

Effect of Financial Resources on Growth of Enterprises Owned by Entrepreneurs With Disabilities in Bungoma County, Kenya

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Abstract: *This paper determines the effect of financial resources on growth of EWDs. Systematic sampling technique was used to select the respondents for the questionnaires. There is need for tailored entrepreneurship education and training for PWDs and this will enable them to understand and appreciate different sources of funding with a positive attitude in that will eventually see their ventures not only growing but also developing. The real and measurable picture of entrepreneurship among PWDs noted in the document is a graphic imprint of the ability of this group to overcome dependency.*

Keywords: Entrepreneurship, Financial, Resources, Growth, Disabilities

1. Introduction

Your business's financial strength is of particular importance in assessing growth readiness (Handicap-International, 2006, Mersland, 2005). Growth requires money to purchase additional equipment, invest in added staff, and support the rest of the growing operations (Bwire, 2009). To determine if your business has internal sources of cash to invest in growth, you will need to review historical and projected financial statements on a regular and ongoing basis (Taylor, 1994). By assessing the numbers, you can see where you've been, where you are going, and what it will take to get you there. Information on your business's sales, profits, and cash flow is key. Conducting a preliminary analysis of net profit and its components will provide you with a greater understanding of the current financial condition of your business. It will also tell you if you need to limit your plans for growth because of financial constraints, Mersland, 2005. One key consideration is the amount of cash generated from business operations available to support growth. Growth financing is typically the easiest to obtain from external sources, but it comes with costs: banks earn interest on loans and investors expect a strong return on their investment and may insist upon ownership in the business to ensure it. Many people with disabilities have few assets of value to help secure a business loan (Kenya MSE Survey 1999).

They may have lived for years in poverty, unable to establish a sound credit record like other socially excluded MSE owners, credit from formal financial organizations is not always available or accessible to entrepreneurs with disabilities. Some of the disabled entrepreneurs, however, access meager financial resources through government grants, while others collectively seek funding through micro credit schemes with friendly and hidden charges. Challenged entrepreneurs claim that many lenders have viewed making small-business loans to them as an added risk. However, advocates argue that lending to the disabled is a better bet because they are extremely determined in the midst of adversity.

2. Research Methodology

2.1 Research Design

A two stage research design approach was used;

Stage 1

The purposive research survey was used where known EWDs areas of operation in each of the six sub counties of Bungoma County were targeted. The leadership in the trading centre/markets were used to give direction to the locations of EWDs. This implied that the nature of entrepreneurs interviewed were typically those that are mobile or have means of transportation that enable them get to trading centres. Ordinarily, these kinds of PWDs are likely to be more aggressive and have a higher tolerance for a busy environment. Thus, this method could have eliminated some EWDs such as those who have home based enterprises, with low tolerance for busy environments and minimal mobility. Structured questionnaires were used to collect data from EWDs.

Stage 2

Participatory approach was used which involved a skills imparting session and then asking the EWDs to make a collective documentary about their business life, (Hall 2007). The group of EWDs that was involved was part of the Bungoma sit volley ball team that trains at Bungoma Club. The totals of respondents are shown in the table 2.1 below;

Table 2.1

Overview data collection	Total number of EWDs who Participated
Structured Questionnaires	164
Participatory	16
Total	180

Source: Number of entrepreneur interviewed

2.2 Sources of Data

The data for this research was collected from both primary and secondary as indicated above. Secondary research

included collection of data from existing government policies such Disability Act 2003, the constitution 2010 article 10, 39 and 54, survey reports by KNSPWD, ILO reports, and non-governmental organizations working in this area and records on PWDs from County office of Ministry of Labour, Social Security and Services- Bungoma. The primary sources were the subjects of the study who gave the actual data collected from the field. Primary data was collected by use of questionnaire delivered to respondents who read, understood the questions and wrote down the reply in the space meant for the purpose in the questionnaire itself. The respondents answered the questions on their own, (Kothari, 2004).

2.3 Target population and Sample size.

The study was conducted in six major towns of Bungoma County i.e. Bungoma Municipality of Bungoma South District, Webuye town of Bungoma East and West Districts, Kimilili town of Kimilili- Bungoma district, Chwele town of Bungoma Central and Kapsokwony and Cheptais towns of Mount Elgon District. The targeted population consisted of 1800 entrepreneur with disabilities in total. Thirty EWDs were sampled from each town giving a sample size of 180 entrepreneurs which is 10% of the target population of 1800. (Bungoma County office Ministry of Labour, Social security and Services 2013)

2.4 Sampling Technique

Systematic sampling technique was used to select the respondents for the questionnaires who were Entrepreneurs with Disabilities. Systematic sampling is a type of probability sampling method in which sample members from a larger population are selected according to a random starting point and a fixed, periodic interval.

