Entrepreneurship Education and Performance of Women Owned Small and Micro Enterprises in Mombasa County, Kenya

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Abstract
The study sought to establish the relationship between entrepreneurship education and performance of women owned Small and Micro enterprises in Mombasa County, Kenya. The study sought to investigate the following objectives; establish the effects of financial literacy on the performance of women owned SMEs in Mombasa County, investigate the influence of technological knowhow on performance of women owned SMEs in Mombasa County, explore the influence of marketing knowledge on performance of women owned SMEs in Mombasa County, Kenya. The study was anchored on business theory, the Human capital theory and Jovanovich’s life cycle model. The target population was 430 women entrepreneurs who formed 15 active groups in Equity Bank Limited Moi Avenue Mombasa SME section and had attended some form of education facilitated by the bank. The study applied descriptive research design on a sample of 44 women SMEs owners. Questionnaires were used as a research tool to collect primary data. For the purpose of this research, primary data collected was compared with the available secondary data for the literature review. The data collected was then analysed using descriptive (percentages, mean, standard deviation) and inferential (correlation and regression) analysis. Data collected was pre-processed to eliminate unwanted and unusable data. A coding system was developed by assigning codes and scales from responses which were then summarised and analysed using Statistical Package of Social Science (SPSS version 23). Financial literacy was found to have a positive influence on performance of women owned SMEs while technological knowledge and marketing knowledge did not have a positive influence on performance of women owned businesses. Data was presented using frequency tables, pie charts and percentages. From the findings, majority (62.5%) of the respondents indicated that calculating business ratios was a challenge which implied that they may not be able to report the performance of their businesses. The study recommends that the government establishes an entrepreneurship education curriculum, regulates entrepreneurship education providers, and adopts a measure of performance for SMEs in the country. The researcher suggests that future research on this area employ personal interviews to facilitate the collection of data from women entrepreneurs who cannot read and write. The researcher further suggests that similar studies be conducted in the country to investigate why women SME owners prefer to measure performance using sales rather than profit. Further the researcher suggests that more studies be conducted in Mombasa County on the other factors that influence performance of women owned SMEs.

Key Words: Entrepreneurship Education, Performance of Women Owned Small and Micro Enterprises, Mombasa County, Kenya

1. Background of the Study
Firm performance refers to the venture’s ability to create acceptable outcomes and actions. It also refers to the firm’s success in the market. Performance is the art of doing something successfully. While small businesses come in various guises, it is easy to
entrepreneurs make a substantial contribution to national economies through performance. According to Ongori and Migiro (2011) small enterprises are those businesses that have 10-50 employees, whereas medium enterprises employ between 50-91 people. According to Grisna Anggadwita (2013), performance is the measure of success of a business venture in achieving its goals. As mentioned by Hashim (2011), the criteria to measure performance may vary from business to business, industry to industry and country to country. It is clear that using the same performance measurement approach for all firms is inappropriate due to complex variations that impact on the way they operate. To manage the performance of the business venture it is important to measure its performance and therefore there is need to have a combination of metrics in place. Managing performance should be the main goal of trading profitably. Key performance indicators (KPI) are powerful management tools and are the heart of any system of performance measurement. They provide an early alert mechanism since an assessment of profitability can take some time given the time lag in reporting. Deciding the right performance measure involves identifying the areas of focus and deciding how best to measure business performance in those areas. According to Harun and Hashim, (2013); Salim and Sulaiman, (2011); Santos and Bristol, (2012) Lerner, (1997) the most commonly used performance measures are, productivity, profitability and growth in sales. (Huggins, 2009), measured performance with a composite variable made of sales turnover and profitability. Performance of SMEs is generally measured by their sales turnover, although other methods may be preferable. As cited in Jamil (2011), Manvile (2006), there is evidence that SMEs already have performance measurement system models but obstacles exist in implementing a PMS model for SMEs.

Small and micro enterprises have widely been recognized as the major source of employment for many households in developing countries. Sonobe (2012) notes that small micro enterprises have the potential to expand and grow in size to the level of creating significant impact to the growth of economies and thus reducing poverty levels. Different case studies have carried analytical work that attempts explain the attributes and aspects that are required by small micro enterprises to improve their performance. As cited in Grisna (2013), SME Performance could be referred to the average growth performance measures comprising return on equity (ROE), return on assets (ROA), return on sales (ROS), as well as sales, gross profit, and number of employees. (Harun & Hashim, 2013; Hung 2011) rather than market performance which normally apply to large corporation (Salim & Sulaiman, 2011; Santos & Britos, 2012). The performance of SMEs is usually measured by their sales turnover, although other methods could be better (Jones and Rowley, 2011). On the other hand, Hisrich, (2017) propagates human capital (level of education, years of experience and business skill), personal goals, and strategy to assess the performance of men and women entrepreneurs. Amongst the most frequently used performance measures are annual sales, number of employees, return on sales, growth in employee numbers, and sales (Corsi, 2015). Studies reveal that SMEs that are performing contribute positively to the local and national economy growth (Kuratko, 2015), hence the importance of measuring performance.

