Factors Influencing Women-Owned Micro-Enterprise's Performance in Nakuru Town West Constituency – Kenya

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Abstract: *Women micro-entrepreneurs are known to contribute to employment creation, income generation and livelihood improvements. However, various studies indicate that women face constraints that limit their business growth and survival. Between 2008 and 2014, the rate of business survival in Nakuru County was 1:3 in every 3 years for male operated enterprises as compared to 1:4 in every 3 years for female operated enterprises. This suggests that women entrepreneurs face constraints that are unique to their gender. This paper discusses these issues with an emphasis on the extent to which socio - economic factors affect the performance of women-owned micro-enterprises. A survey research design was adopted to capture both the diversity of micro-enterprises and study sites characteristics in the study area. One hundred and sixty six (166) out of 830 women operated micro-enterprises (MEs) were sampled through multistage sampling procedure. Both primary and secondary data were collected. The primary data was collected through administration of questionnaires; observations; and interview schedules for key informants. Secondary data was sourced from relevant academic literature, working papers and government publications. Regression was used to help determine the relationship between socio-economic factors of women micro-entrepreneurs and the paper shows that age, education, marital status, training, experience, finance, and market significantly and positively influence performance of women operated micro-enterprises in nakuru Town West Constituency study area. Taxation on the other hand influences the performance negatively. The paper concludes that women micro-entrepreneurs need to be better equipped by developing their human capital, improved accessibility to; finance, market, and reduced taxation. The study recommends that the policy makers at the national, and county governments levels should address these limitations so as to promote women micro-entrepreneurs' contribution to their own livelihood as well as to the County and National economies.*

Keywords: Capitalization, Constraints, Finance, Socio-Economic Factors, Infrastructure, Micro-entrepreneur, Net Profit Margin, Performance of MEs, Sales growth rate , Woman operated micro enterprise

1. Introduction

All over the world, entrepreneurship is emerging as an avenue for gainful employment and a way of improving women's' economic and social status (Kiraka *et al*., 2013). Small and micro enterprises (SMEs) are viewed as key drivers of economic and social development (ILO, 2008 and IFC, 2011). Of the total number of entrepreneurs across the world, women account for 25 to 35 percent (Kiraka *et al*., 2013). This percentage is higher in Africa at between 40 and 50 percent, and in some countries, up to 60 percent (ILO, 2008). Small and micro enterprises (SMEs) create employment and generate incomes which contribute to the achievement of the Sustainable Development Goals including (eradication of poverty; gender equality and empowerment of women among others).

Despite this, many women entrepreneurs operate in difficult conditions. These include limited access to key resources such as land and credit; inadequate infrastructure; high production costs; legal framework; competition, inadequate markets; insecurity and the socio-cultural environment (McCormick, 1997; RoK, 1999; Stevenson and Onge, 2005; Kinyanjui, 2006; and Kiraka*et al., 2013*). In addition, more women than men lack the requisite level of education, technical skills and entrepreneurship training (Stevenson and Onge, 2005). These factors have been shown to play an important role in successful performance of enterprises (Rok 1999 and Mairura 2011). Moreover, it is recognized that women in most societies carry the added burden of family and domestic responsibilities (Richardson *et al.,* 2004). These affect their businesses performance negatively, thus limiting their ability to generate income.

A review of the employment profile of Nakuru County shows that a large proportion of the population is employed in wholesale and retail trade, hotels and restaurants, manufacturing sector and informal sector (NCDR, 2013). In market centres, there are many trading activities such as retail shops, groceries and wholesale traders forming the bulk of business activities, and contributing significantly to incomes for many households (Ibid). A key development planning view arising from the profile is that emphasis should be laid on the promotion of medium and small scale businesses because they create substantial employment to the citizens especially for women and youth (NCDR, NCDR, 2013). This paper examines the extent to which socio - economic factors affect the performance of women operating micro-enterprises. The hypothesis that Socio-economic factors do not significantly affect the business performance of women micro-entrepreneurs in Nakuru Town West Constituency was used in order to achieve the major study objective.

2. Theoretical and Conceptual Framework

The paper is based on entrepreneurship theory. The theory is useful as it provides an approach in understanding micro

entrepreneurs' socio-economic environments and how these affect their enterprises performance. In addition, the theory provides an understanding on how the entrepreneurs try to overcome them.

Entrepreneurship theory thus brings to the fore a number of elements that underscore entrepreneurship. These include: opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. The theory explains that opportunities are created by the institutional or external environment for those entrepreneurs who identify them to start or improve their businesses and subsequently their welfare (Shane, 2003). Ability to identify and tap such opportunities differs from one entrepreneur to another. Individual attributes such as psychological and demographic including factors such as motives, education, and training, career experience, age, and social status affect discovery of entrepreneurial opportunity. Levels of risks are diverse and can be reflected in the enterprise output in terms of net profit margin, sales growth rate, and growth in capital.

Other factors that could affect an entrepreneur's discovery of opportunity include economic, financial, political, and legal and socio factors (Deakens, 1999). For example, discovery of business opportunity could be negatively affected by constraints like availability of capital, income level of the entrepreneur, political stability, laws governing enterprises and property rights. Entrepreneurs 'decisions to exploit the opportunity depend on their levels of education, skills, social networks, and credit (Shane, 2003).The decision to exploit opportunity leads to the quest for coping strategies which in turn lead to better performance by entrepreneurs, conceptualized in this paper as higher net profit margins, growth in capital, and higher sales growth rates.

The conceptual framework (Figure 2.1) shows that women entrepreneur operating micro enterprises are faced with a number of constraints. These constraints impact on women micro entrepreneurs' performance conceptualized as 'sales growth rate' 'net profit Margin' and 'capital growth rate.' The link between key constraints and their effects on performance by women micro entrepreneurs is depicted and illustrated.
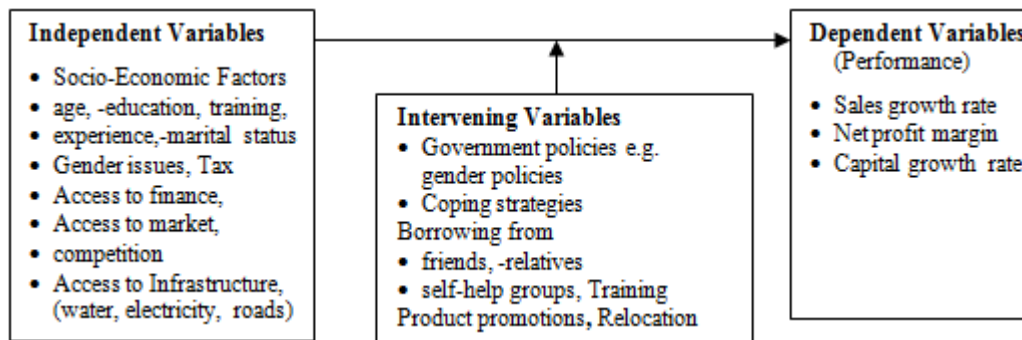

Figure 2.1: Conceptual Framework

Source: Derived from Literature Review

In this paper, the following socio- economic factors (age, education, training, marital status, experience, finance, market, and infrastructure) are conceptualized to impact on dependent variables (sales growth rates, net profit margin and capital growth). Entrepreneurs with limited finance, low level of education, inadequate infrastructural establishments realize low performance conceptualized as low sales growth rates, low net profit margins and low capital growth. On the other hand, entrepreneurs with better access to finance, education, adequate infrastructure, are conceptualized to realize high performance. These in turn contribute towards higher sales growth rates, higher net profit margins, and more growth in capital. It is further conceptualized that women entrepreneurs in the study area cope with the said constraints in various ways including; acquiring capital credit through borrowing from friends and relatives; reliance upon self-help groups; relocating their enterprises to more lucrative premises; diversifying their products; and training.

