha 1990).

Family financial expenditure was examined by the monetary expenditure on family necessities for example, clothing, food and school fees. According to the data, the average amount spent in domestic obligation was 10497/= per month. However most of the women spent 3,700/=. The total expenditure ranged from 0 to 36150/=. The table below shows this distribution in grouped form.

Table 4.10 Average levels of domestic expenditure per month for respondents

Monthly expenditure in kshs.	Number	Percent
0-999	41	58.5
10000-19999	23	32.9
20000-29999	3	4.3
30000-49999	3	4.3
Total	70	100.00

4.2.5 Marital status

Marital status was one family characteristic examined in the study because of the argument that it influences the amount of involvement in economic activities particularly for women. Entry to marriage brings with it certain responsibilities and expectations for and on women (in any society).

The data on table 4.11 below indicates that most of the respondents 64.3% were married, 17.1% were single, 4.3% separated, 7.2% divorced and 7.2% widowed.

Table 4.11 The Marital status of women in the sampled enterprises.

Marital Status	Number	percent
married	45	64.3
single	12	17.2
divorced	5	7.1
widowed	5	7.1
Separated	3	4.3
Total	70	100.00

Table 4.11 shows that most respondents were married. This may be due to the fact that married women tend to have more responsibilities and hence the need to seek income generating activities more than the unmarried. However, this is not conclusive since other factors may influence the pursuit of income for women.

These data are consistent with those of Mwatha (1990) who reported in her study that married women constituted more than 50% of her sample. In the study by Mwatha single women made the second highest group, which is also the case in this study. A study by Kerre et. al (1995)

also found out that married women composed a higher percentage while divorced women composed the lowest. Oketch (1991) also found out that 80% of the clients were married which is consistent with this study.

4.2.6 Family size

Family size was also measured as the number of dependents in a household. Family size was examined because of its potential to influence the cost of living for a family and the amount of responsibilities. The number of children was used as one indicator of family size. As shown by the data on table 4.12, number of children ranged from 1-7. Most of the women (22.9%) had 3 children, however a total of 5 women had no children. Table 4.12 illustrates these findings.

Table 4.12 Number of children for respondents in the sample.

Number of children	frequency	Percent
0	5	7.1
1	13	18.6
2	12	17.1
3	16	22.9
4	13	18.6
5	7	10.0
6	3	4.3
7	1	1.4
Total	70	100.0

mode= 3 Range= 7 std. dev.=1.6

Mwatha (1990) also had similar findings from which the average number of children per respondent was 4. In addition, Oketch (1991) reported that the typical borrower had around 5 dependents. The characteristics of this sample are therefore not substantially different from previous studies.

Family size was also measured by the number of dependents in a household. The data on table 4.13 shows that there were more women who had no dependents than those with children (see table 4.12). This means that their children had either grown above the age of dependency or that the women were not directly responsible for bringing up their children.

Table 4.13 Number of dependents for the respondents in the sample.

Number of dependents	frequency	Percent
0	12	17.1
1	12	17.1
2	9	12.9
3	11	15.7
4	10	14.3
5	7	10.0
6	6	8.6
8	1	1.4
9	2	2.9
Total	70	100.0

mode=0 Range=9 std. dev.= 2.2

4.2.7 Family roles

As reported by UNICEF (1990) the greater the roles for women, the greater the demand on their financial resources and time.

The conventional argument is that as children grow responsibilities increase. The age of the children was used as an indicator for the family roles. The average age for children was 13.2 and the mode 10.00 , the range was 1-38. Table 4.14 illustrates these findings.

Table 4.14 Average child age for respondents

Age	Number	Percent
0-5	16	22.9
6-13	21	30.0
14-18	15	21.4
19-23	70	10.0
24-40	11	15.7
Total	70	100.00

Another indicator of family roles was the hours spent in domestic duties. The duration spent in domestic labour was important because of the argument that it determines time devoted to the enterprise.

The data indicates that respondents in the sample spent between 0 and 7 hours in domestic duties. Most of them (27.1) spent on average a total of 2 hours. However about 8 women spent 0 hours in domestic duties. This state though unusual can be explained by the fact that with involvement of more women in the labour market, househelp employment has become

common. Most women have to rise quite early in order to be able to buy goods cheaply and they have to close their businesses quite late in order to capture the evening business boom. In addition to this, many women had problems determining how many hours they spent in either domestic or business because they often combined both.

The group discussion showed that women admitted to having time difficulties due to these roles.

Table 4.15 hours spent in domestic labour by respondents.

Hours	Number	Percent
0	8	11.4
1	16	22.9
2	19	27.1
3	12	17.1
4	10	14.3
5	3	4.3
7	2	2.9
Total	70	100.0

Mean= 2.27 Mode= 2 std. dev.=1.5 Range=7

For the purposes of comparison, hours spent in business were also examined with the average being 6.4 compared to that of hours spent in domestic duties which is 2.2. It can therefore be concluded that many women spent more of their time in business than domestic duties.

However, according to Anker (1986) women choose to undertake informal business because its easily combinable with domestic roles for example child care. Peil (1975) also reports that women's confinement in the sector is not only due to discrimination in the formal sector but also because they have to find ways to balance their income generation with domestic labour and child care. According to the group discussion many women reported combining both these roles or performing them simultaneously.

4.2.8 Family stability

According to Anker (1986) consensual unions and marital instability are increasing. Further, marital instability brings about less support and more responsibility for women. The length of time in a marriage is said to be a good indicator of family instability, (Rodney, 1992). In this study, family instability was indicated by the duration of marriage for spouses in years. Out of 70 respondents, 25 were not married.

The data indicated that of the 45 married women, duration of marriage ranged from 1 to 27 years (In cases of less than 1 year, duration of marriage was rounded to 1). Actual statistics showed that the average years in marriage was 12.3.

Table 4.16 Duration of marriage in years for respondents

duration of marriage (years)	Number	Percent
1-9	19	42.2
10-19	19	42.2
20-29	7	15.6
Total	45	100.

25 cases were not married.

Kerre et al (1995) found out that more than 50% of the women in his study complained about lack of support from their spouses and thus more difficulties in their businesses. Findings from the group discussion showed that some women were not happy about their spouses lack of support in their businesses.

Another indicator of family stability was the financial contribution of the spouse towards domestic roles. It has been argued that women suffer from lack of financial support by spouses especially where marriages are not stable (ECA/TRCW, 1980). Thus stability was assessed in terms of percentage contribution of spouse to the domestic expenditure of selected main essentials of the family. The data presented in table 4.17 shows that 46% of the women got financial support from spouses. This support amounted to less than 10% of the total domestic budget thus 67% got assistance of less than 50% and hence contributed more than 50% to domestic expenditure. However, 15% of the women got more than 50% contribution while another 15% got more than 100% contribution from their spouse. Actual figures show that the average contribution by spouse for the sample was 47.2%, the mode was 0. In conclusion, these findings are consistent with (UNIDO/G.O.K 1991) who concluded that most women tended to shoulder a larger proportion of domestic spending.

Table 4.17 Percentage contribution of spouse to domestic expenditure among respondents

Spouse Percentage contribution	Number	Percent
0-9%	32	46.5
10-49%	15	21.7
50-99%	1	1.5
over 100%	11	15.9
Total	69	100.0

1 case did not respond.