Women entrepreneurs make a substantial contribution to national economies through their participation in start-ups and their growth in small and medium businesses (United Nations, 2006). Further scholarly studies reveal that the women entrepreneurs’ contribution tends to be higher than that resulting from entrepreneurial activity of men (Langowitz, N., and Minniti, M, 2011) they contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and other spin-off business linkages (Common wealth
secretariat, 2002). Meyskens, Allen, Brush, (2011), Siwadi, and Mhangami,( 2011) further agree that it is undeniable that women entrepreneurs are the major actors in diverse sectors and contributors to economic development and are becoming increasingly visible in the local economies of the developing countries. Kenyan women entrepreneurs are increasingly recognized to play an important role to the unprecedented rate of growth of the SMEs in the Kenyan economy and as a result they have been venturing in various enterprises formerly male dominated Shukla, (2011), Castro , ( 2014 ).

Fostering women entrepreneurship development is crucial for the achievement of Africa’s broader development objectives including poverty reduction and economic development (AfDB, 2003). Surprisingly though, when business training is available, women are not able to take advantage of it because it is held at a time when they are looking after their family (Common wealth secretariat, 2002). Fischer (1993) study found that women owned businesses tend to perform less well on measures such as sales, employment and growth, but concluded that the determinants of gender differences in business performance were far more complex than had been recognised in earlier studies. Previous studies in Kenya by Gitari, (2012) and Mbugua, (2014) have mainly focussed on subjective measures of performance. Understanding performance using composite measures may reveal patterns of performance not currently available, hence the need for research.

2. STATEMENT OF THE PROBLEM

Past and recent academic discourse reveals that the idea and practice of women entrepreneurship is a recent phenomenon which until the 1980’s was under researched, compared to that of their male counterparts. While being a driving force in global economy, the number of enterprises owned by women has increased consistently (Greene, 2003). According to Sharma, Sapnadua and Hatwal, (2012), micro enterprises in developing countries are largely owned by women. Judai, (2002) and ILO, (2002) concur that women are dominant members of the informal economy and are less present as owners of formal enterprises. Compared to their peers in developed countries women entrepreneurs in developing countries enjoy an advantage in that they have access to greater support from mentors and role models and easier access to formal training and in the principles of business planning and organisation (Sherman, 2003).

According to Zororo, (2011), women started businesses to meet their basic needs or supplement their incomes following the economic meltdown of the 1970s and early 1980s and the subsequent Bretton Woods structural adjustment programmes. These programmes imposed by donor countries led to retrenchment of employees, erosion of purchasing power of salaried workers and limited job openings. The subsequent impact was felt most by women, who had a greater burden of enabling the family to cope and as Olomi and Sinyamule (2007) in their study revealed, women became breadwinners. Ahmad, Xavier, Perumal, Nor,and Mohan, (2011) in their research reveal that women are overloaded with business and family responsibilities and may not have the time to join these beneficial associations and this automatically limits the women entrepreneurs’ wings of exploration.

Since women owned businesses tend to be smaller, they are often less likely to provide job security and retain good talent. Some women find that they are not taken seriously by their employees, especially in non-traditional sectors. For women who are burdened with their multiple responsibilities in the household and at work and who do not have the know-how to navigate the government process, dealing with the complicated and often corrupt bureaucracy is another challenge (Athanne 2011). Responsibility of
entrepreneurs for dependants has limited opportunities to make savings or undertake business expansion and diversification (Athanne et al, 2011). Efforts to improve performance of women owned SMEs remain a mirage because stakeholders do not have the information on how entrepreneurship education influences performance of women owned SMEs. Therefore this study sought to examine the effect of entrepreneurship education on the performance of women owned SMEs in Mombasa County, Kenya.

3. OBJECTIVES OF THE STUDY

The main objective of the study was to establish the effect of entrepreneurship education on performance of women owned Micro and Small enterprises in Mombasa County.

The study was guided by the following specific objectives;

(i) To establish the effects of financial literacy on the performance of women owned SMEs in Mombasa County.
(ii) To investigate the influence of technological knowledge on performance of women owned SMEs in Mombasa County.
(iii) To explore the influence of marketing knowledge on performance of women owned SMEs in Mombasa County.

