

**CONTRIBUTIONS OF WOMEN OWNED SMEs ENTITIES TO ECONOMIC
GROWTH. A CASE STUDY OF WOMEN-LED SMES IN KILIFI NORTH SUB-
COUNTY, KILIFI, KENYA**

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REQUIREMENTS FOR THE AWARD OF MASTER DEGREE IN BUSINESS
ADMINISTRATION (STRATEGIC MANAGEMENT) OF MOUNT
KENYA UNIVERSITY**

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DECLARATION AND APPROVAL

Declaration

This thesis/project is my original work and has never been presented for any academic award in any institution.

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DEDICATION

I dedicate this work to my father the Late Mr. Sheban Kassim and my husband Hon. Owen Baya for the encouragement and support throughout my education.



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First, I would like to thank The Almighty God for giving me strength and courage to complete my course work and do this project. I would also like to thank my supervisor Dr. Peary Kilei for his tireless professional guidance, constructive criticism and encouragement. I am very grateful to my family especially my husband for granting me this opportunity and giving me support throughout the study. I would also like to acknowledge the support of Nuffic project and Pwani University, Specifically Prof. Mohamed Rajab and Prof. Patterson Semenye for your support and encouragement. While I am not able to mention each person individually, I am sincerely grateful to each person who supported me.



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ABSTRACT

Globally, Small and Medium Enterprises (SMEs) have a substantial standing in the economic growth of a nation. Globalization has placed Small businesses right in the glare of publicity. Women's roles in entrepreneurship as the fundamental approach to economic growth, especially the small and medium-scale entrepreneurs who effectively take advantage of small-scale industrial and commercial opportunities, cannot be ignored and have long been acknowledged. This study aimed to establish the contributions of women-owned SMEs entities to economic growth in Kenya through a case study of women-led SMEs in the Kilifi North Sub-County, which was the general objective. The study borrowed from Neo-Classical Theory and Institutional Theory to advance a better understanding of the contributions of women to the economy. It was based on Women's innovativeness in SME entities, Job Creation, Savings Mobilization, and Management efficiency.

A descriptive research design was used to conduct the study, which was done among 160 Women entrepreneurs who own licensed SMEs in defined premises within Kilifi North Sub-County. A 20% proportion was employed to choose a sample. The respondents were chosen using a basic random sampling procedure. Data collection was done using both open-ended and closed-ended questionnaires, and key informant interviews were utilized to triangulate the findings. The validity and reliability of the questionnaires were assessed and retested using a subset of respondents from pilot research. Descriptive Statistics and content analysis were used to analyze data. The analyzed data was presented in tables and figures. The study found that women entrepreneurs significantly contribute to economic development in Kilifi North Sub-County. Women's innovativeness in both process and product was viewed as a mark of a successful women Entrepreneur, and it improved enterprise productivity and its ability to create more jobs. Additionally, the women felt that their Saving mobilization and Management Efficiency enabled them to start more businesses, creating more jobs and generating personal wealth. Findings show that women-led SMEs significantly influence economic growth. Women's innovativeness in SMEs has a positive impact with a t-value of 2.280 and a p-value of 0.024, making it statistically significant. Women-led SME job creation also contributes positively with a t-value of 3.529 and a p-value of 0.001, indicating a strong effect. Financial savings mobilization by women-led SMEs is significant, with a t-value of 2.311 and a p-value of 0.023. The most impactful factor is management efficiency, with a t-value of 16.446 and a p-value of 0.000, showing the strongest effect on economic growth. From the results, the study concludes that these factors collectively drive economic growth, with management efficiency being the most influential. Policies should prioritize improving management efficiency in women-led SMEs to enhance economic growth. Additionally, encouraging innovation, job creation, and financial savings mobilization in these businesses will further boost their economic contributions.

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List of Abbreviations and Acronyms

BBL	:	Biashara Bora Loan
BDS	:	Business Development Services
COMESA	:	Common Market for Eastern and Southern Africa
EU	:	European Union

GDP	:	Gross Domestic Product
GDS	:	Gross Domestic Saving
GDI	:	Gross Domestic Investment
GNI	:	Gross National Income
ILO	:	International Labour Organization
IMF	:	International Monetary Fund
KNBS	:	Kenya National Bureau of Statistics
MSES	:	Micro and Small Enterprises
SMEs	:	Small and Medium Enterprises
UK	:	United Kingdom
UN	:	United Nations
UNDP	:	United Nations Development Programme
UNECE	:	United Nations Economic Commission for Europe
UNEP	:	United Nations Economic Programme
US	:	United States



Mount Kenya University

CHAPTER ONE

INTRODUCTION

This chapter will discuss the background of the study on contributions of women owned SMEs on Economic growth. The research problem will be stated and put in perspective which will be followed by a general statement on the aims of the study culminating to the four study objectives. Four research questions will be formulated in line with the objectives of the study to give direction to the research instruments for data analysis. The reasons why the research is being conducted will be captured under the research justification and finally the scope of the study will be defined.

1.1 Background of study

Small businesses play a crucial role in the social and economic structures of a nation on a worldwide scale. Due to globalization, small businesses are now in the spotlight and are becoming more important drivers of national economic development. Governments, multilateral organizations, economists and planners from all around the world are paying close attention to the entrepreneurs who drive them (Carter, Camille, 1999). The sector's importance is highlighted by its ability to provide reasonable priced goods, services and jobs to a large number of individuals.