4.3 PERFORMANCE OF ENTERPRISES

As already stated, performance was defined as volume of sales, rate of capital accumulation, rate of increase in profit, improvement in management practices, number of employees, number of employees and rate of increase in employees.

4.3.1 Sales

Table 4.18 shows a summarized distribution of volume of sales across the sample. Actual data showed that about 50% of the sample made sales below 1500/= a day, over 90% made sales below 10000/= per day while only about 3% made sales of over 15000/= per day. The sales per day ranged from Kshs. 200 to Kshs. 30,000 and the average amount of sales made was Kshs. 2,724. Most of the women made sales amounting to 1000/= per day.

Table 4.18 Daily sales in Kshs.

Daily sales in Kshs.	Number	Percent
1-999	20	29.4
1000-2999	30	44.1
3000-9999	15	22.1
10000-39999	3	4.4
Total	68	100.0

2 did not respond.

In his study, Oketch (1991) reported that the mean monthly sales was 14,543/= which is way below that in this study. This can be explained by the fact that his study was done in Kibera area most of which is a slum area and where living standards are lower and businesses are poorer.

4.3.2 Profit level

Another indicator of performance in this study was profit level. It was measured on a daily basis. The data in table 4.19 indicates that daily profit ranged from 100 to 5000 Kshs. About 65% of the respondents made daily profits of under 500/=, 87% made daily profits below 1001/= while only about 6% made profits over 1001/= and none made profits of over 5000/= per day. The average daily profit was Kshs. 763/= .

Table 4.19 Daily profit

Profit in Kshs.	Frequency	Percent
100	7	10.6
150	2	3.0
200	11	16.7
250	3	4.5
260	1	1.5
300	6	9.1
350	1	1.5
400	1	1.5
500	10	15.2
800	4	6.1
900	1	1.5
1000	10	15.2
2000	5	7.6
2500	1	1.5
3000	1	1.5
4000	1	1.5
5000	1	1.5
Total	66	100.0
Mean	3.030	Std dev.922.5
		Range 4900

These findings are consistent with those of Mwatha (1990) who found out that most women made profits between 2000/= and 3900/= a month.

4.3.3 Growth in capital

Capital accumulation hereby defined as the growth in capital for the enterprise since it began was used as another indicator of performance. It was determined by subtracting the initial capital from the current capital asset. Table 4.20 below shows that the capital accumulation ranged from 0 to 500000 kshs. Actual data shows that the average capital accumulated was 44,257 Kshs.

Table 4.20 Capital accumulation

Capital in Kshs.	number	Percent
0-19999	23	32.8
20000-39999	23	32.8
40000-59999	10	14.4
60000-79999	4	5.7
80000-99999	4	5.7
100000-499,600	6	8.6
Total	70	100.0

Mc Cormic (1992) reported that women accumulated high capital in their informal businesses.

In this case, this average may have been determined by restriction in the *Juhudi* membership whereby members funded are those whose capital assets do not exceed 250,000/=.

4.3.4 Adoption of improved management techniques

Adoption of improved management techniques was used as an indicator of performance. Management is important in the growth of business because it reflects how capital is handled, planning and investment in any enterprise.

One of the techniques is the way business books are maintained.

Table 4.21 Frequency of record-keeping

Scale	number	Percent
Very often	48	68.6
often	1	1.4
sometimes	7	10.0
never	14	20.0
Total	70	100.0

The data shows that there was some adoption of record keeping in business management. From the study 70% of the enterprises often kept records, 10% kept records sometimes and 29% did not keep records at all. These findings are consistent with Mc Cormic (1988) who found out that 54% of women in her study kept records. They show an improvement from Watchel (1974) study where 57% of women in her study did not keep records. This can be accounted for by the increased participation of women in education and training.

Another business management procedure considered in this study was accounting.

Table 4.22 Frequency of accounting

Scale	Number	Percent
very often	41	58.6
often	3	4.3
sometimes	4	5.8
never	22	31.4
Total	70	100.0

It will be noted in table 4.22 above that 58.6% of the respondents did accounting in their businesses very often, 4.3% often did, 5.7% sometimes did while 31.4% never did. It has been said that informal enterprises do not keep accounts, (N.G.O Forum 1985), however, the figures show that women are moving towards better management of business by keeping books. This could also be accounted for by the fact that the women interviewed were in a credit programme which requires and encourages businessmen and women to keep accounts.

Frequency of banking was also considered as a business management procedure.

Table 4.23 Frequency of banking

Scale	Number	Percent
very often	38	54.3
often	1	1.4
sometimes	5	7.1
never	26	37.2
Total	70	100.0

Similarly, it will be noted in table 4.23 above that 55.7% respondents did banking often, 7.1% sometimes did while 37.1% never did. These data also show an improvement in business management and handling of capital.

Another business management technique considered is auditing.

Table 4.24 Frequency of auditing

Scale	Number	Percent
very often	6	8.6
sometimes	1	1.4
never	63	90.0
Total	70	100.0

Only 8.6% of the respondents did auditing, 90% did not do any auditing as shown in the table. The general observation here is that only 10% of respondents had ever done auditing. This may be because auditing is a tedious exercise often requiring substantial knowledge in the field.

Though it is commonly held that women entrepreneurs are lacking in management training and exposure, UNICEF (1990), these results show that record keeping and accounting were well adopted. Banking was fairly adopted while auditing was poorly adopted.

This can be explained by the fact that women in the sample have been exposed to these management procedures as a result of being in the K-REP program where proper management of enterprise is well stressed and where seminars and training programs are encouraged.

Responses given in the questionnaire shows that some management training was given where 4 respondents reported having been given training and technical assistance in meetings with their clients, One respondent reported having given basic business training to the clients in seminars.

Supplementary data from the content analysis shows that members of the groups sent representatives to seminars on how to run their businesses. These seminars were organized by K-REP. The members who attended these seminars in turn came and shared their experiences with the entire group.

4.3.5 Expansion of workforce

Number and addition of employees was used as a measure of performance. The growth of an enterprise is generally associated with the increase in employees which is one factor used to distinguish between the formal and the informal sector.

The data indicates that none of the enterprises had more than 7 employees which tallies with the definition of the informal sector.

Table 4.25 shows the distribution of employees across the enterprises studied. The average number of workers in all the enterprises was 2.4, most of the enterprises had 2 employees while the range was 7.

This data are consistent with Oketch (1991) who found out that the most common number of employees was 1. However in his study, the highest number of employees was 12 which may be because the sample was drawn from both men and women and men are most often in manufacturing where a larger labour force is needed.

The average number of employees in women's enterprises according to Oketch was 1.59 while that of men owned enterprises was 2.16. The highest mean was found in manufacturing.

Table 4.25 Number of workers employed in business in 1995

No. of employees	Frequency	percent
0	21	30.0
1	23	32.9
2	11	15.7
3	8	11.4
4	3	4.3
5	1	1.4
6	3	4.3
Total	70	100.0

mean=3 mode=1 Range=6

The rate of increase of employees was also obtained. The data showed that there was decrease of workers in 5 enterprises, 53 enterprises had a constant number of employees while 12 enterprises had an increase in employees over the last 6 years.