4. THEORETICAL REVIEW

4.1 The Business Theory

The Business Theory as cited by Pat Daly and James Walsh, (2010) in their study explains that there are business management skills that each entrepreneur must possess before ultimate success is achieved. Some of these skills include: management, production, marketing, financial management, risk management, human resource management, and corporate communication and industrial relations skills. Peter Drucker first developed his “Theory of the Business” as part of some consulting work that he was doing for General Electric in the late 1950s. Findings by Still, and Timms, (2000) reveal that most of the women entrepreneurs in developing countries lack some of these personal attributes that can make their enterprises to be successful. This theory has a serious implication on the study since the study sought to explore the contribution of knowledge and skills acquired by women entrepreneurs in Mombasa County, Kenya.

4.2 Human Capital Theory

Human capital theory as cited in Fredrick, Nancy and Brooks , (2004) is concerned with knowledge and experiences of small scale business owners. The general assumption is that the human capital of the founder improves small firm’s chances to survive (Fredrick, 2004). Human capital acts as a resource and makes the founder more efficient in organizing processes or in attracting customers and investors. Bruederl, (1992) distinguishes between general human capital years of schooling and years of work experience and specific human capital industry specific experience, self-employment experience, leadership experience, and self-employed. The general trends indicate a small positive relationship between human capital and success. Human capital theory has an important implication. Since the theory is concerned with knowledge and capacities, the theory implies processes as well. Human capital can be trained and improved. Additionally, if human capital acts as a resource, it might be interesting to evaluate human capital implications of employees in small scale enterprises as well. In manufacturing settings it was shown that a human resource management (HRM) system was related to performance especially when it was combined with a quality manufacturing strategy ( Mark 1996). This study therefore sought to confirm whether
education and skills learnt by women entrepreneurs in Mombasa County has a direct relationship on the performance of their enterprises.

4.3 Jovanovic's Life Cycle Model

Jovanovic, (1989) asserts that firms learn about their efficiency overtime. According to his model, individuals differ in their entrepreneurial abilities and they are unsure of their abilities. In his model, production technology is risky partly because individuals are uncertain about their abilities and partly because production is inherently risky. His model also assumed that individuals learn about their abilities over time by observing how well they perform in a tough business world. Individuals who find out that they have underestimated their abilities in one period will expand output in the next, while those that overestimated their abilities will dissolve their business. Jovanovic's model has a rich set of empirical implications on the study. The study had a general focus on women owned SMEs in Mombasa County both young and old. The study sought to investigate whether knowledge gained by Women entrepreneurs affects the performance of their enterprises. Young firms have accumulated less information than older firms about their managerial abilities. Consequently, younger firms have more variable growth rates than older firms because they have less precise estimates of their true abilities. For the same reason it follows that there was more exits among younger firms, but also that among surviving firms, younger firms will grow faster than older firms. As younger firms tend also to be smaller firms, Jovanovic argues that the same observations hold for small firms as well. Surviving small firms are expected to grow faster than larger firms and to have more variable growth rates.

5. CONCEPTUAL FRAMEWORK

![Conceptual framework](image)

<table>
<thead>
<tr>
<th>Financial literacy</th>
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<tbody>
<tr>
<td>▪ Record keeping</td>
</tr>
<tr>
<td>▪ Financial reporting</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Technological knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Use of mobile phones</td>
</tr>
<tr>
<td>▪ Use of computers</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Marketing knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Sales promotion</td>
</tr>
<tr>
<td>▪ Use of internet</td>
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<table>
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<tr>
<th>Performance of women owned SMEs</th>
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</thead>
<tbody>
<tr>
<td>❖ Profitability</td>
</tr>
<tr>
<td>❖ Sales turnover</td>
</tr>
<tr>
<td>❖ Increase in Employees</td>
</tr>
</tbody>
</table>

*Figure 1: Conceptual framework*
6. RESEARCH METHODOLOGY

The study used a descriptive design based on a survey of women owned SMEs in Mombasa County. This study adopted descriptive design because it sought to answer the why, how when of the problem under study. Descriptive design is able to use various forms of data as well as incorporating human experience. The study targeted 430 women entrepreneurs who form 15 active groups in Equity Bank Limited Moi Avenue branch Mombasa, SME group lending section who had undergone some form of entrepreneurship education facilitated by the bank and could read and write. The researcher used proportionate sampling technique to select a sample of 10% of the target population. The sample frame included shop keepers, water vendors, cloth vendors, school owners, green grocers. Simple random sampling was then used to select sample groups from each stratum and also to select individual women entrepreneurs. Random sampling gives each of the selected items an equal chance of being included in the sample. Both primary and secondary data was collected. Primary data was collected through questionnaire administration.