(Mulenkei, 2011)

1.1.1 Small and Medium Enterprise (SMEs)

While SMEs stands for Small and Medium Enterprises, MSES Stands for Micro and Small Enterprises. These are also known as Jua Kali, the informal economy and the subterranean economy in literature (Hope 2001, King and McGrath, 1999).

A microenterprise is considered a small business with 10 people or less. Internationally, family businesses with one or two employees make up the majority of microenterprises. In Kenyan context, small enterprises are defined as those with 10 employees or less and Medium enterprises as those with between 51 and 99 employees. (Ongori & Migiro, 2011; Migiro,2006).

In a 1972 study on Kenya, the International Labour Organization (ILO) is credited with coining the term “informal sector” to describe unregistered economic activities in which people participate to earn a living in small non-farm activities in urban centers as a temporary substitute for a lack of formal employment (ILO, 1972)

EU (2009) defines SMEs as businesses whose resources fall below specific thresholds, which may include personnel headcount turnover or balance sheet thresholds.

Small and Medium Enterprises (SMEs) have played a pivotal role in the development of economies worldwide, particularly in emerging markets. Their contributions to job creation, economic diversification, and innovation have led to their recognition as the backbone of many economies. Over the years, SMEs have evolved significantly, driven by technological advancements, policy reforms, and globalization. This write-up will explore the historical development of SMEs globally, in Africa, and in Kenya, highlighting the factors that have shaped their growth and the challenges they continue to face.

Globally, SMEs account for over 90% of businesses and are responsible for more than 50% of employment (World Bank, 2022). Their development can be traced back to the industrial revolution when small enterprises began to emerge as key players in the economic transition from agrarian

societies to industrial economies. However, it was not until the mid-20th century that SMEs began to receive significant attention as engines of growth, particularly after World War II when economies were focused on reconstruction and development.

In the 1970s and 1980s, SMEs gained prominence as globalization intensified. The spread of multinational corporations created opportunities for SMEs to integrate into global supply chains, providing specialized goods and services to larger firms. Technological advancements, such as the rise of information and communication technology (ICT), also played a critical role in transforming SMEs. The internet and e-commerce allowed SMEs to reach new markets and operate more efficiently. According to the Organisation for Economic Co-operation and Development (OECD), SMEs that adopted digital tools were 10% more likely to grow rapidly than those that did not (OECD, 2021).

In the 21st century, SMEs have continued to grow in importance, particularly in the context of economic recovery after the global financial crisis of 2008 and the COVID-19 pandemic. Governments around the world have introduced various initiatives to support SMEs, recognizing their potential to drive inclusive economic development. For example, the European Union's Small Business Act and the United States' Small Business Administration have implemented policies to promote entrepreneurship, provide access to finance, and reduce regulatory barriers for SMEs (European Commission, 2021).

In Africa, SMEs are central to economic development, accounting for 80% of employment and contributing up to 40% of GDP in some countries (African Development Bank, 2020). The history of SMEs in Africa is deeply intertwined with colonialism and post-independence economic

restructuring. During colonial rule, African enterprises were often marginalized in favor of large, foreign-owned corporations. However, after independence in the mid-20th century, many African governments began to prioritize the development of local businesses, recognizing SMEs as a means of fostering economic self-reliance.

In the 1980s and 1990s, structural adjustment programs imposed by international financial institutions led to the liberalization of African economies. This shift opened up markets to competition and provided opportunities for SMEs to grow. However, many SMEs struggled during this period due to limited access to capital, technology, and markets. The African Development Bank (AfDB) notes that SMEs in Africa faced significant barriers to formalization, with only 15% of SMEs operating in the formal sector in the early 2000s (AfDB, 2020).

In recent years, the rise of technology has transformed the SME landscape in Africa. Digital platforms, mobile money, and e-commerce have enabled SMEs to reach broader markets and operate more efficiently. For instance, platforms like M-Pesa in Kenya have revolutionized how businesses manage transactions, particularly in the informal sector. A 2021 report by the International Finance Corporation (IFC) highlights that digital transformation has the potential to increase SME productivity by up to 50%, contributing significantly to Africa's economic growth (IFC, 2021).

Despite these advancements, African SMEs still face significant challenges, including inadequate infrastructure, limited access to finance, and regulatory barriers. According to the World Bank, 40% of African SMEs cite access to finance as the primary constraint to growth (World Bank,

2022). To address these issues, many African governments are implementing reforms aimed at improving the business environment for SMEs, such as reducing red tape, enhancing access to credit, and promoting entrepreneurship through training programs.

Kenya provides a unique case study of the development of SMEs in Africa. SMEs account for 98% of all businesses in Kenya and contribute approximately 30% to the country's GDP (Kenya National Bureau of Statistics, 2021). The development of SMEs in Kenya can be traced back to the pre-independence period when small traders and artisans operated informally in urban and rural areas. After independence in 1963, the Kenyan government introduced policies aimed at promoting entrepreneurship and local business development, particularly through the Africanization of the economy.

In the 1970s and 1980s, Kenya's economy underwent significant liberalization, which encouraged the growth of SMEs. However, like other African countries, Kenyan SMEs faced challenges such as limited access to finance and competition from larger firms. In response, the government launched initiatives such as the Jua Kali sector, a program aimed at supporting small-scale artisans by providing them with affordable workspaces and tools (Government of Kenya, 2021). The Jua Kali sector has since become a vital component of Kenya's economy, particularly in manufacturing and informal services.