It is noted that government policies and the coping strategies adopted by women entrepreneurs have the potential to reduce or increase the impact of independent variables on dependent variable. For instance, a central government policy that allows affordable credit to women micro-entrepreneurs with minimum interest is likely to have a positive impact on performance with possible outcomes such as higher sales growth rates, higher profit margins, and higher capital growth. Also, policies which improve access to infrastructure such as; water, electricity, roads, will contribute towards realizing better performance by women micro-entrepreneurs. Similarly the nature of coping strategies adopted in view of the range of constraints women entrepreneurs face will impact positively or negatively on performance. For instance, in the face of competition, diversification of products and services is likely to bring about higher sales, higher profits, and higher capital growth.

3. Methodology

The Study Area
The study was conducted in Nakuru Town West Constituency, in Nakuru County (Fig.3.1). Nakuru County lies within the Great Rift Valley and is located between Longitudes $35^0 28^{'}$ and $35^0 36^{'}$ East and Latitude $0^0 13^{'}$ and $1^0 10^{'}$ South
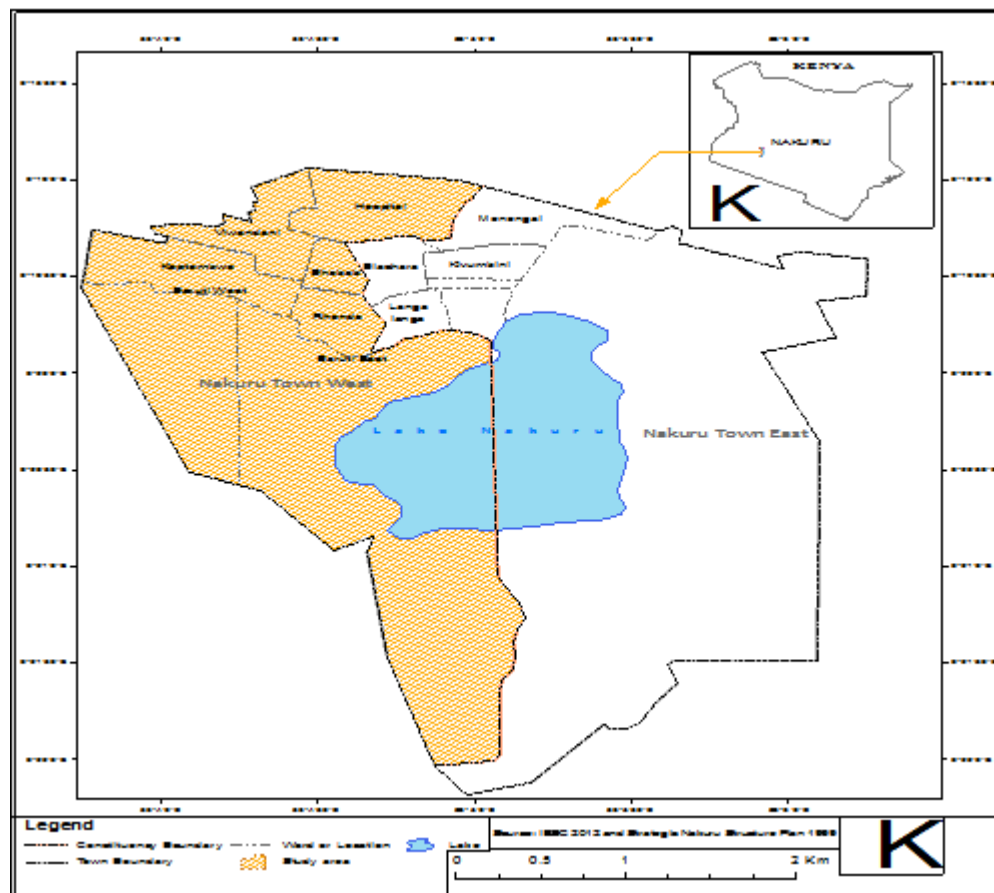
Figure 1: Location of Study Area

3.1 Research Design

This study is based on a survey design in which 830 women micro entrepreneurs who operate in Nakuru Town West Constituency were targeted These were distributed within the seven wards in the constituency namely: Hospital, Rhoda, Shabab, Kaptembwo, Barut East, Barut West and Viwandani Wards (IEBC 2012). A sample size of 166 micro-entrepreneurs, making up 20% of the total women micro-entrepreneurs (830) in Nakuru Town West Constituency, was selected for the study using multi-stage sampling procedures where a total of sample of 166 respondents were selected to represent 3 study sites (wards) namely Hospital, Shabab and Kaptembwo.

3.2 Data Collection and Analysis

Primary data was sourced by administration of the questionnaires to women micro-entrepreneurs operating in the three wards and key informants purposively selected. For the latter; one from women enterprise fund, - Nakuru branch, and, three from micro-finance institutions (KWFT, Faulu Kenya and, Jamii Bora Enterprise Bank) were targeted. Secondary data were sourced from relevant academic literature, working papers and government publications. These were reviewed and relevant materials extracted to inform discussions and analysis on various issues.

The ordinary least squares (OLS) regression model was used to analyze the influence of women micro-entrepreneurs' socio-economic factors (age, education, marital status, experience, training, gender discrimination, access to finance, access to market, competition, electricity access, road access, water availability, tax, security, rent, and taxation) on performance (profit margin, sales growth rate, capital growth).The ordinary least squares (OLS) version of the model is given by:

$$P = \beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \beta_3 Y_3 + \beta_4 Y_4 + \beta_5 Y_5 + \beta_6 Y_6 + \beta_7 Y_7 + \beta_8 Y_8 + \beta_9 Y_9 + \beta_{10} Y_{10} +$$
$$\beta_{11} Y_{11} + \beta_{12} Y_{12+} \beta_{13} Y_{13} + \beta_{14} Y_{14+} \beta_{15} Y_{15} + \beta_{16} Y_{16+} \mu$$

Where;

P = Profit margin/sales growth rate/capital growth

β_0 = intercept or constant (with no economic meaning)

Y_1 = Age

Y_2 = Education

Y_3 = Marital status

Y_4 = Training

Y_5 = Experience

Y_6 = Gender discrimination

Y_7 = Finance access

Y_8 = Market access

Y_9 = Competition

Y_{10} = Electricity access

Y_{11} = Road access

Y_{12} = Water availability

Y_{13} = Tax

Y_{14} = Security

Y_{15} = Rent

Y_{16} = Corruption

$Y_1 .... Y_{16}$ = Coefficients of the social-economic factors of the women micro-entrepreneurs

μ = is the stochastic term that bears all the unquantifiable influences on to the model from other known or unknown variables that may not have been included in the model

In addition, correlation was used to show the relationship between some socio-economic factors of women micro-entrepreneurs and their enterprises' performance (correlation graphs).