Table 2.2: Number of Registered EWDs Per Sub County in Bungoma County

<i>Sub county names</i>	<i>Town of interest</i>	<i>Registered EWDs</i>
Bungoma South	Bungoma town	540
Webuye East & Webuye West	Webuye town	216
Bungoma Central & West	Chwele market	288
Bungoma-Kimilili /North	Kimilili town	180
Kapsokwony	Kapsokwony town	360
Cheptais	Cheptais town	216
TOTALS		1800

Source; Bungoma County Ministry of Labour, Social security and Services 2013

This interval, called the sampling interval, is calculated by dividing the population size by the desired sample size. Choosing a sample size through a systematic approach can be done quickly. The research ensured that the list used with the sampling interval was well organized in a cyclical pattern that matched the sampling interval. Questionnaires comprised of closed-ended questions, (Nicholas, 2005). (See appendix I). According to Kavulya J.M, (2007), structured questionnaires or closed questionnaires are those that for each question you give all possible alternatives from which the respondents selects the answer which best described their situation or opinion, (McLean, 2006). Dumas (1999) suggest, 'this is the most commonly used question format for

assessing participants' opinions of usability'. The questionnaire had five distinct parts. Part one sought to gather general information from the respondents; Part two; the effect of entrepreneurship education on enterprise growth; Part three; the effect of accessibility of financial resources to growth of enterprises; Part four; the effect of attitudes of entrepreneurs with disabilities towards entrepreneurship and part five; growth prospects of entrepreneurs with disabilities.

2.5 Data processing and analysis

In analyzing the qualitative data the researcher was interested in both the social and psychological context, therefore adopted Braun & Clarkes (2006) theoretical position of the essential or realist method, which reports experiences, meanings and the reality of participants. Given the nature of data, the level of analysis that the researcher deemed appropriate was thematic analysis. Thematic analysis can be a method that works both to reflect reality and to unpick or unravel the surface of 'reality' (Braun and Clarke, 2006). Themes were identified at a semantic level, i.e. they were identified within the explicit or surface meanings of the data. At this point the researcher was not looking for anything *beyond* what a respondent said or what had been written. Ideally, the analytic process involved a progression from *description*, where the data was simply organised to show patterns in semantic content, and summarised, to *interpretation*, where there was an attempt to theorise the significance of the patterns and their broader meanings and implications (Patton, 1990), often in relation to previous literature.

The data was organized based on the research questions, looking at all respondents and their answers in order to identify consistencies and differences. The themes or patterns within the data were identified using both deductive approaches (Boyatzis, 1998; Hayes, 1997) i.e. they were driven by the researcher's theoretical or analytic interest in the area, and inductive approaches (Frith and Gleeson, 2004) i.e. the themes identified were strongly linked to the data themselves (Patton, 1990). The 'keyness' of a theme was not necessarily dependent on quantifiable measures – but was based on whether it captured something important in relation to the overall research question (Braun & Clarkes, 2006).

The data collected was analysed using statistical packages (SPSS) version 20 for the quantitative data where frequencies, percentiles, tables, and charts were derived, (Tromp & Kombo, 2006).

3. Results and Discussion

3.1 Access to Financial Resources

According to the Private Sector Foundation (2011), the Ministry of Finance, Planning and Economic Development (2008) and Namusonge G. (2010), access to credit and financial services are important aspects affecting growth of small and medium scale businesses of Kenya. In the broader Kenyan context this was not surprising because most Kenyans started businesses using their own savings as shown in the NSPWD report 2011. Figure 4.1 show that six in every

ten of the EWDs used their own savings as the main source of start-up capital which is so much limiting in terms of growth. Spouses also played a significant role raising startup capital. What was intriguing was the fact that financial institutions, including banks, SACCOs and MFIs did not feature strongly as a source of start-up capital. More than six in every ten of the EWDs lamented that it was not easy to access funding for their business and this impacted negatively on their business growth.

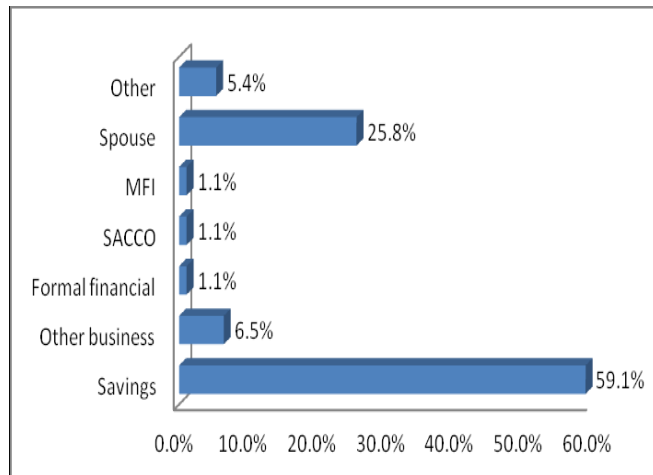


Figure 4.1: Main Source of Start-up Capital for Entrepreneurs with Disability

According to figure 4.2, more than a half of the EWDs said getting a loan or financial support was not easy because they did not have information on availability of different sources of finance and this limited their growth potential. One of the respondent said that the main problem she faced was distrust by the mainstream banks due to her disabilities. Borrowing from financial institution is hard since the financiers think that she will not be able to pay back. 6 in every 10 EWDs commonly approached friends and relatives whenever they had financial needs and this source of funding was seen as limiting in terms of growth and development. Financial institutions such as MFIs, SACCOs, moneylenders and informal groups were the least approached for financial help. While spouses as earlier featured as a considerable source of start-up capital, their relevance in continued financing of the enterprise diminished.