In the 21st century, Kenya has emerged as a leader in digital innovation, and SMEs have been at the forefront of this transformation. Mobile technology, particularly mobile money services like M-Pesa, has enabled SMEs to conduct transactions more efficiently and access financial services that were previously out of reach. According to a 2022 report by FSD Kenya, mobile banking has

increased the financial inclusion of SMEs by 40%, contributing to their growth and formalization (FSD Kenya, 2022). Additionally, the government's Vision 2030 plan prioritizes SME development as a key driver of economic growth, with initiatives aimed at improving access to finance, reducing regulatory burdens, and enhancing entrepreneurship training.

However, Kenyan SMEs continue to face challenges such as high taxation, corruption, and limited access to credit. Despite these obstacles, SMEs remain resilient, and their role in Kenya's economy is expected to grow in the coming years, particularly in sectors such as agribusiness, technology, and manufacturing.

The development of SMEs is closely linked to broader economic development. SMEs contribute to economic growth by creating jobs, fostering innovation, and promoting competition. In developing countries, SMEs often provide essential goods and services to underserved populations, contributing to poverty reduction and inclusive growth. According to UNCTAD, SMEs are critical for achieving the United Nations' Sustainable Development Goals (SDGs), particularly in areas such as decent work, economic growth, and reduced inequalities (UNCTAD, 2021).

One of the key advantages of SMEs is their flexibility and ability to adapt to changing market conditions. This adaptability was evident during the COVID-19 pandemic when many SMEs pivoted to digital operations or introduced new products and services to meet market demands. However, the pandemic also exposed the vulnerabilities of SMEs, particularly in terms of their limited financial reserves and dependence on local markets.

As economies recover from the pandemic, supporting the development of SMEs will be essential for ensuring sustainable and inclusive growth. Governments and international organizations are

increasingly recognizing the need to provide SMEs with access to finance, technology, and markets to unlock their full potential. Policies that promote entrepreneurship, reduce regulatory barriers, and provide targeted support for women and youth-led SMEs will be critical for driving economic development in the coming years.

SMEs have developed significantly over the years, emerging as vital contributors to economic growth worldwide. In both developed and developing countries, SMEs have demonstrated their ability to drive job creation, foster innovation, and promote sustainable development. In Africa, and specifically in Kenya, the evolution of SMEs has been shaped by historical factors, technological advancements, and policy reforms. Despite ongoing challenges such as limited access to finance and regulatory barriers, the future of SMEs remains promising. By addressing these challenges and supporting SMEs through targeted policies and programs, economies can unlock the full potential of SMEs as drivers of growth and development.

1.1.2 Small and Medium Enterprises Development

According to the United Nations (2006), entrepreneurship is crucial for the growth of small and medium enterprises. Developed and developing countries are anticipated to rely less on major industries to propel their economies into the future when there is a thriving Small and Medium Enterprises (SMEs) subsector in the manufacturing process. This is due to the expectation that industry clusters and enterprise creation will increasingly serve as the engines of economic rejuvenation and growth.

The informal sector has become popular in Most third world counties like Kenya, Nigeria, Uganda,

Zambia and Zimbabwe as a solution to massive unemployment and rampant poverty today. Formal employment strategies did not offer a lasting solution to the poorest people in the third world countries. The sector can be analyzed in terms of economic activities carried out, the manner of production, the organization structure and the size of operations (Sethuraman, 1991). Sethuraman indicated how easy it is to start and run this sector with no restriction to entry and minimal government regulation.

The number of developing micro and small-scale businesses has increased since 2010 in the dynamic global economies of today. According to a number of studies (Iganiga 2006 & Kuzulwa, 2005; Lakwo, 2009; Tripathi and Vibekananda, 2014), women's engagement in businesses is essential for long-term growth and prosperity, and their business performance has to be evaluated. In Kenya, for instance, women have been participating in enterprises for a long time and have in the recent past ventured in men dominated businesses. The main group consisted of women entrepreneurs from rural areas who made regular visits to the city to conduct business. More recently, another group has emerged comprising of women who are settled in Nairobi. This group is growing rapidly and is keen on participating in mainstream small and medium enterprises in the city (Ngau and Keino, 1988)

The shift from house hold work to wage earners has been largely due to the technical and economic change. To play a complementary role in the household, women have been conducting petty trade. This was done through buying wholesale and then selling on retail, either on specific bases or hawking goods in the neighborhood. Women who work can raise their family's standards of living while also boosting their own social status or at the very least that of their children (CWBW, 2002)

Significant progress has been seen in boosting women's business ownership during the previous few years. Only 28% of enterprises were founded by women around the world in 2019 according to the World Economic Forum (WEF). The percentage rose to 49% by 2021. Despite this significant improvement, men still outnumber women company owners globally by a ratio of three to one. The difficulties of inequality still exist despite the fact that women may have more chances now than in the past.

The continued precarity of own-account work, the disproportionate amount of domestic and care work that falls on women, and the high rates of violence against women and girls (VAWG) all point to the urgent need for more transformative approaches to support the economic empowerment of women, particularly informal entrepreneurs. Women entrepreneurs in Africa, especially Kenya confront obvious inequities which COVID has both exposed and widened.

1.1.3 Contributions of Women Entrepreneurs

It is generally accepted that SMEs create employment opportunities and high-quality commercial ideas. As a result, there is a growing understanding among the government, the development community and civil society that the active engagement and involvement of women in decisionmaking is a crucial component of holistic and all-inclusive development. Women invest a lot of time, energy and money into their communities, contribute numerous ideas and generate employment opportunities in addition to extra work for suppliers and other ancillary business relationships. (Common Wealth Secretariats 2002).

