

## Determinants of growth among business enterprises owned and managed by women in Kericho County, Kenya: Cultural norms and languages

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### Abstract

Women entrepreneurship has been recognized as an important source of economic growth. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organization and business problems. However, they still represent a minority of all entrepreneurs. This calls for a need to study and explain the causes of poor business growth in businesses owned and operated by women. This paper examines the influence of cultural norms and languages on the growth of women-owned and operated businesses based on a study of businesses in Kericho County, Kenya. The data was collected from 286 respondents from a target population of 1,007 businesses managed and or owned by women. It focused on both formal and informal businesses and it utilized descriptive research design. Data was collected using questionnaires administered to selected women entrepreneurs in Kericho town chosen through simple random and purposive sampling techniques. The collected data was analysed using descriptive statistics with the aid of Statistical Package for Social Science (SPSS). Presentation of data was done using frequency tables. The study established that cultural norms were seen by women entrepreneurs as an important aspect positively influencing growth of their businesses and that tribe had no effect on business growth. The study recommends that women entrepreneurs should embrace cultural norms and use them as business opportunities to further grow their businesses. Moreover, the county government of Kericho, through the Ministry of Trade, Youth and Women, should organize forums to enable women to network and market themselves improving their profitability.

**Keywords:** Determinants, Growth, Business Enterprises, Women, Kericho, Kenya, Cultural Norms, Languages

### 1. Introduction

Women's roles as business owners reflect their wider positions in society and in the economy; to a large extent, these factors influence the number of women entering self-employment, their sector preferences and the resource base that they use. Due to the growing industrialization, urbanization and social legislation, along with the spread of higher education and awareness, the emergence of women owned and/ or managed businesses are highly increasing in the economies of almost all countries. Three main socio-economic issues influence women's abilities and prospects as business owners: the gender pay-gap, occupational segregation and unequal employment opportunities and work-life balance issues.

Women-owned firms are found in all sectors of the economy, although they are more likely to be concentrated in service-based or cottage industries. In this dynamic world, women businesses are a significant part of the global expedition for sustained economic development and social progress. Women's economic activities, particularly in self-employment, empower them economically and enable them overall to contribute more to the development of their country (Sarri & Trihopoulou, 2004) <sup>[11]</sup>. Recent statistics confirm that women's economic activities play a crucial role in the growth of many of the world economies (Minniti, Arenius & Longowitz, 2005) <sup>[7]</sup>.

In spite of their important contributions to socio-economic development, women suffer from various constraints, which inhibit them from fully realizing their potential for development. Cultural values and social norms hinder the

equal participation of women in society. Recognizing this value and its importance, many governments in the world are prioritizing on an environment conducive for the establishment of women-owned enterprises.

One of the major constraints women face as entrepreneurs is the unequal access to productive resources and services, including finance and skill upgrading opportunities. Some legal provisions and legislative systems make it difficult for women to take initiatives for business development. Furthermore, their reproductive role in the family and the community puts women in a disadvantaged position to engage in entrepreneurial activities. Indian women have come a long way and are becoming increasingly visible and successful in all spheres and have shifted from kitchen to higher level of professional activities (Poonam, 2012) <sup>[10]</sup>.

Women entrepreneurs have become important players in the entrepreneurial landscape. Although the number is still small compared to businesses owned by men, the trend is encouraging as it shows that women no longer adhere to the stereotype that only men can be wage earners in the family. Besides numerous obligations assigned to women including reproductive chores, such as childcare and doing house work, women can find success through their own businesses.

Despite limitations, obstacles and roadblocks faced by these women in the past, society has begun to accept that women entrepreneurs do contribute greatly to a country's economy. As such, it is no longer unexpected to see women heading their own companies and being successful at the same time. The general mind-set has changed so much that women who juggle family with careers are looked upon as capable and

competent to handle business independently. Moreover, it is no longer strange to have business dealings with a female.

### 1.1 Small Scale Enterprise Business in Kenya

The small and micro enterprises play an important role in Kenya's economic growth. According to the Economic Survey (2006), the sector contributed over 50 per cent of new jobs created in the year 2005. An ILO (2006) [3] study reports that there are three profiles of women entrepreneurs operating MSEs in Kenya, namely those in Jua Kali micro-enterprises, "very small" micro-enterprises and "small-scale" enterprises. These are differentiated by their demographic profiles, extent of previous business experience, needs, access to resources and growth orientation.