The data showed a general static workforce which means that many enterprises did not reduce or employ additional labour in the time they existed. These data are consistent with the findings by Mwatha (1990) who concluded that women in the informal sector were not potential employers as many of them did not employ anyone in their businesses. Mc Cormic (1988) also reported in her study that 60% of the enterprises studied had 1 worker and concluded that few informal enterprises will have more than 6 employees. This situation is rather unfortunate considering that the third world governments view the informal sector as the solution to the unemployment problem facing them.

4.4 INFLUENCE OF THE SOCIO-ECONOMIC AND FAMILY CHARACTERISTICS ON PERFORMANCE

In this section, we examine the way in which characteristics of women entrepreneurs influences the performance of their businesses. Special attention is given to the stated hypotheses. It will be recalled that three hypotheses were advanced notably;

1. The socio-economic characteristics of the women enterpreneurs will influence their performance in their informal enterprises.
2. The family characteristics of the women will influence their performance in their informal enterprises.
3. Family household financial requirements will influence performance of women involved in the informal sector enterprises.

To Test the hypotheses, measures of association namely the correlation ratio (Eta) and the correlation coefficient (Regression) were used. The correlation ratio, Eta, was used to measure association where independent variables were nominal. Regression analysis was used to measure association where both variables were measured on Interval scales. The coefficients of these statistics are usually squared in order to achieve interpretation of explained variation in terms of percentages and to remove the negative signs obtained in inverse relationships.

A) Social economic characteristics

4.4.1 initial capital

The hypothesis to be tested was that the socio-economic characteristics of women involved in the informal sector enterprises influences the performance of women enterprises. One indicator of the social economic characteristics was the level of initial capital at the start of the business.

Amount of initial capital was correlated with the indicators of performance. The results are presented in table 4.26.

Table 4.26 The influence of Initial Capital on Performance

Dependent variable	r	r ²	Eta ²	sig. level
Daily sales	.467	.218	-	.001
capital accumulation	.127	.016	-	.291
Monthly profit	.474	.225	-	.001
Frequency of record keeping			.320	.790
Frequency of accounting			.363	.620
Frequency of banking			.328	.770
Frequency of auditing			.711	.001
No. of employees	.388	.151		.001
% increase in employees	.042	.001	-	.882

It can be noted that initial capital explains 22% variance in amount of sales. This is significant at 0.05 significance level indicating that such outcome could not have occurred by chance. It can be concluded therefore that 22% of variation in sales per day is determined by the amount of initial capital. Initial capital also explains 22.5% of the variation in profit which is significant at less than 5% level of significance. Initial capital also explains 71% variance in adoption of auditing management procedure and also 15% of variance in number of employees at less than 5% significance level.

Thus, it can be concluded that initial capital has significant effects on sales, profit level, adoption of some management skills and number of employees.

Except in the case of capital accumulation, the hypothesis that socio-economic characteristics (with initial capital) will influence performance is supported in terms of financial performance. In terms of performance of management, the results vary because of non-significant effects on record keeping, accounting and banking. It will be noted that initial capital has substantial and significant effects on auditing procedure giving partial support to the expectation.

4.4.2 Credit level

Credit level as an indicator of socio-economic characteristics was correlated with the indicators of performance and the results are presented in table 4.27.

The data shows that credit level influence some aspects of performance.

Table 4.27 Influence of Credit Level on Performance.

Dependent variable	r	r ²	Eta ²	sig. level
Daily sales	.162	.026	-	.184
capital accumulation	.369	.136	-	.001
Monthly profit	.284	.081	-	.020
Frequency of record-keeping			.038	.461
Frequency of accounting			.055	.281
Frequency of banking			.050	.326
Frequency of auditing			.022	.473
no. of employees	.452	.204		.001
% increase in employees	.125	.015		.302

Specifically, credit level explains 14% of capital accumulation and 8% variation in profits at less than 5% significance level. Credit level also explains 20% of the variation in number of people employed in an enterprise.

Credit level explains less than 6% of variance in management procedures all of which are not significant at less than 5% level of significance meaning that these relationships could have occurred by chance.

Of the three indicators in which we find significant impact, it can be concluded that credit level is an important factor in enhancing performance of women entrepreneurs.

4.4.3 Education

Though education was measured on an ordinal level, the ordered ranking allowed the conversion of the scale into interval for the purposes of the regression procedure. Table 4.28 shows the resulting influence of the correlation of education level with performance.

Table 4.28 Influence of education on performance

Dependent variable	r	r ²	Eta ²	sig. level
Daily sales	.336	.112	-	.005
capital accumulation	.045	.002	-	.707
Monthly profit	.240	.057	-	.052
Frequency of record keeping			.320	.790
accounting			.363	.620
Frequency of banking			.328	.770
Frequency of auditing			.711	.000
No. of employees	.212	.045	.076	
%increase in employees	.016	.000	-	.893

The data indicate that education explains 11% of variation in sales at .005 significance level. Education also explains 71% of variation in adoption of auditing management procedures at .001 significance level. Most of the other indicators of performance show non-significant associations.

Although the other indicators show negligible and non-significant influence, the results support the prediction that education is an important factor in performance of women enterprises. This was expected because management expertise requires some knowledge of formal skills. It can be concluded therefore that hypothesis One -the socio-economic status influences performance of women in their enterprises is supported by empirical data.

4.4.4 Economic commitments

Financial obligations was used as an indicator of domestic economic commitment and results are presented in table 4.29.

The results show that financial obligations influence some aspects of performance, particularly profit in which 13% of variation is explained at 0.03 significance level.

Further, financial obligations accounts for 20% variation in auditing. Some of the other indicators of performance show negligible and non-significant association with domestic financial obligations.

Spouse contribution to domestic budget (also used to measure economic commitment) was correlated to performance indicators.

There was no significant association between what percentage spouses contributed to domestic budget and performance.

Table 4.29 Influence of financial obligations (monthly expenditure) on performance

Dependent variables	r	r ²	Eta ²	sig. level
Daily sales	.215	.046	-	.077
capital accumulation	.100	.010	-	.407
Monthly profit	.359	.129	-	.003
Frequency of record keeping			.880	.582
Frequency of accounting			.879	.585
Frequency of banking			.887	.530
Frequency of auditing			.203	.000
No. of employees	.134	.018		.266
% increase in employees	.106	.011	-	.381

However during the group discussion some women reported spending all proceeds from their business to cater for their family's domestic needs. From the group discussion, it was also reported that domestic financial obligations tended to compel women entrepreneurs to close down only to re-start again with considerable difficulties. The women also indicated that sometimes they used money reserved for stock to meet some of their obligations. In addition, they also indicated that sometimes they had to borrow in order to service their loan.

Although a number of performance indicators show negligible and non-significant associations when correlated with domestic obligations, these other observations support the hypothesis that domestic economic commitments has impact on the performance of the women enterprises. It is also partially supported notably by profit and adoption of management techniques.

Family characteristics

4.4.5 marital status

Marital status, an indicator of family characteristics was correlated with various aspects of performance and the results are presented in table 4.30 below.

The hypothesis to be tested was that family characteristics influence the performance of women. In this particular case, it was expected that married women were likely to perform better than the unmarried. The statistical procedure used here is correlation ratio (Eta) because marital status is essentially a nominal scale variable.