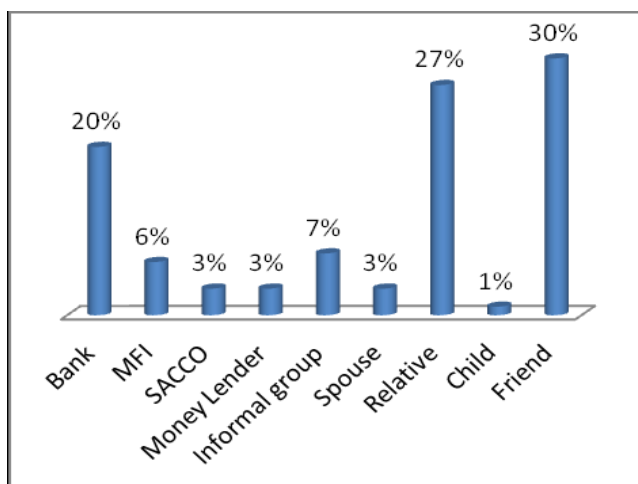


Figure 4.3: commonly approached sources of finance

3.2 Business Networks

The study found that, as many as 2 in every 3 EWDs did not belong to any association. Some of the reasons cited for this were discrimination against certain disabilities and corruption within the associations. "I do not belong to any disabled association as I feel that the associations often welcome those that had a disability from childhood and not people like me. I therefore see no reason to join the association but in case I am invited, I will be glad to join." (Mary) "PWDs are a marginalized group in this County however, even among them; there are certain categories of disabilities that are more marginalized in comparison to others." (KNCPD)

"Unfortunately the leaders and the counselors in these associations embezzle the funds so that those at the bottom don't benefit anything. The money is sent but those that are supposed to benefit don't receive it." (Matthew)

3.3 Access to Premises and Importance of Location

Six in every ten of EWDs said they could definitely afford the premises that they used to run their businesses. However, one of every ten had no premises to operate their business and operated from open spaces on the street. "I don't have premises; my business is operated under an umbrella that I have to hold up all day long in order to protect my merchandise. During the market riots or harsh weather, I have to wrap up my things quickly and try to run as fast as I can. But things drop along the way. Also since my stock is in the open, thieves pick up things. But now we network with neighbours to help monitor theft." (John).

Among the entrepreneurs who had premises, almost two thirds felt that their current premises were crucial for the success of their business. These premises permitted them easy access to the customers and suppliers. It should also be noted that rented spaces on the lower levels of buildings were very expensive yet most buildings did not have facilities for PWDs. Therefore, interested EWDs operated businesses on verandahs and corridors in big buildings. That notwithstanding, an overwhelming three quarters of the respondents were of the view that having bigger and better premises would allow their businesses to grow.

What was surprising however was that up to a half of the EWDs did not feel that customers chose to buy from them because of their location. Most EWDs felt that customers chose to buy from them because of sympathy for their disability. "People buy from me especially women because of my disability. They encourage me to continue in business rather than beg like my counterparts. In a way my disability is strength." (James). "I think my disability draws sympathy from clients that are why they give me business." (Norah)

4. Summary

4.1 Access to Financial Resources

The lack of financial resources was another well voiced factor affecting growth of EWDs. Financial institutions are hesitant to advance this demographic credit because of a lack

of not being exposed to the current demands. The PWDs end up having to rely on family and friends wherefrom the kind of capital acquired is limited. Most EWDs operate their enterprises in poor open roadside makeshift structures that are susceptible to extreme weather conditions, theft and the rampant town riots. Most business premises are expensive to be hired and many of these premises do not have facilities for people with disabilities. Boylan and Burchardt (2003) identified difficulties in obtaining start-up capital (e.g. lack of own financial resources, poor credit rating, disinterest / discrimination on the part of the banks) as one of the principal barriers encountered by people with disabilities when considering expanding a business.

5. Conclusion

Although entrepreneurship is a promising field, the environment in which EWDs operate is very difficult as most of them depend on own savings and social support for financial resources required to start and run their enterprises. Most EWDs operate in poor open roadside makeshift structures that are susceptible to extreme weather conditions, theft and the rampant town riots due to their limited financial resources caused by lack of adequate entrepreneurship education.

6. Recommendations

Improve Access to Credit and Financial Services

Information should be provided and awareness created by both Government and Financial institutions on the different financial services and business support available to PWDs that are interested in engaging in business, the 5% provision on employment and tendering is not enough. Government should also offer some business subsidies and financial incentives to EWDs like the ones that they offer to investors and youth entrepreneurs.

In order to minimize the bureaucracy and corruption among associations for PWDs, there is need to put in place structures that will ensure transparency and accountability in the associations. This can be done by having them register with umbrella organizations like NCPD, Action for Youth with Disability Kenya (AYDK) among others to which they will be accountable and which will monitor these associations' activities.

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