Most of the rural women provide for their families through subsistence farming and other agricultural activities supplemented by petty trade or micro enterprises. However, they continue to face challenges. Despite their significance, past statistics indicate that three out of five businesses fail within the first few months of operation (Kenya National Bureau of Statistics, 2007) [4]. One of the most significant challenges is the negative perception towards SSEs. Potential clients perceive small businesses as lacking the ability to provide quality services and are unable to satisfy more than one critical project simultaneously. Often, larger companies are selected and given business for their clout in the industry and name recognition alone.

### 1.2 Cultural Norms

The effect of culture on entrepreneurship was early emphasized by Max Weber (YEAR?) at the beginning of the 21<sup>st</sup> century. He argues that Protestantism encouraged a culture that emphasized the importance of cultural influences embedded in religion as a means for understanding the genesis of capitalism. This can be seen in his famous view on individualism, achievement motivation and legitimating of entrepreneurial vocations, asceticism, rationality and self-reliance.

Culture affects the perception and behaviour of people which would invariably affect relationship between one another. In the Muslim world and most of the South East Asian countries, women are expected to remain indoor according to Hugo, except in extreme cases, and need to be completely covered by *hijab* if they venture out, this practices is due to religious beliefs. This practice have negative tendency for the women entrepreneurs, the practice confines the few that venture into entrepreneurship to the informal sector of the economy (Lamidi, 2013) [6].

### 1.3 Cultural Languages

Women in rural areas find it relatively difficult to improve their entrepreneurship. The reason for this is partly because women in rural areas face certain structural, cultural and institutional constraints. For instance, they face difficulties increasing their educational attainment as many parents or husbands still have the traditional thinking that education belongs to men only. However, although this traditional thinking still exists in rural areas, it depends on the economic condition of the family (Darwin *et al.*, 1999) [2].

The better the economic conditions of the family, the less influenced of the traditional thinking in their attitudes towards women to have jobs and education. Research conducted in

Indonesia by Darwin *et al.* (1999) [2] shows that socio-cultural background of women entrepreneurs affects women's entrepreneurship. These factors may give positive impacts as well as negative ones to women's entrepreneurship depending on types of enterprises, size of enterprises, educational attainment and skills, age, and the wealth of the family.

Another factor affecting women entrepreneur is decision-making. Decision-making process taken by women entrepreneurs in Indonesia can be grouped at least into three categories (Darwin *et al.*, 1999) [2]. The first is that women make their own decision. Second are those women make decisions after consulting their husband, parents or relatives. Third are women who do not make their decisions, but their husbands do it for them. However, these types of decision-making processes vary depending on the problems faced by the women entrepreneurs and the level of educational attained by women. If the problems faced by the women will affect them and their families, women in Indonesia tend to consult with the family or their parents before making any decision. Conversely, if the problems do not affect the family, women depending on their education will take their own decision or if not they will ask their husband or relatives (Darwin *et al.*, 1999) [2].

Apart from the non-economic factors (e.g. educational level and other social factor), factors economic have also been noted to play important role in the decision-making process undertaken by women. In regard to labour supply decision, for instance, women's decisions in the enterprises, especially in households that are not female headed and female maintained, are often determined by factors that are somewhat distinct from those relevant for men. More often than not, the intensity of their effort is determined – given the rate of earnings per unit of time – by the difference between subsistence needs of the family and total earnings of the men of the family. Where the latter component is systematically low and/or insecure, women's involvement in economic activities automatically goes up and their reservation wage rates go down. This feature of female labour supply along with the isolation and automatisation associated with home-based work, make women workers doubly vulnerable (UN ESCAP, 1997) [12].

Generally, therefore, women's entrepreneurship are subject to many social, cultural and economic factors. Of these factors, educational attainment and economic welfare of women's family have been the critical factors influencing women's entrepreneurship. It is imperative then that to improve women's entrepreneurship, it is very essential for the government and other institutions to consider these factors in deciding policies and programmes towards women entrepreneurs.

### 1.4 Statement of the Problem

Women entrepreneurs around the world are making a difference as they contribute to numerous ideas and a great deal of energy and capital resources to their communities as well as generating jobs, creation of additional work for suppliers and other spin-off business linkages. However, few studies have been conducted to explore the growth of women-owned enterprises. The few studies conducted have not explained the extent to which cultural factors influence business growth more so those owned and/or managed by women.

Most women who venture into businesses are faced by multiple challenges. Studies have concentrated on documenting these problems as challenges without linking them to how they affect growth and development of these businesses. For instance, Mwobobia (2009) [8] has examined the Challenges facing small-scale women entrepreneurs taking a general case study of Kenya. Such a study is too general since it simply examines challenges – which are numerous – without specifying on particular challenges.