In these aspects of performance, marital status explains not more than 8% of variation in any given indicator of performance in which none is statistically significant. These results are surprising because they do not support the prediction that marital status will influence performance of women entrepreneurs. In addition they are not consistent with the views of the credit officers who reported that a relationship existed between marital status and the performance of women enterprises.

Table 4.30 Influence of marital status on performance

Dependent variable	Eta	Eta ²	sig. level
Daily sales	.176	.031	.729
capital accumulation	.090	.008	.969
Monthly profit	.228	.052	.503
Frequency of record keeping	.262	.068	.320
Frequency of accounting	.107	.011	.943
Frequency of banking	.261	.068	.323
Frequency of auditing	.266	.070	.303
no. of employees	.284	.080	.235
% increase in employees	.194	.037	.639

These results therefore, suggest that the marital status does not have direct influence on performance of the women enterprises.

4.4.6 Family size.

Family size was assessed in terms of the number of children for each woman entrepreneur and also in terms of the number of dependants. The expectations was that the larger the family, the lower the performance. The two indicators give similar results and indicate negligible impact on various aspects of performance (table 4.31). Notable exception is the impact of family size on management aspects particularly auditing procedure in which 23% is explained and significant at .038 significance level.

Table 4.31 Influence of family size (Number of dependents) on performance

Dependent variable	r	r ²	Eta ²	sig.level
Daily sales	.005	.000		.966
capital accumulation	.103	.010		.393
Monthly profit	.119	.014		.340
Frequency of recordkeeping			.041	.951
Frequency of accounting			.143	.270
Frequency of banking			.080	.718
Frequency of auditing			.225	.038
No.of employees	.052	.002		.663
% increase in employees	.046	.002		.704

In principle, it can be concluded that the prediction (hypothesis) that family size will influence performance is not supported except on aspects of management. The results suggest that family size does not have direct influence on performance except through other factors.

4.4.7 Family roles

The influence of family roles demands on the various indicators of performance was assessed and results are presented in table 4.32 below. The prediction was that the greater the roles, the lower the performance.

Table 4.32 Influence of family roles (hours in domestic duties) on performance

Dependant variable	r	r ²	Eta ²	sig. level
Daily sales	.026	.000	-	.827
capital accumulation	.036	.001	-	.763
Monthly profit	.009	.000	-	.936
Frequency of recordkeeping			.025	.946
Frequency of accounting			.068	.595
Frequency of banking			.140	.006
Frequency of auditing			.084	.456
no. of employees	.167	.028		.116
% increase in employees	.014	.000	-	.908

Except on aspects of management and particularly banking where 14% of variance is explained, this indicator of family roles has no influence on performance. In conclusion, hours spent in domestic duties as an indicator of family roles does not have much association with indicators of performance.

However in the group discussion, the women reported having difficulties with time especially when they had to carry their children to the work place whereby they waste much time attending to them and this discouraged prospective customers. Sometimes, they said, they had to go home early and cater for their domestic roles missing out in the lucrative business in the late evening.

The influence of family roles, using the age of children as an indicator with various aspects of performance was examined and the results presented in table 4.33. The prediction here was that the greater the roles, the lower the performance.

The hypothesis was that the family characteristics will influence the performance of women. As can be noted from table 4.33, family roles have no influence on indicators of financial performance. Although there is substantial influence ranging from 66% - 89% on management aspects, only auditing is significant at less than 5% level of significance. It is interesting that family roles explains nearly 90% of variation in auditing procedure.

Table 4.33 Influence of family roles (child age) by performance

Dependant variable	r	r ²	Eta ²	sig
Daily sales	.051	.002		.688
capital accumulation	.105	.011		.401
Monthly profit	.006	.000		.962
Frequency of recordkeeping			.661	.772
Frequency of accounting			.698	.620
Frequency of banking			.722	.505
Frequency of auditing			.898	.002
no. of employees	.075	.005		.535
% increase in employees	.055	.003		.659

From the group discussion, women reported having their business affected by responsibilities related to child care and domestic functions.

The prediction the greater the number of roles for women the lower the performance can not be entirely rejected since supportive data shows that these roles have an influence on the performance.

4.4.8 Family stability

The impact of family stability was also assessed on various aspects of performance and the results are presented in table 4.34 below.

The hypothesis was that the family characteristics will influence the performance of women's enterprises. In this case particularly, the prediction was that the more stable the family, the better the performance in business.

Table 4.34 Influence of family stability (duration married) on performance

Dependent variable	r	r ²	Eta ²	sig. level
Daily sales	.017	.000		.912
capital accumulation	.271	.073		.070
Daily profit	.214	.046		.161
Frequency of record-keeping			.566	.146
Frequency of accounting			.555	.170
Frequency of banking			.653	.029
Frequency of auditing			.611	.069
no. of employees	.096	.009		.528
% increase in employees	.000	.000		.990

Principally, family stability explains 7% of capital accumulation and 4% of profit. However, *these coefficients are not significant at less than 5% level of significance.*

More importantly, family stability account for substantial variation on the management aspects, that is 55% (accounting) and 65% (banking) and particularly in the case of banking which is significant at .029.

In the group discussion, some women cited lack of support from their spouses as a major hindrance to excelling in their businesses. This is partially supported by empirical data.

4.5 FACTORS DETERMINING PERFORMANCE

Joint and simultaneous influence of the characteristics identified above on various indicators of performance were examined using multiple regression procedure.

As it will be recalled, multiple regression is a statistic procedure which allows assessment of simultaneous effects of independent variables (socio-economic and family characteristic on a given dependent variable (aspects of performance). In addition, multiple regression allows us to examine the sources of variation and to identify the effect of extraneous (intervening) factors.

The stepwise multiple regression procedure was used in order to identify single and joint effects. Stepwise procedure identifies factors that have greater explanation of variation and ranks factors in order of importance in explained variation. The method also drops aspects whose impact is not significant at less than 5% significance level.

As it will be recalled, the independent variables considered are initial capital, credit level, education standard, domestic expenditure, spouse support, marital status, number of children, number of dependents, hours spent in domestic duties, and duration married. For multiple

regression procedure, marital status which is a nominal variable was used as a dummy variable in order to apply the regression procedure. In addition, the ranked ordinal scale used to measure the adoption of improved management techniques was converted to interval scale in order to allow this procedure since its statistically accepted (Youngman, 1979). Table 4.35 shows the influence of all independent variables named above on each indicator of performance thus bringing out their joint contribution (explained variance) on the performance indicators.

In respect to performance in financial aspects, explained variation ranged from 19% to 37% and all are significant at less than 5% level of significance. Specifically, 22% of variation in sales is explained by initial capital investment. In the case of capital accumulation 19% of variation is explained by credit (13%) and duration married (6%). These effects are significant at less than 5% significance level.

Performance indicator	Independent variable	Explained variance (%)	Significance level
Frequency of accumulation	1. credit	13	.001
	2. duration married	6	
Frequency of banking	1. hours in domestic work	10	.005
	2. credit	32	
Frequency of auditing	1. initial capital	47	.001
	2. credit	13	
No. of employees	1. initial capital	13	.001
	2. credit	12	
% increase in employees		46	.001

Note: Some of the coefficients were not reported since they were not significant (they are not shown) contribution is not significant at less than 5% level of significance.