The general view among academics is that women entrepreneurs make significant contributions to the economic development of the areas in which they operate. The extent to which women entrepreneurs contribute and the areas in which their efforts have the most impact are still contentious issues (Balanchandra et al., 2019).

Women have expanded their participation in the labor force over the past two decades. Women now make up a noticeable and significant trend in self-employment and business ownership, however, existing literature only provides limited information about female entrepreneurship. This is mainly because there are limited official statistics on business owners' gender are scarce in most countries and regions. Enterprises are classified according to their industry, location and size (Burtler 2003; OECD 2004).

Studies conducted in Western Countries which include USA, UK and Canada have observed that women entrepreneurs are important in starting new businesses, indicating their willingness to take risks. Additionally, due to their participatory nature, women entrepreneurs in these countries contribute to social well-being. (Bullock & Sully de Luque, 2015; Brush and colleagues, 2018). According to Elam et al. (2019), in a study that examined the role played by female entrepreneurs in western countries, it was found that women entrepreneurs had a significant 23% larger impact on the creation of jobs overall in the private labor market than men. It is evident that women entrepreneurs in western countries play a significant role in the growth of new companies, the creation of jobs, and the overall welfare of society

In Africa, Adom (2015) conducted a study titled “Recognizing the Contribution of Female Entrepreneurs in Economic Development in Sub-Saharan Africa.” The study discovered that despite their substantial contribution to economic development, women entrepreneurs are frequently overlooked because of their marginalization and the fact that the majority of them operate in the informal sector.

According to a study conducted in Nigeria by Ogundana et al. (2021), women entrepreneurs play a crucial role in opening up unexplored areas, providing managerial approaches that enable them to meet customer demands faster than men and bridging the gap between profit-driven business and socially responsible business. However, they argue that cultural constraints, male dominance, gender stereotypes, and finance hurdles all hinder the ability of female entrepreneurs to contribute significantly to the economy.

Lock and Smith (2015) noted that there are now exponentially more options in Kenya for women entrepreneurs to start small enterprises since they are becoming recognized. In a study conducted in Trans Nzoia County, Kenya, Nunda et al. (2016) found that women entrepreneurs significantly contributed to the region’s economic development by creating jobs, starting up new enterprises and strengthening cohesiveness.

According to Rebecca Cabler (2021) study on Women entrepreneurs in Kenya, the economy in Kenya shows a rising per capita income development over the past 20 years with exception being in 2008 following political disturbance and civil conflict and 2020 following COVID-19 Pandemic. However, the majority of employment in Kenya, particularly for women, remained informal as a

result of the production rise in formally offered high-value services which did not significantly increase employment.

Although a lot has been documented on SMEs in Kenya, a casual glance at the entrepreneur profiling in Kilifi North Sub-County shows that most women owned SMEs are either closing down or performing poorly. It is therefore important that a study be carried out not only to document the success stories of these women entrepreneurs but also to establish the progress and impact on the economy.

1.1.4 Economic Development

According to Chojnicki (2010), economic development is the transformation in people's lives that is characterized by an improvement in their quality of life and overall economic well-being. Economic development has been measured in a variety of studies. Shepsle and Boncheck (2010) noted in their seminal study that the number of jobs created, the degree of infrastructure developments that enhance better services and transportation, the number of businesses in the market that offer quality services, sufficient goods, and exchange of money in a fluid manner are all ways to measure economic development. According to the United Nations Development Programme (2015), the Gross Domestic Product (GDP) and changes in economy's Production Possibility Curve (PPC) are two important measures of economic development. It is also noted that a country's economic development is measured by examining if its gross national product (GNP) or real GDP has increased. A country's GDP increases when its productivity rises, which in turn creates jobs for more people and raises overall wealth for both individuals and the nation as a whole.

1.1.5 Economic Development in Kilifi County

Kilifi County is one of the six counties situated in the coastal region of Kenya with a total area of 12,370.8 Kilometers. It is bordered by Tana River County, Mombasa County, Kwale County, Taita Taveta County and the Indian Ocean. According to the KNBS Census in 2019, Kilifi County had a total population of 1,453,787 of which 704,089 were males and 655,673 were females with Kilifi North Sub-County having a population projection of 190,382 by 2024 of which 95,020 were males and 95,383 were females. According to the Kenya Bureau of Statistics (KNBS), 2022, out of the 47 counties in Kenya, Kilifi is the tenth poorest. It is heavily reliant on agriculture and tourism. Many of the areas within the county are still characterized by poor infrastructural development and poor access to social amenities. Farming, Tourism and fishing have been the major economic activities due to its proximity to the Indian Ocean, fertile lands and good weather. Presently, the Kilifi County economy is being driven by entrepreneurial activities and small scale farming where women are actively involved. (Kilifi County Annual Development Plan 2023-2024).

According to KIPPRA Report (2019), majority of women in Kilifi suffer poor educational attainment, which has led to unemployment due to insufficient employable skills. This has forced them to venture into SMEs businesses to cater for their family needs.

1.2 Statement of the Problem

Lock, (2015) examined the impact of female entrepreneurship on economic development in Kenya. However, the paper concentrated more on the challenges facing entrepreneurship. Thus the

researcher evaluates contributions of Women Owned SMEs to the Economic development in Kenya.