In this study, it was hypothesized that socio-economic factors do not significantly affect the business performance of women micro-entrepreneurs in Nakuru Town West Constituency). It is important to note that the assumptions of the linear regression and the normality test were conducted before proceeding to the further analysis.

First, the independent variables (age, education, training, marital status, experience, finance access, market access, competition, security, rent, corruption, gender discrimination, water access, electricity access, road access) were correlated. Correlation was considered important so as to avoid multicollineality where independent variables influence one another. It was found out that no variable was highly correlated with other variables in the study and hence all the variables were retained for further analysis. Second, normality test was conducted using box plot. The box plot was also used to test the assumption of constant variance in the errors. It was found out that the errors had a constant variance and the assumptions of normality were fulfilled.

The independent variables (socio-economic factors) considered were; age, education, marital status, training, experience, gender discrimination, access to finance, access to market, competition, access to electricity, water availability, road access, tax, security, rent, and corruption. The performance indicators used were; net profit margin, sales growth rates, capital growth rate. Effect of independent variables on dependent variables was attained by regressing the independent variables against the dependent variables using ordinary least squares (OLS) given by the equation; $(P = \beta_0 + \beta_1 Y_1 + \beta_2 Y_2 + \beta_3 Y_3 + \beta_4 Y_4 + \beta_5 Y_5 + \beta_6 Y_6 + \beta_7 Y_7 + \beta_8 Y_8 + \beta_9 Y_9 + \beta_{10} Y_{10} + \beta_{11} Y_{11} + \beta_{12} Y_{12+} \beta_{13} Y_{13} + \beta_{14} Y_{14+} \beta_{15} Y_{15} + \beta_{16} Y_{16+} \mu)$.

The coefficient of determination was applied to determine how much the independent variables influence the dependent variables. In this case the researcher aimed at determining the direction, magnitude and the effect (significance) of the independent variables on the performance indicators.

It is important to note that the hypothesis used to achieve the objective (H$_o$: Socio-economic factors do not significantly affect the business performance of women micro-entrepreneurs in Nakuru Town West Constituency and) was broken down into 3 hypotheses in order to capture the three performance indicators (Net profit margin, sales growth rate, and capital growth)

4. Results and Discussion

4.1 Effects of Social-Economic Factors on Net Profit Margin

Table 3.1: Effects of Social-Economic Factors on Net Profit Margin

Predictor	Coef	SECoef	T	P
Constant	0.5411	0.3112	1.74	0.084
Age	0.08037	0.03828	1.96	0.049
Education	0.17477	0.05771	3.03	0.003
Marital status	0.22539	0.06835	3.30	0.004
Training	0.11235	0.04722	2.38	0.019
Experience	0.10244	0.05237	2.10	0.038
Gender discrimination	-0.04873	0.05711	-0.85	0.395
Finance access	-0.09991	0.03711	-2.69	0.008
Market access	-0.08388	0.04748	-1.77	0.049
Competition	-0.10450	0.04568	-2.29	0.024
Electricity access	-0.04569	0.06512	-0.70	0.404
Roads access	-0.07697	0.04807	-1.60	0.211
Water availability	-0.08426	0.05455	-1.54	0.125
Tax	-0.15392	0.04640	-2.01	0.040
Security	-0.09326	0.05833	-2.64	0.048
Rent	-0.09639	0.06908	-0.38	0.049
Corruption	-0.04212	0.04523	-0.27	0.489

S = 0.313735   R-Sq = 34.5%   R-Sq (adj) = 27.2%

It is observed that age, education, marital status, training, experience, finance, market access, competition, tax, security, and rent had significant influence on net profit margin (regression analysis, n=11, p<0.05). This leads to rejection of the null hypothesis and acceptance of the alternative hypotheses (Socio-economic factors significantly affect the net profit margin of women micro-entrepreneurs in Nakuru Town West Constituency) for the variables. It is noted however that gender discrimination, access to electricity, access to roads, water availability, and corruption had no significant influence on net profit margin (regression analysis, n=5, p>0.05). This leads to acceptance of the null hypothesis. Model 1 illustrates the results;

Model 1
Net profit margin = 0.541 + 0.0804age + 0.175 education + 0.225 marital status + 0.112 training + 0.102 experience - 0.100 access to finance -0.084 access to market- 0.105 competition -0.154 tax - 0.0933 security-0.09639 rent

From the regression analysis (Model 1), it is observed that net profit margin rises with age of a woman micro-entrepreneur. Correlation between net profit margin and age also shows that net profit margin increases by (0.0479 with rise in age category of a woman micro-entrepreneur
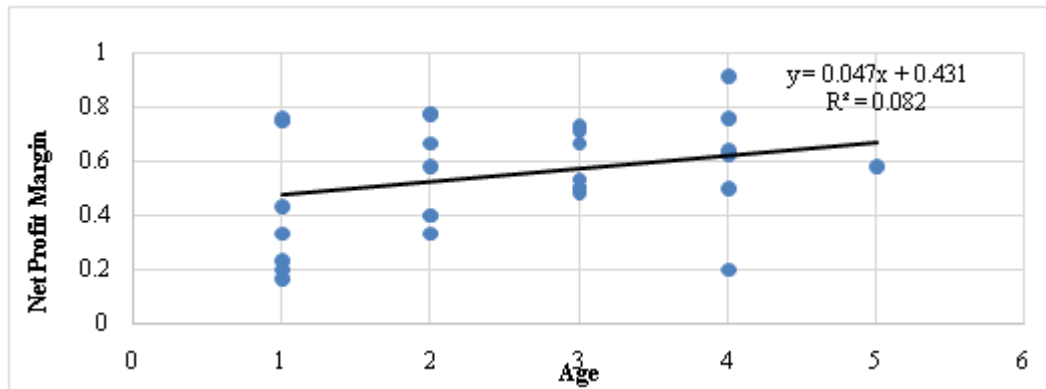
Figure 2: Net Profit Margin against Age.
Where: 1= "16-29", 2 = "30-39", 3 = "40-49", 4 = "50-59" and 5 = "60-69"

Model 1 and the correlation graph (Figure 3.2) suggest that as women micro - entrepreneurs spend more years in their businesses; they gain knowledge and skills, enabling them to manage their enterprises more effectively and or reduce the effects of the business related constraints. The finding corroborates a study by Mairura (2011) conducted in Nakuru Town which indicated that net profit margin rises with age of entrepreneurs in small and medium enterprises' sector.Staw (1991) also notes that age is related to business success if it includesboth chronological age and entrepreneurial age. This means that the older an entrepreneur is, the more experiences in business he has.

Age thus implies extensive experience. However findings on the Impact of Socio Economic Factors on the Performance of Small and Medium size Enterprises, - Kericho County, Kenya indicate that age does not impact significantly to performance (Joseph,et al, 2014).