Table 4.35 Explained variation on various indicators of performance by family and socio-economic characteristics.

Dependent variable	Partial contribution	R ²	Total contribution Multiple R	R ²	Sig. Level
Daily sales	1. Initial capital	.22	.45	.22	.001
capital accumulation	1. credit 2. duration of marriage	.13 .06	.44	.19	.001
Monthly profit	1. initial capital 2. domestic expenditure 3. credit	.22 .05 .10	.61	.37	.001
Frequency of record-keeping					
Frequency of accounting	1. number of dependants 2. credit	.08 .06	.37	.14	.001
Frequency of banking	1. hours in domestic work	.10	.32	.10	.005
Frequency of auditing	1. initial capital 2. credit	.47 .13	.77	.60	.001
No. of employees	1. initial capital 2. credit	.20 .12	.56	.32	.001
% increase in employees					

Note: Some of the coefficients were not recorded since stepwise method drops out aspects whose contribution is not significant at less than 5% level of significance.

In the case of the profit level, 37% of variation is explained at .001 level of significance. This percentage of explanation is contributed by initial capital (22%) domestic expenditure (10%) and credit 5%.

With respect to performance in management aspects, explained variation range from 10% to 60% , all of which are significant at less than 5% level of significance.

Specifically, 14% of variation in accounting is explained by number of dependents (8%) and credit level (5%). Domestic duties explains 10% variation in banking management procedure at .001 significance level.

A total of 60% of variation in auditing is explained specifically by initial capital (47%) and duration married (13%). This association is significant at less than 5% significance level.

In the case of number of employees, a total of 32% of variation is explained specifically by initial capital (20%) and credit (12%). This impact is significant at less than 5% level of significance.

In order to have a further insight on aspects that determine performance, effect of additional (extraneous) factors were also examined. The additional factors are, age of respondents, additional income, years in business and spouse income. The results of this analysis are presented in table 4.37 below.

Table 4.36 Predictor variables explaining performance

Dependent variable	Total variance explained in %	sig. level
Daily sales	22%	.001
capital accumulation	19%	.001
Monthly profit	37%	.001
Frequency of record-keeping		
Frequency of accounting	14%	.001
Frequency of banking	10%	.001
Frequency of auditing	60%	.001
no. of employees	32%	.001
% increase in employees		

Note: Some of the coefficients were not recorded since stepwise method drops out aspects whose contribution is not significant at less than 5% level of significance.

Principally, the additional factors do not have any substantial influence on performance because the table gives no more information than table 4.35. Thus in the case of sales aspect of performance, a total of 22% of variation is explained by initial capital. Initial capital is the single predictor of sales in this case.

Similarly with capital accumulation, a total of 19% is explained. Credit explains 13% of this variance and duration married explains 6%.

With respect to profit, a total of 37% variation is explained. The highest variation was explained by initial capital (22%) followed by domestic expenditure which explained 9%. Credit level in turn explains 6%.

In the case of accounting management procedure, number of dependents explains 8% of variation, credit level explains 6% of this variance. The total variance explained is 14%.

Similarly, hours spent in domestic duties explain 10% of variation in banking management procedures.

A total of 60% variation in management procedure indicated by auditing is explained. Initial capital explains the highest variation of 47% followed by duration married which explains 13% of this variation.

Credit explains 20% of variance in the number of employees while initial capital explains 12%. Thus total variation explained in this case is 32%.

Notably the two tables 4.36 and 4.37 are basically similar meaning that the extraneous factors tested against performance namely age of respondent, additional income, years in business and spouse income did not have any significant impact on aspects of performance. Thus they do not play any crucial role in determining performance level.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS:

5.1 SUMMARY AND CONCLUSIONS

This study was aimed at evaluating the performance of women involved in the informal sector enterprises particularly those who had had access to credit. The main concern was to identify their socio-economic and family characteristics and the influence of these on their performance.

The study was prompted by the fact that previous studies had not taken into consideration the background characteristics of women that play a major part in determining their economic productivity especially in the informal sector. This study was therefore aimed at providing insight understanding of the performance of women in their informal enterprises.

Performance indicators that were important in the study included level of sales, capital accumulation, level of profit, management improvement operationalised as frequency of record keeping, accounting, banking and auditing. Other indicators included number of employees and the rate of increase in employees during business survival. These performance indicators were correlated with family characteristics, family financial obligations and socio-economic conditions in order to test the hypothesis.

Specifically, in the test of hypothesis, the study concerned itself with determining the influence of family characteristics on the performance of the women enterprises. It was predicted that family characteristics such as marital status, family size, family roles and family stability would have profound influence on the performance of women in their enterprises.

From the findings, marital status did not have significant relationship with any indicator of performance. Family size influenced the adoption of some management techniques namely accounting and auditing but had little or no association with other aspects of performance.

Family roles influenced adoption of management techniques specifically banking and auditing but had little influence on other indicators of performance. Family stability had influence on capital accumulation and profit, however this association was not significant. It also influenced the adoption of management techniques namely banking and accounting at accepted significance level.

It was hypothesized that household financial commitments would influence performance. Household financial commitments were measured by monthly expenditure on basic essentials in the family and spouse contributions towards overall family expenditure. Findings show that financial obligations influenced profit and management aspects especially auditing.

It was predicted that the socio-economic background of women enterprises would have influence on the performance of women entrepreneurs. Socio-economic conditions were operationalised as initial capital, level of credit and education. From the findings of the study, initial capital had significant influence on level of sales, profit and adoption of management techniques. Credit level influenced capital accumulation, profit and number of employees in enterprise. Credit level also influenced some aspects of management but this relationship was not significant at the required less than 5% significance level.

It was also found out that education influences the level of sales and the adoption of management procedures especially auditing.

In conclusion, results from the multiple regression analysis (that allowed assessment of joint effect of independent variables while controlling individual and extraneous factors), showed that the initial capital was the major determinant of performance because it accounted for 22%

of variation in sales, 22% of variation in profit, 47% of variation in adoption of auditing, and 12% of variation in number of employees. These findings support the hypothesis that socio-economic conditions influence performance of women in informal sector enterprise.

Generally, initial capital influences the choice of business which in turn influences market and sales. Many women admitted to selling their products or services to individual consumers only (see table 12 in appendix 3). The amount of sales in turn affects profit margins since less sales spell out little profit. The type of business will also influence the employment capacity and also the mode of doing business. Generally bigger businesses find need to account and keep records in their transactions because they cannot determine the cash flow off head while smaller businesses tend to rely on memory rather than written records.

The amount of credit given to women was found to be the second most important determinant of performance. It accounted for 14% of variation in capital accumulation, 6% of variation in profit level, 5% of variation in accounting, 20% of variation in number of employees. These observations also support the hypothesis that socio-economic characteristics will influence performance of women particularly taking into account the importance of capital capabilities and credit arrangements. As pointed out, the importance of capital and credit is that they enable women to enter into profitable operations. The rate of savings and investments affect the number of employees in an enterprise. The amount of credit which adds to the capital base thus affects sales, capital accumulation, profit and other related factors.