Kilifi North Sub-County which is the major economic hub of the Kilifi County has had tremendous growth in the past few years. In the recent past, the Kilifi North economy was driven by the now defunct Kenya Cashewnuts factory and tourism sector which employed most women and gave business opportunities to them. After the collapse of the Kenya Cashewnuts factory in the early 1990s. The low prices for cashew nut variations and local farmers' inability to add value resulted in a dramatic decline in the crop growth as most farmers gave up on the crop hence losing their source of income (Nuts and Oil Crop Directorate Report 2022). In addition, there has been a decline in tourism economy due to Covid 19 and security threats and most of the women who lost their jobs took up to do small businesses to sustain their lives. These businesses have over the years grown and now form part of the economy of Kilifi County. Recently many Microfinance organizations have come to Kilifi to give loans and other forms of financing to women. Such include Kenya Women Finance Trust, *Yehu* Microfinance and Imarika Sacco. These women who have benefited from these finances have set up business. This was as a result of the establishment of the Pwani University in Kilifi which attracted many businesses such as banks, insurance companies, Hospitals, book shops, cyber cafes, *Mpesa* and many other forms of businesses. The government of Kenya has also offered women only loans through the women enterprise fund. Many women in Kilifi are members of Merry Go Rounds who make money to get capital for business. Women Table banking initiatives have been started in Kilifi with the aim of empowering women to do business. All these have contributed greatly to the establishment of Women owned SMEs. The fast growing number of online platforms has also made it easier for Women to market their products and services.

Previous studies have been conducted in the area and neighboring counties on performance of women owned SMEs, effects of Micro-finance institutions on performance of these enterprises and factors affecting performance of women owned SMEs, challenges facing women entrepreneurs, however, it has not been established how the women in this area contribute to the economy of the county and the country as a whole. This study therefore aims to establish the contributions of Women in SMEs in the growth of the economy in Kenya through a case study of Kilifi North Sub-County.

1.3 Purpose of the Study

The purpose of the study was to explore and analyze the role women owned micro and small enterprises (MSEs) in Kilifi North Sub-County play in the country's economic development. The research highlighted the economic contributions made by women in SMEs in order to help determine what steps can be done to empower these women.

1.4 Research Objectives.

1.4.1 General Objective

The general objective of this study is to establish the contributions of women owned SMEs entities on the Economic development in Kenya.

1.4.2 Specific Objectives

The study was guided by the following specific research objectives;

- a) To establish the contributions of Women Innovativeness in SMEs entities on economic development in Kenya.
- b) To determine the contributions of Women -led SMEs job creation on Economic Growth

- c) To establish the contributions of Women-led SMEs financial savings mobilization on economic growth in Kenya.
- d) To evaluate effects of Women-led SMEs management efficiency on economic growth in Kenya.

1.5 Research Questions

- a) How does Women Innovativeness in SMEs entities contribute to the economic development in Kenya?
- b) How does Women-led SMEs job creation contribute to the Economic growth in Kenya?
- c) What are the Contributions of Women-led SMEs financial savings mobilization to the economic growth in Kenya?
- d) In what ways can women-led SMEs management efficiency affect economic growth in Kenya?

1.6 Significance of the Study

The findings of this study will enable identify the roles Women-Led SMEs entities play in development of the country's economy and better recognition of these entities by the Government of Kenya.

Actors in Women-Led SMEs Entities will assess their goals and activities in order to identify best practices using the findings and recommendations of the study for better performance.

The research findings will also provide data that will help achieve some of the major goals of

Kenya's Vision 2030 including the eradication of poverty and challenges pertaining to gender and women empowerment. The findings can also assist in making other economic decisions and policy formulation within the County of Kilifi.

The study will add to the existing literature and make reference base for other studies.

Therefore, this research has consequences for future female entrepreneurs as well as academics, educators, policy-makers and support agencies.

1.7 Scope of the Study

The study was conducted in Kilifi North Sub-County located in Kilifi County in the Coastal region of Kenya. The study focused on urban centers of Kilifi North Sub-County specifically Sokoni Ward which included Kilifi town and *Kibaoni* area and *Watamu* Ward which covered the areas of Watamu town. These areas were specifically selected because they are concentrated with various economic activities where women involvement has not been quantified. The target group was women who own and run licensed SMEs and who operate in defined premises. The study was done between July and August 2024.

1.8 Study Limitations and Delimitations

The geographical location of the two selected areas of Kilifi North Sub-County i.e *Sokoni* and *Watamu* Wards is scattered and was not easy to collect data however the researcher engaged two groups of enumerators who collected the needed information.

Furthermore, the study is restricted to Women who own and run Licensed SMEs in define places and excludes Women Entrepreneurs who operate mobile businesses or do not have licensed businesses in define places. To ensure that the study is representative, the researcher used 10 samples from various other forms. These included the market day sellers at *Mkoroshoni* (The Old Kenya Cashew nut factory) and the online women owned businesses based in the study area. The quantitative data captured determined the activities they engage in and how these are appreciated in the community.

Business owners were also apprehensive in disclosing their business information to strangers however they were assured that the information they provided will be treated as confidential and will be used for the purpose of the study only.

Data collection took much longer than the planned time due to the delay on the part of the respondents.

1.9 Assumptions of the study

The study was carried out on the basis of the assumption that business women in Kilifi North SubCounty engage in various small and micro-enterprises (SMEs) and that in the process of running their businesses, they contribute greatly to the County's economy. The researcher assumed that the methods that were used for sampling were not biased and the instruments were reliable and valid. The research also assumed that there were actions that could be taken to enhance these SMEs performance in order to strengthen the national economy.