Other studies done in Kenya have shown the effects of social factors on business growth. A case in point is the study by Ndeda (2013) [9] which explored the effects of social determinants on growth of business enterprises in Kisumu East Constituency. Like Mwobobia’s study, Ndeda’s research is limited by failure to identify the specific social factors. The study is also localized to a single constituency, meaning the findings may not entirely apply to the whole country or other contexts in Kenya.

Another study has shown that marital status and family characteristics of women entrepreneurs have no significant relationship to performance (Bula, 2012) [1]. The study that informed this paper, therefore, sought to examine the extent to which cultural factors influence growth and development of small businesses owned and/or managed by women in Kericho town.

**2. Materials and Methods**

Descriptive research design was used in the study. The study focused on small scale businesses owned by women in Kericho town which were approximately 1,007 businesses (Ministry of Trade, Kericho). It covered all types of small scale enterprises both dealing with goods and services. Of the 1,007 business owned by women in Kericho town, 683 were informal while 324 were formal business, giving a ratio of

2:1. in total, data was collected from 286 business women. The research utilized simple random and purposive sampling techniques to identify respondents from the target population of women entrepreneurs. Simple random sampling was used since the sample population was relatively small and clearly defined. The samples yielded research data that was generalized to the entire population. The method permitted for application of inferential statistics to the data and provided equal opportunity of selection for each element of the population. Purposive sampling was used to obtain data from businesses that were considered few for purposes of comparison.

Data collection for the study was conducted by use of questionnaires. Primary data was obtained during the actual fieldwork from the respondents. The research opted for questionnaires because it enables for collection of data from a wider population, is easy to use formulate and confidentiality is upheld (Kombo & Tromp, 2006) [5].

For data analysis the questionnaires were screened for completeness and then coded and formatted. The data was analysed by use of both quantitative and qualitative methods of data analysis. The quantitative measures were used to generate descriptive statistics to analyses frequencies and percentages. The qualitative measures were analysed by summarizing key findings, explanations, interpretations and making conclusions. The results were reported using descriptive statistics.

**3. Results and Discussion**

**3.1 Cultural Norms**

The study sought to determine the extent to which cultural norms influenced the growth of businesses owned and/or managed by women entrepreneurs in Kericho County, Kenya. The results for this objective were as shown in Table 1.

**Table 1:** Cultural Norms

Cultural norms	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Daily activities	0(0.0%)	0(0.0%)	31(15.0%)	88(44.0%)	83(41.0%)
Management skills	0(0.0%)	11(5.0%)	24(12.0%)	75(37.0%)	92(46.0%)
Customer relations	0(0.0%)	10(5.0%)	29(15.0%)	132(65.0%)	31(15.0%)
Employee relations	0(0.0%)	0(0.0%)	17(8.0%)	143(71.0%)	42(21.0%)
Profitability	0(0.0%)	12(6.0%)	20(10.0%)	79(39.0%)	91(45.0%)

Source: Research data (2015)

The data collected showed that cultural norms affected the growth of small-scale women-owned or managed enterprises. Of the respondents, 44.0% agreed that cultural norms played a positive role in the day to day activities of their businesses with another 41.0% of the same population strongly agreed. Only 15.0% of the population were not sure if cultural norms had influenced entrepreneurs in the day to day activities of their business.

It was also noted that 46.0% of the respondents strongly agreed that cultural norms had improved the management skills, 37.0% agreed while 12.0% were not sure and 5.0% disagreed.

About two-thirds (65.0%) of the respondents agreed that cultural norms improved customer relations and another 15.0% of the population strongly agreed and 15.0% were not sure whether or not cultural norms affected customer relations. Only 5.0% of the respondents disagreed.

From the research data, majority of the respondents (39%) agree that cultural norms had positive impact on their business profitability with only 6.0% disagreeing to this.

In general, as regards the influence of cultural norms on the growth of women-owned enterprises in Kericho County, the study found that cultural norms of the women entrepreneurs influenced the day to day activities of their businesses. The behaviour patterns of the women entrepreneurs had an impact on the daily operations of the businesses.

It was also revealed that the cultural norms of most women entrepreneurs affected their management skills in the running of their businesses. They revealed that the manner in which they conducted and carried themselves in their businesses affects their management skills.

The study further revealed that cultural norms affected both customer relations and employee relations. Most of the small scale women entrepreneurs revealed that their behaviour in

and out their businesses affected their customer relation and employee relations positively. The study found that most of the small scale businesses enjoyed profits as a result of cultural norms of the women entrepreneurs. Due to the behaviour patterns of the women, customers are drawn to their businesses hence profits are realized. Where data collected showed that cultural norms

affect the growth of small scale women enterprises.