Duration of marriage (measuring family stability) contributes a 6% variance in capital accumulation and 13% variance in auditing. Though this is in support of the hypothesis that family characteristics will influence performance of women enterprises, it is just a second best explanation since in the first place credit accounts for 14% variance in capital accumulation and in the second instance initial capital contributes 48% of the variation in auditing adoption.

This study therefore concludes that determining factors of performance revolve around capital. Most of the women interviewed gave financial instability as the main problem inhibiting their enterprise growth. (see table 4 in appendix 3)

From the group discussion, financial disability and the strenuous loan repayment are capital problems which were singled out by 16 respondents in the study as the most common problems. This is thus consistent with the findings of this study.

In addition to this, the responses given by the credit officers concerning major hindrances to expansion were mainly biased towards capital insufficiency for the business due to high family financial expenditure and use of credit capital by spouse which were rated first and second most common respectively.

In addition to this during the interview, the respondents were asked to name ways in which they thought the informal sector could be improved. Their responses revolved around making capital available on a more manageable level (see table 5 in appendix 3).

This study therefore concludes that women's performance in the informal sector is largely a capital factor than either family situation or domestic demands. Thus, in evaluating women's performance in informal enterprises, emphasis should largely be based on capital than any other factor. There is now more than ever a shift towards problems of women entrepreneurship by policy makers and other governmental bodies with the recognition that the sector is a most essential part of women's welfare.

A significant change worth mentioning at this juncture is the way resource mobilization has been achieved through lending to micro enterprise by various development agencies. We can no longer rightly say that women are left out in loan acquisition with respect to their lack of security or skills. Though many women especially in the rural areas are still ignorant concerning

the lending procedures for micro-enterprise entrepreneurs, a significant number in the urban areas can have had some experiences in credit seeking for small scale businesses.

However, as said above, conglomeration in trade brings fierce competition among women small scale enterprises so fierce to set them aback even when they are able to solicit some credit (Hulme, 1990). Data collected in this study shows that women were mainly involved in trade with most of them selling vegetables and fruits (see table 11 in appendix 3). Some studies view this conglomeration as a risk aversion strategy whereby women choose to sell products with an assured market rather than venture in risky sectors, Mc Cormic (1992).

However, at the end of the day women are back where they began, making barely enough to eke out a living and struggling to survive in an overflooded market where shift to another sub-sector does not seem forthcoming.

5.1 AREAS FOR FURTHER RESEARCH

It can be argued that the inability to shift to more remunerative kind of business for example manufacturing is as a result of the limitations in capital. Women under the credit scheme though expected to perform better do not seem to be doing any better and yet the traditional handles that seemed to hold women in culturally consistent fields can no longer be deemed strong. This study concludes that more capital based policies are needed taking into consideration all factors discussed here.

5.2 RECOMMENDATIONS FOR POLICY ACTION

It is commendable that former stereotyped notions of the Informal sector are being revised to accommodate this most important aspect of development. Gone are the days when the informal sector was perceived as an unattractive venture of dirty business and a nuisance that the city did not need. Some recognition is taking root with the informal sector being perceived as a solution to the economic ills facing the third world which include unemployment, poverty and

competition. However, unless serious address is given to the nature of the problems facing the sector as it is now, these objectives may not be achieved.

This study would therefore recommend a re-address of the notion of creating an "enabling environment" as titled in the government working paper for the period 1994-1995 in the National development plan. The issue of capital should now more than ever be addressed if women's incomes in urban areas are to be increased above the 9% per annum as per the (1989-1993) National Development Plan.

For aiding organizations, the place of policy makers is to address the problems of capital among women which emerge out as paramount and which render them unable to shift to either manufacturing or service as most men in the informal sector have done.

5.3 AREAS FOR FURTHER RESEARCH

This study has addressed the background characteristics of women in the informal sector and the level of their performance. The study has left out some areas unexplored for no one study can be fully exhaustive.

There is need to address the differential earning capacity in the various businesses women undertake in the informal sector.

There is also need for comparative data on the performance of women and men in female dominated and male dominated sub-sectors. It is also important to carry out a study to examine the role of other factors for example risk taking and self-advancement in determining performance of informal sector enterprises.

Other studies need to be done to compare men's roles and obligations in reference to performance in the informal sector.

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This study was carried out in an urban area where types of businesses, market forces, living standards and lifestyles are different. There is need to do comparative studies in rural areas in order to verify whether the background characteristics of women in the rural settings have any influence on their performance especially so with rural women combining both the informal business with agriculture.

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APPENDIX I

INTERVIEW SCHEDULE

BACKGROUND INFORMATION

Locality-----

Type of business..... No.-----

My name is Lucy wangui from Kenyatta University, I am conducting research in the field of women entrepreneurship, You are free to answer any question or not, The information you give here will be kept in confidence, I will greatly appreciate your assistance.

1. Year of birth-----

2. Educational standard; 1; primary

2; secondary

3; college

4; university

3. Marital status 1; married

2; single (never married)

3; separated

4; divorced

5; widowed

4. When did you get married?-----

5. What is your husband's level of education?

1. primary

2. secondary

3. college

4. university

0. other (specify)-----

6. What is the estimated income of your spouse per month?

1) Below 1000

2) 1000-5000

3) 5000-10,000

4) over 10,000

7. How often has your spouse been helpful in domestic responsibilities?

- 1. Always
- 2. sometimes
- 3. Occasionally
- 4. Never

8. Do you experience differences/disagreements pertaining to domestic roles?

- 1) Yes
- 2) No

9. Number of children -----

10. Ages of children

1st -----

2nd-----

3rd-----

4th-----

5th-----

6th-----

7th-----

others-----

11. Number of children in school-----

12. Number of children staying elsewhere-----

13. Number of children or(dependants) supported by parent----

14. Number of children supported by someone else-----

15. When did you start your business?-----

16. How much capital did you use to start your business Kshs

17. What were the sources of this capital?

18. What were your sales before and after you got credit?

	Before	Now
--	--------	-----

1. Daily	-----	-----
----------	-------	-------

2. Monthly	-----	-----
------------	-------	-------

19. You are under this credit programme,

When did you became a client of this organization?

-----specify year.

20.How did you become a client for this organization?

21. What was the initial amount received from the credit programme?-----

22.When did you receive this amount-----specify year.

23.How much of this credit did you use to;

amount

1;invest in the business -----

2;meet family financial needs. -----

3;deposit in a savings account -----

0;other,(specify)-----

24.How many other credits have you obtained for this business from the organization?

credit year kshs

1-----

2.-----

3.-----

25.How much other credit have you received from any other credit scheme?-----

26.Do you receive assistance from the organization in terms of

1.Training----- 1.No 2.Yes

2.technical advice---1.No 2.Yes

3.Marketing-----1.No 2.Yes

0.Other specify-----

27.How many courses have you attended towards the improvement of your business?

Number type

1st -----

2nd -----

3rd -----

28.How often do you do each of the following?

very often often sometimes never

- 1.Keep records -----
- 2.Keep accounts book -----
- 3.banking -----
- 4.auditing -----

29.For the last three years how would you say that your business has been doing?

- 1.very good 2.good 3.satisfactory 4.poorly

30.Comment why-----

31.How do you repay your loan?