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter reviews existing literature on the concept of a global women entrepreneurship perspective and Kenyan Perspective including local communities based on aspects of economic growth in the definition of the study which are; development of SMEs, importance of SMEs, Women-Led SMEs in improving family standards and job creation, women-led SMEs in

Establishing Savings and Management Efficiency on Economic growth. It focuses on theoretical perspectives as well as previous studies to define the main concepts and examine the outcome of income generating activities by women and their impact on livelihood and economy as a whole.

2.1 Women Innovativeness in SMEs and Economic Development

Balachandre et al. (2019) in a study conducted in the US using a systematic assessment of the literature demonstrate how significantly women entrepreneurs contribute to the economic growth and development of the areas in which they operate. The extent to which women entrepreneurs contribute and the areas in which their efforts have the most impact are still up for debate. However, the report points out that because of their innovativeness, women entrepreneurs contribute significantly to the advancement of new processes and product innovation.

In Canada, Bullough and Sully de Luque (2015) conducted a quantitative study to find out how women entrepreneurs' innovativeness impacted the success of their venture. The study examined 435 female entrepreneurs using regression analysis and Person correlations to combine descriptive and inferential statistics. According to the study, there was a strong correlation between good venture performance and high levels of innovativeness in terms of processes and products. Thus the study concluded that highly innovative women entrepreneurs were likewise successful. There is still much to learn about how true this is in Kenyan perspective which is why the current study is necessary.

Adom (2015) in his study on the contribution of women entrepreneurs in sub-Saharan African noted that these women make significant contributions to economic development but their contributions

are often underreported because of marginalization and the fact that most of them work in the informal sector. This gives an African perspective on the subject. The report states further that women-owned enterprises in Ghana appear to be more successful when they offer unique services and cutting-edge goods. This demonstrates how women entrepreneurs' innovativeness gives their companies a competitive advantage.

Ogundan et al. (2021), in a study in Nigeria discovered that women entrepreneurs play a crucial role in opening up unexplored markets, providing management approaches that address customer demands quicker than those of men and bridging the gap between profit-driven business and socially responsible business. However, they contend that barriers to financing, gender stereotypes, male domination and cultural factors all limit and influence women entrepreneurs' capacity to make a meaningful economic contribution.

Studies done in Kenya have revealed comparable findings to those from Africa, with a few notable exceptions. According to Lock and Smith (2015), There are now countless chances for women entrepreneurs in Kenya to start small businesses as there is a growing acknowledgment that women entrepreneurs make superior start-up entrepreneurs. Nunda et al. (2016) in a study done in Trans Nzoia County, Kenya found that women entrepreneurs made a substantial contribution to the region's economic development in terms of fostering cohesiveness, generating jobs and starting enterprises.

Women's involvement in Small and Medium Enterprises (SMEs) has become increasingly recognized as a catalyst for economic development. In particular, women's innovativeness in SMEs

plays a vital role in driving growth, creating jobs, and fostering sustainability across different sectors. This write-up explores the role of women's innovation in SMEs globally, in Africa, and in Kenya, highlighting how their contributions are instrumental to economic development and identifying the challenges they face.

Globally, women entrepreneurs are transforming traditional business models by leveraging innovative solutions to meet market demands. According to a 2021 report by the Global Entrepreneurship Monitor (GEM), women now represent about 30% of global entrepreneurs, and their innovations contribute to diverse sectors including technology, healthcare, and the creative industries (GEM, 2021). Innovation among women in SMEs often stems from their unique perspectives on market needs, leading to the creation of new products and services that address societal gaps. For instance, women entrepreneurs in the technology space are pioneering solutions in health tech, ed-tech, and financial tech, tailoring their offerings to previously underserved communities.

Despite their contributions, women still face barriers such as limited access to capital and networks, which stifles their ability to innovate at scale. A 2022 study by the International Finance Corporation (IFC) found that women entrepreneurs are 20% less likely to secure venture capital funding compared to men, a discrepancy that curbs their ability to invest in innovative projects (IFC, 2022). Addressing these financing gaps and promoting mentorship for women in entrepreneurship are crucial to unlocking their full innovative potential.

In Africa, women's innovation in SMEs has emerged as a driver of economic resilience and community development. Women entrepreneurs are particularly active in sectors like agribusiness,

renewable energy, and digital services, where their innovative approaches are creating new value chains. According to the African Development Bank (AfDB), women account for nearly 60% of Africa's workforce and are increasingly venturing into entrepreneurship to address local challenges, such as food security, clean energy access, and financial inclusion (AfDB, 2020). Their innovative spirit often draws from traditional knowledge and modern technology, blending both to create sustainable business models.

One notable area of innovation by women in African SMEs is in agriculture. Women in countries like Uganda and Nigeria have pioneered agro-processing ventures that not only add value to raw agricultural products but also improve market access for smallholder farmers. These innovations help reduce post-harvest losses and enhance food security, contributing directly to economic development (FAO, 2022). Similarly, women entrepreneurs in the renewable energy sector are leading the charge in solar-powered businesses that provide clean energy solutions to rural communities, further demonstrating the role of women's innovation in fostering sustainability and economic growth.