Results from regression analysis shows that profit margin increases with rise in level of education and training (Model 1). Further, correlation analysis between profit margin and education also shows profit margin to increase by 0.0607 with every rise in level of education (Figure 3.2)
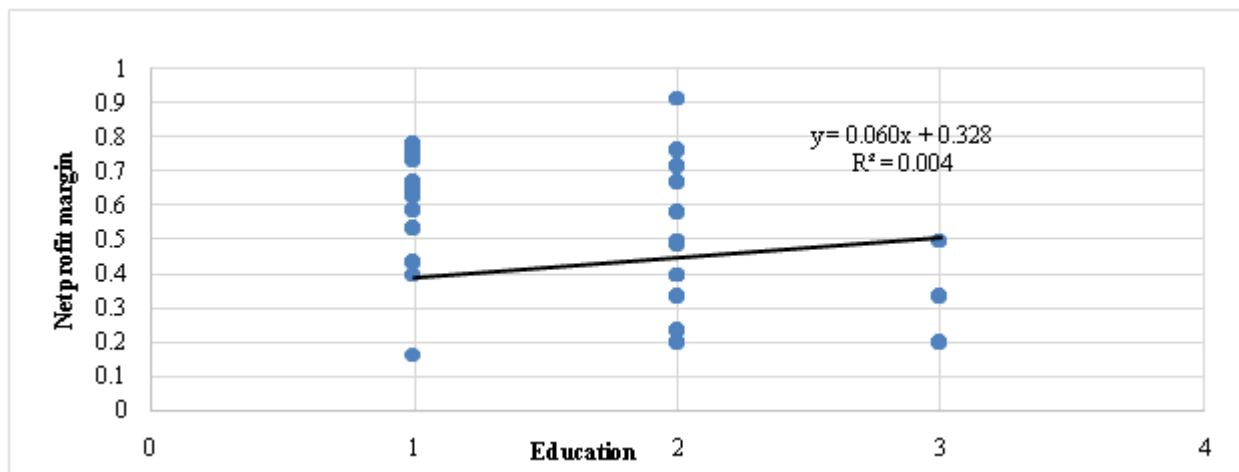

Figure 3: Relationship between Net Profit Margin and Education
Where: 1 = "Primary", 2 = "Secondary", 3 = "Post-Secondary"

The profit margin increase with rise in level of education and training could be explained by the fact that those entrepreneurs with higher stocks of human capital in terms of education and or vocational training are better able to adapt to constantly changing business environments. This suggests that for the purposes of growing micro enterprises in the study area, investing in women's education and training is essential. The finding is consistent with the study of King and McGrath, (1998), RoK, (1999), and Mairura,

(2011) which indicate that education is one of the factors that impact positively on growth of enterprises.
From the analysis, it is further observed that profit margin rises with business experience of a woman micro-entrepreneur (Model 1). In addition, specific relationship between profit margin and experience obtained through correlation analysis indicate that profit margin increases by 0.052 for every rise in year of experience (Figure 3.3).
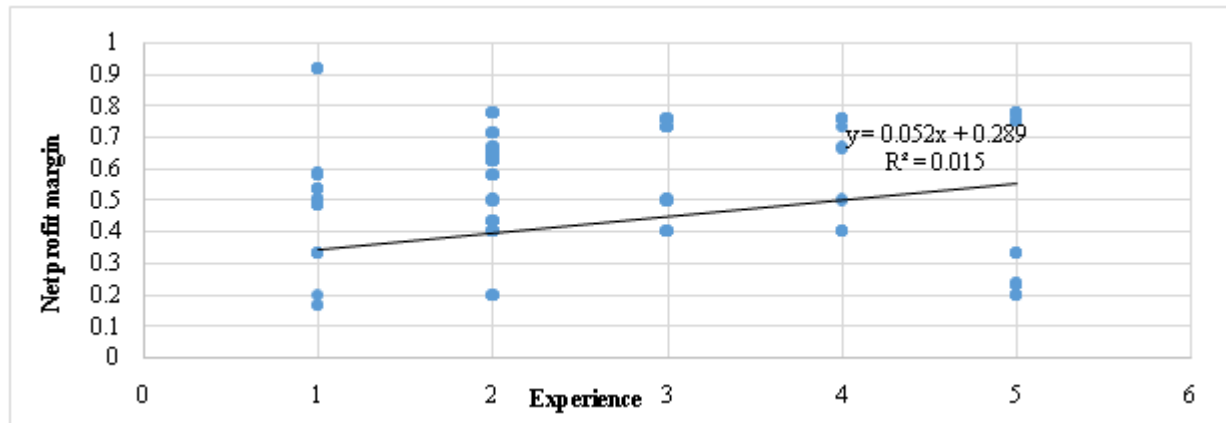
Figure 4: Relationship between Net Profit Margin and Experience

Where: 1 = "1 year", 2 = "2 years", 3 = "3 years", 4 = "4 years" and 5 = "5 years and above" profit margin increases by 0.052 for every rise in year of experience (Figure 3.3).

The fact that profit margin increases by 0.052 for every rise in year of experience implies that, as one takes longer period in business, the more capable she becomes in finding ways to cope with business challenges.

From the analysis (Model 1), it is observed that profit margin of married women operating micro-entrepreneurs in the study area is higher compared to that realized by single woman (unmarried, widowed, and divorced). entrepreneurs This could be explained by the fact that most married women micro-entrepreneurs interviewed acknowledged having received security, moral and financial support from their spouses during start up and in the course if r running their enterprises. This finding is consistent with results from two studies, namely Bura, (2012) and Machira*et al*., (2014). Findings from these two studies underscore the observation that women micro-entrepreneurs receive substantial support (moral, financial) from their spouses.

Women micro-entrepreneurs who perceived that limited accessibility to finance imposed severe constraints on their enterprises had lower profit margin compared to those who perceived that limited accessibility to finance did not have severe constraint on their enterprises (Model 1). This suggests the importance of access to finance for successful business performance. As indicated in the descriptive analysis, (Table 10), only 10% of the sampled respondents were funded by formal financial institutions. This seems to suggest that women micro entrepreneurs have problems in acquiring credit for business start upand for expansion purposes from formal financial institutions.

This finding is consistent with a study conducted in Nakuru Town by Wegulo, (1998) in which it was observed that many businesses were undercapitalized partly for fear by entrepreneurs to seek loans in case they are unable to repay. A similar study by Obulinji, (2010) on impact of credit on SMEs growth in Nakuru Town Municipality also found out that capital was a major constraint to the growth of SMEs. Those SMEs that accessed credit from MFIs registered positive impacts in microenterprises capitalization and income. Moreover, Sessional Paper No. 2 of 2005 (RoK, 2005) and Kinyanjui (2006) also cite lack of access to credit as a major constraint inhibiting growth of women owned/operated enterprises.

Women micro-entrepreneurs who perceived limited access to market as a severe constraint on their businesses performance had lower profit margin than those who did not perceive limited market as a severe constraint (Model 1). This could be explained by the fact most women micro-entrepreneurs in the study area (52.4%) engage in hairdressing, dress-making and food provisioning business categories (Table 8). These business categories confine women micro – entrepreneurs to local markets. This finding is consistent with the study by Zewde and Associates, (2002) and Kiraka*et al.*, (2013) which indicate that women engage in businesses that largely confine them to local markets where access, mobility and networks are easier to negotiate.