- amount -----
- _____ weekly -----
- _____ monthly -----
- _____ yearly -----

32.How often do you manage to repay your installments as required?

- 1.very often 2.often 3. sometimes 4.never

33.How many installments have you not paid-----

Amount-----

34.What were you doing before you began your business?

1;unemployed

2;employed

3;farming

0;other, specify-----

35.Why did you decide to seek employment in business?

36.Do you undertake any other kind of work which brings you some income?-----

37.If yes which one? -----

38.How much income do you get from this other activitie(s) monthly?-----

39.How many workers did you employ in your business when you began? -----

40.How many employees have you had in the last five years?

<u>Year</u>	<u>Employees</u>
1990	-----
1991	-----
1992	-----
1993	-----
1994	-----
1995	-----

41. What are the activities of your employees?

<u>Category</u>	<u>Education</u>
1.-----	-----
2.-----	-----
3.-----	-----
4.-----	-----
5.-----	-----

42. How is your business doing in terms of,

- 1) daily sales Kshs. -----
- 2) daily profit Kshs. -----
- 3) monthly savings Kshs. -----

43. What kind of business have you dealt with since you began?

<u>Business type</u>	<u>Reasons for changing</u>
1.-----	-----
2.-----	-----
3.-----	-----
4.-----	-----

44. How much do you spend monthly on each of the following?

<u>Item</u>	<u>Ksh.</u>
1. Food	-----
2. Rent	-----

- 3. school fees -----
- 4. Electricity -----
- 5. Medical -----
- 6. Clothing -----
- 7. Water -----
- 8. Transport -----
- 0. Other (specify) -----

45. How much does your spouse contribute, monthly to the following?

- 1. Food -----
- 2. Rent -----
- 3. School fee -----
- 4. Electricity -----
- 5. medical -----
- 6. clothing -----
- 7. water -----
- 8. Transport -----
- 0. other (specify) -----

46. How else does your spouse (or anyone else, (Relationship)-----) contribute to the following?

- Always sometimes occasionally never
- 1. Food ----- ----- ----- -----
 - 2. rent ----- ----- ----- -----
 - 3. school fee ----- ----- ----- -----
 - 4. electricity ----- ----- ----- -----
 - 5. medical ----- ----- ----- -----
 - 6. clothing ----- ----- ----- -----
 - 7. water ----- ----- ----- -----

8.Transport -----

0.other (specify) -----

47.How many hours a day do you spend ;

In your business -----

Doing domestic chores -----

48.Do you experienced time allocation problems in your domestic roles and business management ?

1.Always 2.sometimes 3.Rarely 4.Never

49.How much money do you invest back into your business?

Daily -----

Monthly -----

Yearly -----

50.How Would you say that your business has grown since you began?

1;Very well

2;well

3;poorly

4;very poorly

51.Why do you rate this growth this way?

52.How much money have you ; with regard to your business?

amount -----

1,paid to loan account -----

2.Invested in your business -----

3.saved in the bank -----

53.Where do you get your raw materials/goods?

54.How would you rate your customer turnover?

1. Very high 2. high 3. relatively poor 4. very poor.

55. Do you sell your goods in bulk?

1; Yes

2; No

56. Where do you sell your products/services?

1. -----

2. -----

3. -----

57. How much money have you invested in your business equipment? -----

58. How much money did you use to construct (or as rent for) the premise?

59. What are the general problems that you encounter with regard to your business?

60. Are you now able to meet most of your needs than you were before you began your business?

1; Yes

2; no

61. Why do you think so?

62. What future plans do you have with regard to your business?

63. How best do you think your business can be improved?

64. How best do you think the informal sector in general can be improved?

APPENDIX 2

CREDIT OFFICERS QUESTIONNAIRE

I would like to ask you some questions regarding your work in the field of lending to small scale business women. You may choose to answer the questions or not, the information you give here will be kept in confidence. I will greatly appreciate your assistance.

Areas of work-----

Period in the field -----years.

1. How would you rate the performance of the women you have been able to access credit to?

1. Very good 2. good 3. satisfactory 4. poor 5. very poor.

2. What is the common problem among the women who are unable to continue with your programme due to the difficulty of repaying back the loan as required by your organization?

3. What other problems do they voice with regard to this (in order of occurrence please)

1. -----

2. -----

3. -----

4. -----

4. Do you think there is any relationship between marital status and the performance of the women enterprises with reference to your credit programme?

1) Yes 2) No

5. Why do you think so?

6. Do you think women's roles as mothers and domestic workers interferes with the smooth running of their business and their performance in the credit programme?

1)Yes 2 No

7. Why do you think so?

8. In terms of individual loans, are women ahead of men in taking large sums of money or what is the position?

9. What would you say is the reason for this position?

10. How would you rate the graduating system (from one loan amount to another) among women?

1. Very fast 2. fast 3. satisfactory 4. slow 5. very slow

11. Among the women in your jurisdiction which is the most common business undertaken?

(assign numbers in ascending order from the most common e.g if mitumba is the most common assign no. 1)

Business type Rank

- 1. vegetables and fruits..... -----
- 2. cereals and other foods..... -----
- 3. Retail Shops & kiosks..... -----
- 4. Mitumba items -----
- 5. chackaol/paraffin dealers..... -----
- 6. Saloon and beauty products..... -----
- 7. Boutique clothes and shoes..... -----
- 8. Household goods..... -----
- 9. Tailoring/embroidery..... -----
- 10. Knitting..... -----

11. curio /handcrafts.....

12. food kiosks/hotels.....

13. wholesale trade.....

12. Among the types listed above which three categories seem to perform better than the others in the credit programme?

1.----- 2.----- 3.-----

13. Is there any relationship between the business type and the amount borrowed by the client?

1)Yes 2)No

14. How do you offer training and technical assistance to the business people you support financially?

15. Do you fund a number of people who are already formally employed?, What percentage if any-----

16. Do you have a maximum loan amount a business person can borrow?

1)yes 2)No

17. Do you observe any relationship between the amount of loan one has taken and the number of workers employed in his/her enterprise? please explain

18. Do you monitor the growth and potential of a business in the process of issuing a loan?

1) Yes 2) No

19. Why is this important?

20. Do you seek to see the business records of a potential client before the actual granting of a loan?

1)Yes 2) No

Why is this important? _____

APPENDIX 3

GUIDE FOR CONTENT ANALYSIS

PART A

1. Funding procedures

- what credit facilities are available
- utilization and seeking procedures
- how clients are selected
- businesses funded

2. Overall number of clients

- Types of clients
- Types of loans given
- system of repayment
- Rate of repayment

3. Other running programs

- available training programs
- dissemination of learning materials
- rate of attendance

4. Evaluation

- reports on evaluation of clients performance
- Rural versus urban performance
- evaluation of the credit program

5. Dissemination of information

- Publicity
- Seminars
- visits and broadcast.

PART BREFERENCE TABLES

The following table will be used to show the general performance of clients .