However, women entrepreneurs in Africa face significant challenges, such as limited access to technology, training, and financing. According to the World Bank, only 35% of women in sub-Saharan Africa have access to the internet, which restricts their ability to engage with digital innovation (World Bank, 2022). Bridging this digital divide is critical to expanding women's capacity to innovate and scale their businesses.

In Kenya, women's innovativeness in SMEs is a critical component of the country's economic progress. Women entrepreneurs in Kenya are leveraging technology to develop innovative solutions across various sectors, including agriculture, retail, and financial services. Mobile

technology has been a particularly important enabler of women's innovation. For instance, women in agribusiness are using mobile apps to connect farmers with markets, access weather forecasts, and monitor crop prices, helping to streamline operations and increase profitability (Techno Serve, 2022).

Kenyan women are also at the forefront of financial technology (fintech) innovations. Mobile money platforms like M-Pesa have empowered women entrepreneurs by providing access to digital financial services that facilitate savings, loans, and money transfers. These innovations have enabled women to grow their businesses, even in the absence of formal banking services. In 2021, it was reported that over 40% of women-owned SMEs in Kenya used mobile banking platforms to manage their finances and scale their operations (Safaricom, 2021).

However, despite these achievements, women in Kenya still face systemic challenges that hinder their ability to innovate. A report by the International Labour Organization (ILO) highlights that gender discrimination, societal norms, and limited access to mentorship networks prevent many women from realizing their full entrepreneurial potential (ILO, 2021). Programs aimed at building women's capacity in innovation through mentorship, networking, and training will be crucial in overcoming these barriers.

Women's innovative contributions to SMEs have a multiplier effect on economic development. Studies show that women reinvest up to 90% of their income back into their families and communities, driving improvements in health, education, and overall economic well-being (UN Women, 2021). Furthermore, women's innovation in SMEs leads to job creation, diversification of the economy, and increased productivity, all of which are critical to long-term economic growth.

In Kenya, for example, women entrepreneurs in the textile and fashion industry have created new market niches by incorporating indigenous designs and sustainable practices into their businesses. This innovation not only preserves cultural heritage but also appeals to global markets, creating jobs and boosting export revenues. Similarly, women-led SMEs in the renewable energy sector contribute to reducing Kenya's carbon footprint, driving the country's transition toward a green economy.

2.2 Women in SMEs in job creation and Improving Family Standards of Living

According to OECD (1997) Interim Report on Technology, Productivity and Job Creation towards best policy practice, the total share of SMEs in employment and output may be even higher given that establishments of firms in service sector are typically of smaller average size than in manufacturing. SMEs dominate the wholesale and retail trade, hotels and restaurants. SMEs account for 80% to 90% of all employment in these industries. They make up over 95% of enterprises and account for 60% to 70% of jobs in most OECD countries. The share tends to be somewhat lower in manufacturing although it varies between 40% to 80% of employment in manufacturing. The report states further that Women-led SMEs provide one out of four private sector jobs compared to only two out of three male-owned businesses. Three out of four women owned businesses stay in business longer than three years compare to only two out of three male owned businesses.

Omondi, Onono and Barasa (2022), in a Gendered analysis of institutional and government Small and Medium Enterprises-related policies in Kenya established that SMEs make about 90% of enterprises worldwide and play a vital role in generating employment, producing goods for ultimate consumption, and providing input for more production that leads to economic growth. It was estimated that SMEs account for 98% of all firms in the country and generate 30% of new jobs annually.

Similar research conducted by the Republic of Uganda (2011) shows that formally run SMEs by women contribute roughly 20% more to employment and GDP than informal enterprises. Thus, removing barriers that prevent informal enterprises in this nation from entering the formal SME sector will likewise have a positive economic impact. The fact that SMEs currently contribute more than three times as much to total employment (65%) in high-income nations like the USA as the informal sector does, as well as the fact that these nations are actively working to transition as many informal enterprises as they can into the formal sector, serve as evidence for this (Semboja 2009).

In Kenya, according to Kioy (2011), small-scale enterprise sector produces 33% of the value contributed to manufacturing and retail trade, in addition to being crucial for producing jobs. However, the majority of these businesses typically just employ the owner or have fewer than five employees and they frequently have an informal business structure because women own 48 percent of all micro and small businesses in Kenya Kiraka et al. (2013). According to SME baseline survey (2009), 56 percent of formal enterprises are found in Nairobi, conversely, however, enterprises in the informal sector are more widely dispersed, with most of them being located in rural and

unofficial urban environments. This survey which highlights the regional distribution of enterprises in Kenya demonstrates that Nairobi and the coastal regions of Kenya are home to around 13.3% of Kenya's micro, small and medium sized businesses which create employment in these areas.

According to the National SMEs baseline survey (1999), there were 612,848 women working in SMEs, or 47.7% of the population in Kenya compared to male-owned/managed SMEs, which had an average of 2.4 employees, women-owned/managed SMEs had an average of 1.54, indicating that they often operated smaller enterprises. The survey also shows that women in SMEs tended to run smaller businesses than those run by males, making less money than men. They had a gross monthly income of Kshs. 4,344 on average, as opposed to Kshs. 7,627 for male entrepreneurs. This demonstrate a disparity that needs to be addressed to increase their participation. According to the survey, the expected number of women MSEs in 2002 would be 1.3 million if the percentage of female operators stayed at 47.7% from 1999. According to Stevenson and St-Onge (2005a), women might be creating up to 2million jobs for Kenyans, including themselves if the employment share of their businesses stayed at 40%.