Women micro-entrepreneurs who perceived competition as having a negative influence on their enterprises' performance had lower profit margin as compared to those who perceived competition as having a less negative influence on their enterprises' performance. Most of the respondents who perceived that competition was a severe constraint were from tailoring/dress-making sub-sectors. They argued that the clients who require their products and services prefer selling second hand clothes which are cheaper and a variety of designs. This finding corroborates the study by Jaiyeba, (2010) who argues that most entrepreneurs are not growing and new competitors with wide varieties of products are emerging. The finding of the study under review is also consistent with Richardson and Finnegan, (2004) who indicated that rapidly changing customer requirements demand strong market orientation if SMEs are to be successful. This is because wide range of consumer goods competes for the buyer's money and preference is often oriented to the cheapest product.

Women micro-entrepreneurs who perceived taxation as a severe constraint to their businesses performance had lower profit margin, than the women micro-entrepreneurs who did not perceive taxation as a severe constraint to their businesses performance. As indicated elsewhere in this study, most women micro-entrepreneurs complained of the over taxation by the County Government of Nakuru. Some had to acquire two different licenses, others three, and still others four depending on the category of the enterprise. For example, a general shop was required to acquire 3 different licenses; one for operating as a general shop; second one for

health related consumables items sold like *doughnuts*, *mandazis*, and raw milk; third one was for, in case there is fire outbreak, they would be attended to. The finding corroborates the study by (ILO, 2001) which asserts that, microenterprises face procedural and administrative problems relating to licensing.

4.2 Effects of Social-Economic Factors on Sales Growth Rate

Table 3.21: Effects of Social-Economic Factors on Sales Growth Rate

Predictor	Coef	SECoef	T	P
Constant	0.5991	0.3959	1.51	0.132
Age	0.09918	0.04869	2.04	0.049
Education	0.18478	0.06662	2.77	0.006
Marital status	0.32175	0.08694	3.70	0.000
Training	0.17598	0.06007	2.93	0.004
Experience	0.12410	0.06939	1.79	0.046
Gender discrimination	-0.09166	0.07264	-1.26	0.209
Finance access	-0.41660	0.06114	-6.81	0.000
Market access	-0.18184	0.08284	-2.20	0.030
Competition	-0.17771	0.05811	-3.06	0.003
Electricity	-0.09023	0.08788	-1.03	0.306
Roads access	-0.06519	0.04720	-1.38	0.199
Water availability	-0.07908	0.05754	-1.37	0.171
Tax	-0.46639	0.05902	-7.90	0.000
Security	-0.29459	0.07420	-3.97	0.046
Rent	-0.24311	0.07342	-6.04	0.050
Corruption	-0.09271	0.06040	-3.19	0.302

$S = 0.399099$ $R\text{-}Sq = 63.1\%$ $R\text{-}Sq(adj) = 59.0\%$

From the results, it is evident that age, education, marital status, training, experience, finance access, market access, competition, tax, security, and rent had significant effect on sales growth rate (regression analysis, n=11, $p<0.05$). This leads to the rejection of the null hypothesis and acceptance of alternative hypothesis (H_1: (ii) Socio-economic factors significantly affect the sales growth rate of women micro-entrepreneurs in Nakuru Town West Constituency) concerning the mentioned variables. However, gender discrimination, access to electricity, access to roads, water availability, and corruption had no significant effect on sales growth rates (regression analysis, n=5, $p>0.05$). This leads to the acceptance of the stated null hypothesis (H_o: (ii) Socio-economic factors do not significantly affect the sales growth rate of women micro-entrepreneurs in Nakuru Town West Constituency) of the mentioned variables. Model 2 describes this:

Model 2
Sales growth rate = 0.599 + 0.0992 age + 0.185 education + 0.322 marital status+ 0.176 training + 0.124 experience - 0.417 access to finance - 0.182 access to market - 0.178 competition - 0.466 tax- 0.295 security- 0.24311 Rent

As can be observed, sales growth rate increases with rise in age of a woman micro-entrepreneur (Model 2). In addition, the results obtained (correlating net profit margin and education; - Figure 3.4) show that sales growth rate increase by 0.0303 for every rise in age category of a woman micro-entrepreneur.
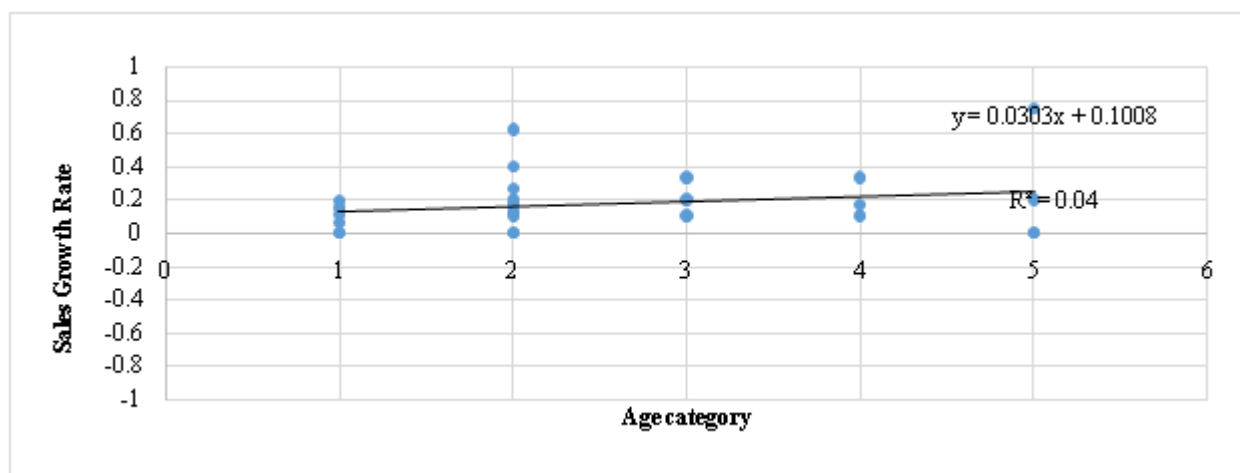

Figure 5: Relationship between Net Profit Margin and Age.
Where: 1 = "16-29", 2 = "30-39", 3 = "40-49", 4 = "50-59" and 5 = "60-70"

The sales growth rate increase with rise in age of a woman micro-entrepreneur suggests that as the women micro - entrepreneurs spend more years in their businesses; they gain skills and knowledge, and are therefore able to effectively manage the operation of their businesses. This could also suggest that more years of continuously operating their businesses make women micro-entrepreneurs better able to mitigate constraints that could affect their operations.