7. DATA ANALYSIS RESULTS

The study used linear regression analysis to establish relationship between the independent variables and the dependent variable. The model summary results are presented in Table 1.

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.626\textsuperscript{a}</td>
<td>.392</td>
<td>.341</td>
<td>.41305</td>
</tr>
</tbody>
</table>

\textit{a. Predictors: (Constant), Marketing Knowledge, Financial Literacy, Technological Knowledge}

The three independent variables that were investigated in this study only explain 39.2% of the performance of women owned SMEs in Mombasa County as represented by $R^2$. This means that other factors not studied contribute 60.5% of the performance of women entrepreneurs in Mombasa County. Further research should be conducted to explore the 60.8% factors that influence women SME performance in Mombasa County.

Table 2: ANOVA of Regression

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.958</td>
<td>3</td>
<td>1.319</td>
<td>7.733</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>6.142</td>
<td>36</td>
<td>0.171</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>10.1</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textit{a. Dependent Variable: Performance}

\textit{b. Predictors: (Constant), Marketing Knowledge, Financial Literacy, Technological Knowledge}

The study obtained a p-value $<$ 0.05 indicating a significant influence between the study independent and dependent variables.
Table 3: Correlation of Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Unstandardised Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.745</td>
<td>0.308</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FL</td>
<td>0.403</td>
<td>0.11</td>
<td>0.599</td>
<td>3.684</td>
</tr>
<tr>
<td>TK</td>
<td>0.002</td>
<td>0.128</td>
<td>0.003</td>
<td>0.017</td>
</tr>
<tr>
<td>MK</td>
<td>0.04</td>
<td>0.139</td>
<td>0.048</td>
<td>0.291</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

The model developed by the study was $Y = 0.745 + 0.403X_1$ where $X_1$ is Financial Literacy. From the above regression model, the performance of women SMEs would be 0.745. A unit increase in financial literacy would lead to a 0.403 increase in performance of women owned SMEs in Mombasa County. This implies that there is a positive relationship between performances of women owned SMEs and financial literacy. Technological knowledge does not have any positive influence on performance of women owned SMEs in Mombasa according to the findings of this research. This is supported by a study conducted by Barry Moltz, 2013 who notes that mobile phones are no longer tools in business but a major distraction. He further observes that employees constantly keep on checking their phones for texts and news feeds. This study also reveals that marketing knowledge does not have a positive influence on performance of women owned SMEs in Mombasa County. This is supported by the results of a study conducted by Caroline Wangeci in Githunguri in 2013 which showed that 68% of the surveyed respondents did not attribute their ability to market to entrepreneurship education.

8. CONCLUSIONS

The purpose of this study was to explore the effect of entrepreneurship education on performance of women owned SMEs in Mombasa County, Kenya. The study concludes that financial literacy has an impact on the performance of women owned SMEs in Mombasa County. As a result women business owners can therefore be able to keep business records. Women business owners can also be able to prepare financial statements for their businesses. However majority cannot be able prepare business plans although this is a basic skill for every entrepreneur. The study also concludes that the financial literacy undertaken by women business owners did not impart in them the skills to calculate financial ratios.

The study further concludes that technological knowledge did not have a positive impact on overall business performance. However women SME owners can be able to use mobile phone applications after acquiring technological knowledge. They can also participate in women forums as well as access the internet for information on how to improve business performance. However majority cannot access global markets for their products. This study also concludes that marketing knowledge acquired by women SME owners did not have a positive impact on the overall business performance. Further the knowledge did not expose them to marketing principles necessary for business owners and it did not facilitate them offer goods to the international market. However they were better equipped with knowledge to face competition in their respective areas of operation. The knowledge acquired has helped them come up with innovative marketing strategies for their individual businesses. Finally this study concludes that women SME owners use different metrics to measure the performance. Further that entrepreneurship
education has a positive influence on gross profit, sales turnover and the number of employees engaged by the entrepreneurs over time.

9. Recommendations

The researcher recommends that the government formulates an entrepreneurship education curriculum that would include calculation of SME performance ratios to enable women entrepreneurs be able to report business performance. The researcher also recommends that entrepreneurship education providers be registered and regulated by the government in order to guarantee uniformity of content. The researcher also recommends that a uniform measure of business performance be adopted to enable women SME owners compare the performance of their businesses. The researcher finally recommends that the government comes up with a policy that would help women business owners’ access international markets with ease.

REFERENCES