### 3.2 Cultural Languages

The study sought to determine the extent to which cultural norms influenced the growth of businesses owned and/or managed by women entrepreneurs in Kericho County, Kenya. The results for this objective were as shown in Table 2 below.

**Table 2:** Cultural Languages

Cultural languages	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Business start up	95(47.0%)	78(39.0%)	0(0.0%)	29(14.0%)	0(0.0%)
Customer preference	112(55.0%)	78(39.0%)	12(6.0%)	0(0.0%)	0(0.0%)
Security	0(0.0%)	12(6.0%)	29(14.0%)	132(65.0%)	29(15.0%)
Borrowing	0(0.0%)	179(89.0%)	23(11.0%)	0(0.0%)	0(0.0%)
Language	0(0.0%)	0(0.0%)	32(16.0%)	82(41.0%)	88(43.0%)

*Source:* Research data (2015)

The data collected revealed that half of the respondents strongly disagreed that their tribal backgrounds influenced the type of business they choose to start. Another 39.0% of the same population disagreed. Only 14.0% of the respondents agreed that tribe influenced the type of business they chose to start.

On customer preference, 55.0% of the respondents strongly disagreed that tribe influenced customer preference and loyalty with a further 39.0% disagreeing. Only 6.0% of the total population indicated that they are not sure whether tribe can influence customer preference and loyalty.

On the issue of security, 65.0% of the total respondents agreed that tribe make them feel safe in the location of their business. This was further supported by the fact that 15.0% of the respondents strongly agreed. Only 14.0% of the same population were not sure either and only 6.0% disagreed.

Nearly all (89.0%) of the respondents disagreed that tribe had an effect on borrowing of funds from financial lending institutions with 11.0% being unsure. None of the respondents agreed that tribe influenced borrowing of funds from institutions. However, 43.0% of the respondents strongly agreed that the use of the cultural language had a positive effect on business with a further 41.0% agreeing and 16.0% being unsure.

In summary, the findings on the influence of cultural language or ethnicity on the growth of businesses owned or ran by women in Kericho County indicated that cultural language of the small scale women entrepreneurs did not influence the type of business they ventured into. The tribe of the women entrepreneurs did not affect choice of business, according to most of the women entrepreneurs in Kericho town.

It was also revealed that the tribe of the women entrepreneurs did not affect their customer preference rate. Most women entrepreneurs in Kericho town did not experience problems with customer loyalty and frequency as a result of their tribe.

The study further found that most of the women entrepreneurs felt safe in the location of their businesses with respect to their different tribes. Most of the women entrepreneurs revealed that their tribes did not affect their borrowing of funds from the various financial institutions.

The study also revealed that most of the women entrepreneurs agreed that the use of the local community’s language affected their businesses positively. The use of the local language in Kericho town has affected the small scale women

businesses positively in terms of profits, customer and employee relations and sales volumes.

### 4. Conclusion

The study concludes that the day to day activities which imbue in women confidence and experience for business are improved by cultural norms. Majority of the women entrepreneurs in Kericho town believe that behaviour patterns improve their businesses, thus promoting growth.

Small-scale women entrepreneurs build good management skills through training and experience over time. It emerged that cultural norms enabled the small-scale women entrepreneurs to be effective and efficient managers.

Moreover, cultural norms improve customer relations, employee relations and business profitability. Most women entrepreneurs revealed that their behaviour patterns enabled them to achieve this. They embark on networking and marketing to enable their businesses to improve in terms of profitability.

The tribe of the various small-scale women entrepreneurs does not affect borrowing of funds from financial lending institutions since lending institutions like banks and SACCOs. The study found that tribe was not used in borrowing of funds and that all customers including the women entrepreneurs were entitled to equal service delivery.

Most women entrepreneurs in Kericho town revealed that their tribe did not influence their business ventures and customer preference to their business. The study found that the town of Kericho had no tribal bias when it came to business setup as well as customer preference.

The use of the local languages has positively affected the growth of small-scale women entrepreneurs in Kericho town. Most women prefer to speak their cultural languages in their businesses. This enables the community to communicate at ease and they felt at home in the businesses.

### 4.1 Recommendations

The study found that cultural norms of the women entrepreneurs play important role in the growth of their business. It is, therefore, recommended that women entrepreneurs should embrace cultural norms and make it a business opportunity to further grow their businesses. The county government of Kericho, through the Ministry of Trade, Youth and Women, should also organize forums where

these women groups can network and market themselves to improve their profitability.

The study further recommends that, to expand business and meet customer needs, women should borrow and invest wisely on business to give room for growth, since one's tribe does not hinder the choice of borrowing funds from financial institutions. The government should create funds to ensure there is easy access of business funds for women entrepreneurs.

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