No. of women enterprises funded Repayment rate in %

1990 -----

1995 -----

GUIDE FOR GROUP DISCUSSION

1. How do you think women in general perform in comparison to men?
2. Why don't women take as high loans as men?
3. Why do you think women perform poorer than men?
4. What factors affect the performance of women in their enterprises?
5. Does providing primary care for children affect your performance in business?
6. Does having domestic duties affect your time plan and amount of time you spare for your business?
7. Does having domestic financial obligations affect your business and amount of capital you commit to your business?
8. What are the common problems you face in your business?
9. How best do you think the loan program can be helped?
10. How do you think this loan program can be made more responsive to women's problems

REFERENCE TABLES.

A description of the means by which the clients came to join the credit body were as follows:

Table 1 Became a client through

	Number	Percent
friends	45	64.3
administrators	2	2.9
credit officers	22	31.4
no response	1	1.4
Total	70	100.0

The comments for progress in business were recorded as follows:

Table 2 Comment on the progress

	Number	Percent
has diversified	2	2.9
improved stock	9	12.9
able to save	3	4.3
good sales	10	14.3
high profits	4	5.7
financial stability	4	5.7
meets other needs	5	7.1
able to repay loan	8	11.4
bought equipment	1	1.4
expanded	5	7.1
competition	1	1.4
low sales	2	2.9
strain in repaying	1	1.4
expensive raw mats	1	1.4
loses	1	1.4
high domestic roles	2	2.9
instability	3	4.3
no response	8	11.5
Total	70	100.0

The reasons for this rating were given as follows:

Table 3 Rating of business growth

Reason	Number	Percent
able to meet needs	17	24.3
has diversified	2	2.9
improved stock	19	27.2
improved sales	12	17.1
high profits	5	7.1
easily repays loan	1	1.4
able to renovate	4	5.7
added workers	1	1.4
added bus equipment	2	2.9
high competition	1	1.4
has little stock	1	1.4
business is unstable	3	4.3
no response	2	2.9
Total	70	100.0

The following responses were recorded concerning the general business problems encountered by the entrepreneurs.

generous loans	13	18.6
allocation of permanent premises	1	1.4
longer grant period	3	4.3
govt promotion	4	5.7
no response	17	24.3
Total	70	100.0

Table 4 General business problems

Problem	Number	Percent
none	15	21.4
business competition	3	4.3
poor sales	9	12.9
loses	8	11.4
govt. harassment	3	4.3
time	5	7.1
financial disability	13	18.6
workers	3	4.3
No proper premises	3	4.3
strain in repaying loan	3	4.3
untrustworthy customers	5	7.1
Total	70	100.0

Table 5 How informal sector can be improved

	Number	Percent
generous loans	13	18.6
protection from harassment	2	2.9
allocation of permanent premise	1	1.4
longer grace period	8	11.4
training	16	22.8
better loan management	9	12.9
govt promotion	4	5.7
no response	17	24.3
Total	70	100.0

Table 6 Age of respondent

Age in years	frequency	percent	
24	1	1.4	
25	2	2.9	
26	1	1.4	
27	4	5.7	
28	6	8.6	
29	4	5.7	
30	4	5.7	
31	3	4.3	
32	5	7.1	
33	6	8.6	
34	3	4.3	
35	2	2.9	
36	5	7.1	
37	3	4.3	
38	1	1.4	
39	2	2.9	
40	1	1.4	
41	1	1.4	
42	2	2.9	
43	3	4.3	
44	1	1.4	
45	2	2.9	
47	3	4.3	
49	3	4.3	
53	1	1.4	
Total	56	100	

Total	70	100.0	

Mean	35.243	Mode 28.000	Std dev 7.408
Skewness	.782	Range 32.000	

Table 7 CREDIT LEVEL

Kshs.	Frequency	Percent
10000.00	3	4.3
20000.00	3	4.3
25000.00	1	1.4
30000.00	4	5.8
35000.00	5	7.1
40000.00	6	8.6
50000.00	12	17.2
5000.00	1	1.4
60000.00	8	11.5
65000.00	3	4.3
70000.00	1	1.4
75000.00	3	4.3
80000.00	3	4.3
85000.00	3	4.3
90000.00	1	1.4
100000.00	1	1.4
110000.00	1	1.4
115000.00	3	4.3
120000.00	1	1.4
130000.00	1	1.4
150000.00	2	2.9
170000.00	1	1.4
200000.00	1	1.4
220000.00	1	1.4
230000.00	1	1.4
Total	70	100.

Mean	68500.000
Mode	50000.000
Kurtosis	3.214
Skewness	1.712
Range	220000.000

Table 8 Amount of additional income

Amount in Kshs.	Frequency	Percent
100	1	1.4
500	1	1.4
900	1	1.4
1000	2	2.9
1500	2	2.9
2000	1	1.4
2800	1	1.4
3000	3	4.4
4000	1	1.4
5000	2	2.9
6000	1	1.4
8000	1	1.4
8500	1	1.4
10000	1	1.4
11000	1	1.4
15000	1	1.4
20000	1	1.4
30000	1	1.4
40000	1	1.4
0	46	65.9
Total	70	100.0

Mean 7616.667

Mode 3000.000

Skewness 2.210

Range 39900.000

Total 70 100.0

Mean 7616.667

Std dev 5.117

Range 39900.000

Table 9 Years in business

Years	Frequency	Percent	
1	3	4.3	
2	6	8.5	
3	16	22.8	
4	9	12.8	
5	7	10.0	
6	3	4.3	
7	2	2.9	
9	4	5.7	
10	3	4.3	
11	3	4.3	
12	2	2.9	
13	2	2.9	
14	1	1.4	
15	2	2.9	
16	2	2.9	
17	1	1.4	
20	3	4.3	
22	1	1.4	
Total	70	100.0	
Mean	7.000	Mode	3.000
Std dev	5.397	Skewness	1.144
Range	21.000		

Table 10 Estimated monthly income of spouse

Kshs	Frequency	Percent
nil	1	1.4
below 1000	1	1.4
1000-5000	8	11.4
5000-10000	16	22.9
over 10000	19	27.2
Not applicable	25	35.7
Total	70	100.0

Mean 4.133 Mode 5.000
 Std dev .944 Skewness-1.125
 Range 4.000

Buyer	Frequency	Percent
individuals	43	61.4
individuals and retailers	26	37.2
Not applicable	1	1.4

Table 11 Type of common businesses

TYPE OF BUSINESS	RATED
Vegetables and fruits	1
Mitumba items	2
retail shops and kiosks	3
tailoring and embroidery	4
cereals and other foods	5
saloon and beauty products	6
boutique clothes and shoes	7
household goods	8
charcoal /paraffin	9

TABLE 12 MODE OF SELLING

Buyer	Frequency	Percent
individuals	43	61.4
individuals and retailers	26	37.2
Not applicable	1	1.4
Total	70	100.0

BUDGET

November

5,000

Computer Charges

RESEARCH TIME PLAN

January-May 1995	proposal writing
June	presentation of proposal at department level
July	correction of proposal
August	presentation of proposal at faculty level
September-November	correction of proposal
December-January 1996	Data collection
February - April	Data Analysis
May to December 1996	Thesis submission.
October 1997	Final writing and thesis submission.

KENYATTA UNIVERSITY LIBRARY

BUDGET

Travelling	5,000
Computer Charges	30,000
Meals	2,000
Photo copying charges	8,000
Contingency	3,000
	<hr/>
	48,000
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