As observed in Figure 3.5, growth rate as measured by sales increases by 0.078 for every rise in level of education category of a woman micro-entrepreneur. Model 2 and correlation graph 3.5 suggest that education and training are important factors for enterprise growth. This implies that entrepreneurs with higher stocks of human capital in terms of education and or vocational training are better able to adapt to constantly changing business environments
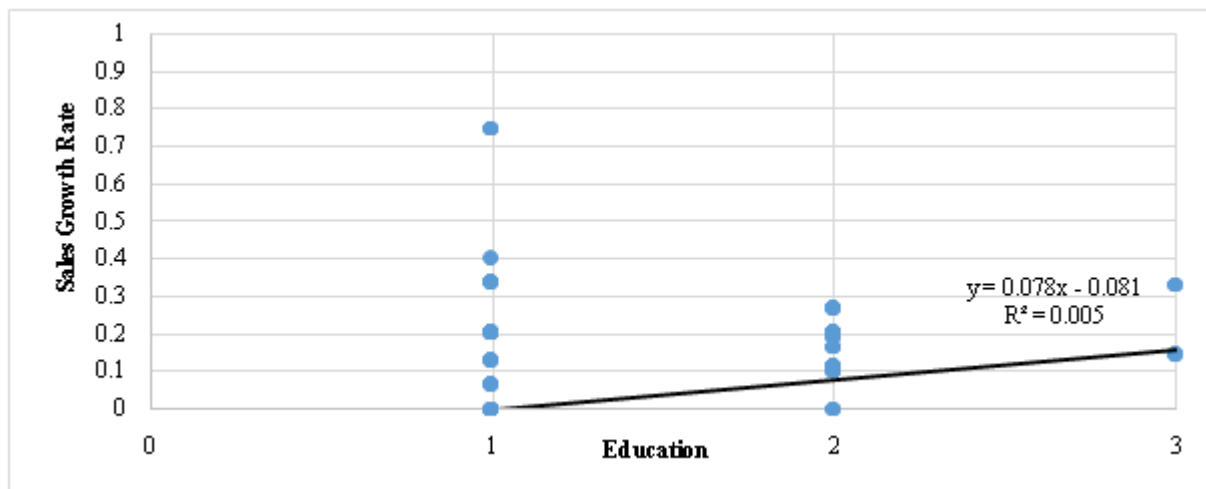
Figure 3.5: Relationship between Sales Growth Rate and Education

Where: 1 = "Primary", 2 = "Secondary", 3 = "Post-Secondary"

The finding is consistent with the study by King and McGrath, (1998) which indicates that education is one of the factors that impact positively on growth of enterprises. The finding also corroborates the study by Namusonge (2006) who noted that entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment. The study by Government of Kenya (RoK, 1999) also showed that incomes of enterprises differ with levels of education, being highest for the postgraduate group and lowest for those with lowest education. From the correlation analysis (Figure 3.6), it is further observed that sales growth rate increase by 0.073 for every increase in year of experience. This implies that more years (more experience) of running the same or related business lead to relative decline of constraints. As one takes longer period in business, the more capable she becomes in finding ways to cope with business challenges.
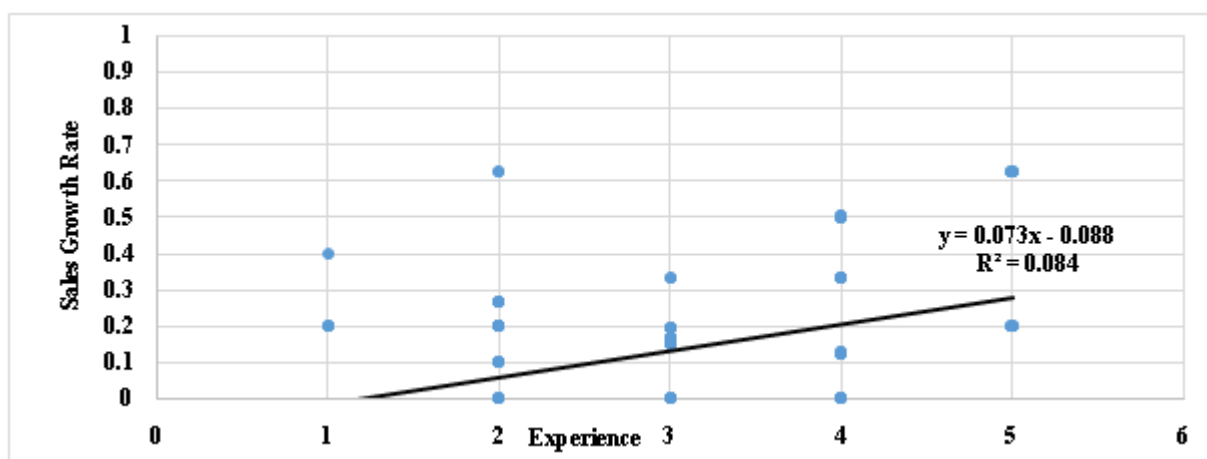

Figure 7: Relationship between Sales Growth Rate and Experience

Where: 1 = "1 year", 2 = "2 years", 3 = "3 years", 4 = "4 years" and 5 = "5 years and above"

The study findings corroborate the study of Mairura, (2011) which indicated that sales growth rate increased with increase in experience of small and medium entrepreneurs operating in Nakuru Town.

From the regression analysis (Model 2), sales growth rate of micro – enterprises owned by married women are more than that of single women entrepreneurs. This could be explained by the fact married women micro-entrepreneurs get security, moral and financial support from their spouses for the start and operation of their enterprises.

Women operating micro-enterprises who perceived limited accessibility to finance as a severe constraint on their enterprises had lower sales growth rate than those who did not perceive limited accessibility to finance as a severe constraint on their enterprises. This could be explained by the fact that credit facilitates entrepreneurs' performance. This finding is consistent with the study on accessibility of women enterprise fund by Kiraka*et al.,* (2013) which asserts that, the result of access to credit especially to women entrepreneurs in Kenya reflected in improved income, output, employment and welfare of entrepreneurs. The study findings also corroborates Wegulo (1998) who, in his study on SMEs in Nakuru Town, observed that many businesses were undercapitalized partly for fear to seek loans or because of required collateral.

From the regression analysis (model 2), sales growth rate of micro – enterprises owned by women-micro-entrepreneurs who indicated that limited access to market severely impacted on their businesses performance was less

compared to sales growth of those who indicated that limited market did not have a severe impact. This could be explained by the fact that better access to markets and market information lead to better performance. The study finding corroborates Mairura, (2011) who assert that SMEs often lack adequate access to training, exposure and experience on how to participate in the market place, and are therefore unable to strategically market goods and services.

Women micro-entrepreneurs who perceived competition as a severe constraint on their enterprises performance had lower profit margin compared to those who did not perceive competition as a severe constraint on their enterprises performance (Model 2). Most of the respondents who perceived competition as a severe constraint on their enterprises' were from tailoring/dress-making sub-sector. They argued that the clients who require their products and services prefer selling second hand clothes which are cheaper and a variety of designs. This finding corroborates the study by Jaiyeba, (2010) in Ethiopia who argues that most entrepreneurs are not growing and new competitors with wide varieties of products are emerging. The finding of the study under review is also consistent with Richardson and Finnegan, (2004) who assert that rapidly changing customer requirements demand strong market orientation if SMEs are to be successful. This is because wide range of consumer goods competes for the buyer's money and preference is often oriented to the cheapest product (Ibid).

From the analysis (Model 2), it is evident that profit margin of women micro-entrepreneurs who perceived taxation as a severe constraint on their businesses performance was lower compared to profit margin of women who did not perceive taxation as a severe constraint on their businesses' performance. As indicated elsewhere in this paper, most women micro-entrepreneurs complained of the over taxation by the County Government of Nakuru. Indeed, taxation was ranked as the most severe constraint affecting business performance by 19.4% women micro-entrepreneurs (Table 4.8). The finding corroborates the study by (ILO, 2001) which asserts that microenterprises face procedural and administrative problems relating to registration and licensing of businesses. Although registration is not a problem in the study area, taxation through licensing significantly affects the profit margin of women micro-entrepreneurs.

4.3 Effects of Social –Economic Factors on Capital Growth

Table 3.32: Effects of Social –Economic Factors on Capital Growth

Predictor	Coef	SECoef	T	P
Constant	32278	8413	3.84	0.000
Age	2795	1416	1.97	0.050
Education	3731	1474	2.53	0.012
Marital status	5195	1847	2.81	0.006
Training	9307	1276	7.29	0.000
Experience	2304	1035	2.23	0.028
Gender discrimination	-1930	1299	-1.49	0.140
Finance access	-13635	1544	-4.78	0.000
Market access	-7371	1867	-7.30	0.000
Competition	-5100	1235	-4.13	0.000
Electricity	-2049	1760	-1.16	0.246
Roads access	-1524	1003	-1.52	0.131
Water availability	-1220	1560	-0.78	0.435
Tax	-9999	1254	-4.07	0.000
Security	-5100	1577	-6.34	0.040
Rent	-1921	1223	-3.21	0.062
Corruption	-2166	1283	-3.25	0.071

S = 8480.14   R-Sq = 59.4%   R-Sq (adj) = 54.8%

From the analysis, it is observed that age, education, marital status, training, business experience, access to finance, access to market, competition, tax, and, security had significant effect on capital growth (regression analysis, n=9, p<0.05). This leads to the rejection of the null hypothesis (H_o (iii): socio-economic factors do not significantly affect the capital growth of women micro-entrepreneurs in Nakuru Town West Constituency) and acceptance of alternative hypothesis (H_1 (iii): socio-economic factors significantly affect the capital growth of women micro-entrepreneurs in Nakuru Town West Constituency) for the mentioned variables. However, gender discrimination, access to electricity, access to roads, water availability, rent and corruption had no significant effects on capital growth (regression analysis, n=6, p >0.05). This leads to the acceptance of the null hypothesis (H_o (iii); socio-economic factors do not significantly affect the capital growth of women micro-entrepreneurs in Nakuru Town West Constituency). Model 3 illustrates the results as described;

Model 3
Capital growth=- 32278 + 2795 age +3731 education + 5195 marital status + 9307 training
2304 experience – 13635acess to finance - 7371access to market - 5100 competition - 9999 tax - 5100 security

From the analysis, it is further observed that, capital growth increases with rise in age of a woman micro-entrepreneur (Model 3). In addition, correlation analysis of capital growth and age (Figure 3.7) shows that capital growth rate increases by 0.0448 for every increase in age category of a woman micro-entrepreneur.
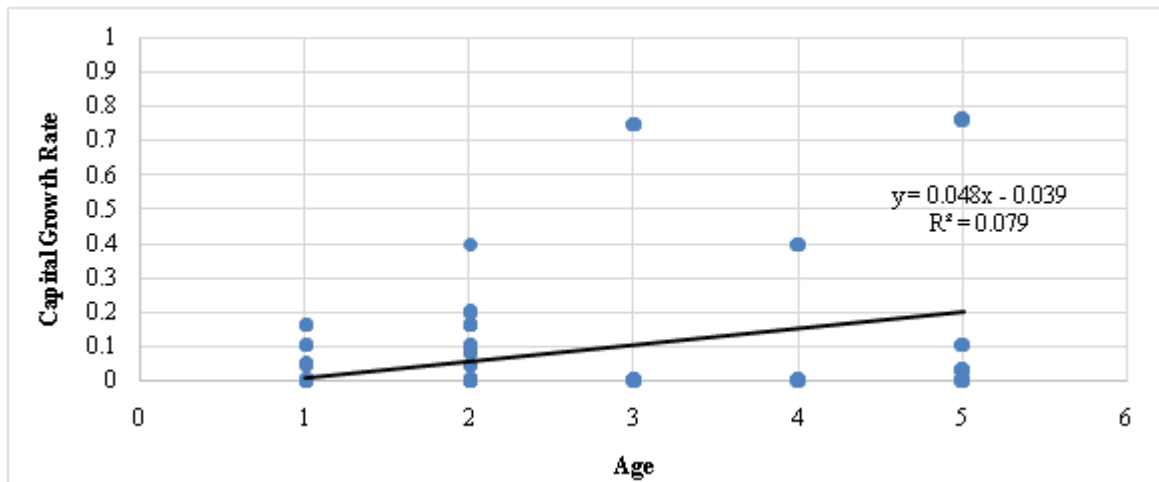
Figure 8: Relationship between Capital Growth Rate and Age
Where: 1 = "16-29", 2 = "30-39", 3 = "40-49", 4 = "50-59" and 5 = "60-70"

This suggests that as women micro - entrepreneurs spend more years in their businesses, they gain knowledge and skills, and are therefore able to effectively manage their enterprises or/and reduce the effects of the business related constraints.

Capital growth increases with rise in level of education (Model 1). Further, specific relationship between capital growth and level of education done through correlating capital growth and the level of education shows that capital growth rate increases by 0.0561 for every rise in level of education (Figure 3.8)
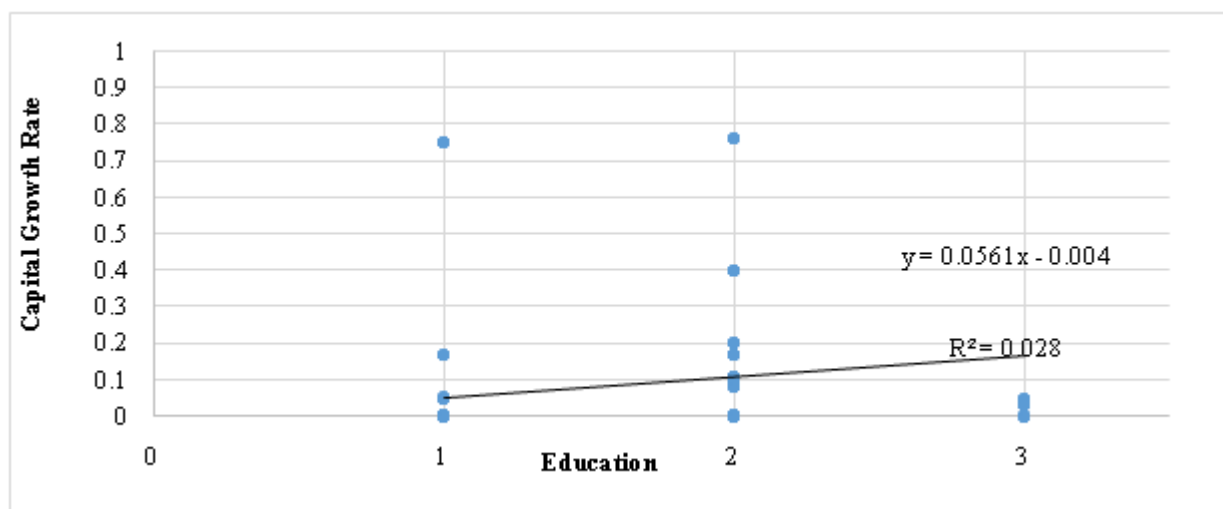

Figure : Relationship between Capital Growth Rate and level of Education.
Where: 1 = "Primary", 2 = "Secondary", 3 = "Post-Secondary"

This may be explained by the fact that entrepreneurs with higher stocks of human capital in terms of education and or vocational training are better able to adapt to constantly changing business environments. This relationship suggests that education and training boost growth of enterprises. This finding is consistent with the study by King and McGrath, (1998) which indicates that education is one of the factors that impact positively on growth of enterprises. The findings also corroborate the study by Government of Kenya (RoK, 1999) which showed that incomes of entrepreneurs engaged in enterprises differ with levels of education, being highest for those with postgraduate education and training group and lowest for those with lowest education and training.

From the analysis, it is further observed that capital growth increases with increase in experience of a woman micro-entrepreneur (Model 3). In addition, correlation analysis between capital growth rate and experience (Figure 3.9) shows that capital growth rate increases by 0.0535 for every increase in year of experience.
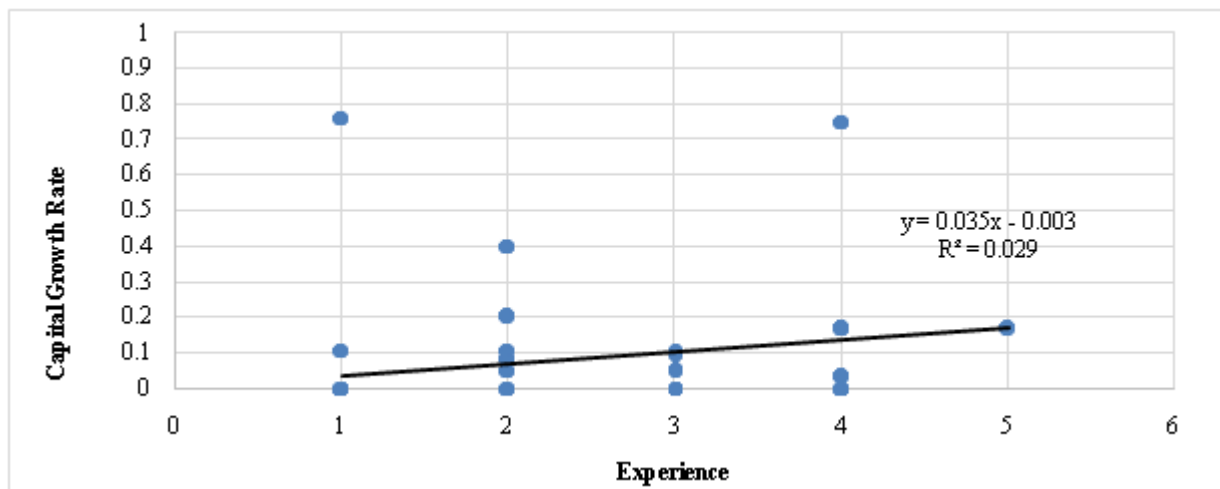
Figure 3.9: Relationship between Capital Growth Rate and Experience
Where: 1 = "1 year", 2 = "2 years", 3 = "3 years", 4 = "4 years" and 5 = "5 years and above"

The increase in capital growth rate with increase in years of experience suggests that the longer one takes to operate a business, the more able she becomes in finding ways to cope with business related challenges.

From the analysis (Model 3), it is observed that the growth of capital for married women-owned enterprises was more compared to that of single group (unmarried, widowed, and divorced). This could be attributed to the security, moral and financial support from the spouses of married women entrepreneurs which the single women entrepreneurs could not access.

Women micro-entrepreneurs who perceived limited accessibility to finance as a severe constraint on their enterprises performance had lower capital growth compared to those who did not perceive limited accessibility to finance as a severe constraint on their enterprises (Model 3). This could be explained by the fact that adequate credit facilitates entrepreneur's performance through various channels including purchase of inputs, services, payment of necessary infrastructural facilities, among many contingencies. The finding of the paper under review corroborates the findings of (RoK, 2005, RoK, 2009, and Kinyanjui (2006) which indicate that lack of access to credit is a major constraint inhibiting growth of women entrepreneurs. McCormick, (1996) adds that working capital seems to be a big constraint for many business owners. Limited access to credit may therefore force small enterprises to remain under-funded with long-term consequences of eitherremaining smallin size or ultimate closure (Ibid)

Women micro-entrepreneurs who perceived limited access to market as a severe constraint to their enterprises performance had less capital growth compared to those women micro-who did not perceive limited access to market as a severe constraint to their enterprises' performance (Model 3). This could be explained by the fact that most of women micro-entrepreneurs in the study area (52.4%) engage in hairdressing, dressmaking and food outlets business categories. These business categories confine women micro – entrepreneurs to local markets where there is competition and under prizing. This finding is consistent with the study by Zewde and Associates, (2002) and Kiraka

et al., (2013) who assert that women engage in businesses that confine them to local markets where there is competition and under pricing.

Moreover, women micro-entrepreneurs who perceived competition as a severe constraint on their enterprises' performance had lower capital growth compared to those who did not perceive competition as a severe constraint to their enterprises performance. Most of the respondents who perceived competition as severe constraint were from tailoring. Incidentally, the same people acknowledged that the limited accessibility to market and market information is more critical than competition. They acknowledged that competition is a way of life.

Profit margin of women micro-entrepreneurs who perceived taxation as a severe constraint on their businesses, performance was lower compared to profit margin of women who did not perceive taxation as a severe constraint. As indicated elsewhere in this paper some women micro-entrepreneurs complained of the over-taxation by the county government. Some had to acquire two different license, others two, three and still others four depending on the category of the enterprise. The finding corroborates the study by Mairura, (2011) which indicate that, licensing imposes costs on businesses that are often out of promotion to the benefits to be gained. However, the paper under review differs from Mairura (Ibid) in that, Mairura, (Ibid) found out that, the registration of business names took up to three months awaiting a committee to discuss the fate of an entrepreneurs' application whereas the study under review found out that the process of business registration takes a period of about three weeks at most.

5. Conclusion and Recommendations

This paper shows that the performance of women micro-entrepreneurs in the study area is significantly affected by socio- economic characteristics including; age, level of education, marital status, training, experience, access to finance, access to market, and tax. However, it is evident that gender discrimination, access to electricity, roads, and water availability did not significantly affect performance.

In line with the key research findings, and conclusions the following recommendations are made so as to help minimize and/or remove the constraints affecting women micro-entrepreneurs in the study area so that they can effectively contribute towards economic development.

Micro finance institutions should facilitate credit access to women micro-entrepreneurs on better and more appropriate terms. For example, MFIs should remove stringent measures on accessibility and amount of loans borrowed by women micro-entrepreneurs at the initial and subsequent levels of borrowing.

The National Government should come up with policies that allow reduced taxation to women micro-entrepreneurs as a means to boost their performance. The County Governments on the other hand should develop policies which ensure better prices and wider markets for –women micro-entrepreneurs products and services.

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