2.3 Women in SME in Establishing Savings

It is known that through financial intermediation, infrastructure, and policy, the Kenyan government, financial institutions, and non-governmental organizations have provided assistance for the growth of SMEs (GoK 2005). Nevertheless, for reasons that have not been thoroughly documented, women entrepreneurs still depend on financial aid and loan finance in particular for the expansion of their SMEs rather than mobilizing funds from business profits to graduate them.

For the establishment of women's SMEs, an excessive dependence on outside funding sources is expensive, rigid and inconvenient (McCormick & Pedersen, 2001). According to Inziani (2006), this has led to a larger financing gap for SMEs, which has impacted their operations, performance and realization of their full potential owing to an excessive reliance on loans. This study argued that if the specific barriers were looked at, saving mobilization for growth may close this financial gap. This study therefore looks into the economic development in relation to SMEs saving mobilization.

The Women Economic Development Corporation (WEDCO) has embraced the village banking lending practice, which entails collaborating with pre-existing groups, primarily women that are officially recognized with the Ministry of Culture and Social Services. When lending to these women's groups, it adopts a modest strategy. Consequently, credit is thought to be the single most significant element of the growth of MSEs. Maalu et al. (1999) provided an overview of the fundamental components of the lending system. Revolving loan fund (RLF) groups are lent to by it. Maalu urges further that saving trends in Kenya during the past 20 years have fluctuated, notwithstanding the necessity of saving. The range of gross domestic savings (GDS) to gross domestic product (GDP) is 3.6% to 24.9% whereas the range of growth domestic investment (GDI) to GDP is 7.7% to 25.0% indicating that GDS has lagged behind over the past 20 years.

In the International Journal of Business and Social Sciences Vol. 3 No. 15; August 2012, Jagongo Ambrose in his empirical Review of the constraining Factors on Savings Mobilization for Growth of Women-owned Entrepreneurial Ventures in Kenya, it was established that 19% (n=57) of women in SMEs did not save any money annually, 49% (n=147) saved less than \$10,000 annually,

21% (n=57) saved between \$10,000 and 30,000 annually, 9% (n=27) saved between 31,000 and \$50,000 annually, and only 2% (n=6) managed to save more than \$50,000 for business growth. This suggests that there were some constraints on the women entrepreneurs' ability to save for the expansion of their SMEs, as it was on average a relatively low propensity.

According to KIPPRA (2010), the women entrepreneurship fund has been beneficial for various women groups in some counties in Kenya: In order to increase income and food security, the Mutheu Self Help Group in Kitui County specializes in the commercialization of indigenous chicken breeding and marketing at the village level. The organization claims that Women Enterprise Fund has given its members more power, which is demonstrated by better poultry shelters and the construction of a water kiosk through cost sharing with the Ministry of Water and Irrigation to the tune of Kshs. 15,000.00 as profit from improved table banking supported by a loan from Women Enterprise Fund and the simplicity of access to loans through table banking. This clearly shows that the saving mobilization by these women benefits them in return.

Women in Small and Medium Enterprises (SMEs) play a critical role in economic growth globally, particularly in establishing savings. Their involvement in SMEs significantly contributes to poverty reduction, financial inclusion, and wealth creation, especially in developing regions like Africa and Kenya. Despite their crucial contribution, women in SMEs face numerous challenges, including limited access to finance, which hinders their capacity to save and invest effectively. This write-up explores the role of women in SMEs in establishing savings, the challenges they face, and potential solutions.

Globally, women's participation in SMEs is recognized as a powerful tool for economic development. According to the International Labour Organization (ILO), women own approximately one-third of all businesses worldwide, contributing significantly to job creation and economic growth (ILO, 2022). In countries like the United States and Canada, women-led SMEs are expanding rapidly in sectors such as retail, healthcare, and technology, enhancing their role in income security and poverty reduction.

However, global disparities in access to capital impact women's ability to generate savings. A report by the International Finance Corporation (IFC) highlights a \$1.7 trillion financing gap for women-owned SMEs worldwide, limiting their capacity to grow and save (IFC, 2021). Without sufficient capital and financial literacy, many women entrepreneurs struggle to save or reinvest profits, restricting their businesses' growth potential.

In Africa, women's participation in SMEs is vital for local economies, with women owning approximately 58% of SMEs on the continent (AfDB, 2020). These enterprises are predominantly in the informal sector, which presents both opportunities and challenges. Women-led SMEs in Africa contribute significantly to household incomes, with savings playing a crucial role in sustaining these businesses. Savings enable women to reinvest in their enterprises, create emergency funds, and enhance family financial security.

African women, however, face significant barriers in accessing financial services, which in turn limits their capacity to save. A report by the African Development Bank (AfDB) found that only 40% of African women have access to formal financial institutions (AfDB, 2020). This limited access forces many women to rely on informal savings mechanisms such as community savings

groups (commonly referred to as “tontines”). These groups provide a means for women to save collectively, enabling them to pool resources and access loans.

In countries like Nigeria and Ghana, microfinance institutions have played a critical role in supporting women’s SMEs by providing savings accounts and microloans designed to meet the unique needs of women entrepreneurs. Microfinance helps women accumulate savings and gain financial independence, even when formal banking services are out of reach (World Bank, 2022).

In Kenya, women in SMEs are essential to the country’s economic development. Their businesses, particularly in sectors such as retail, agribusiness, and handicrafts, form the backbone of Kenya’s informal economy. Savings are crucial for women entrepreneurs in these sectors as they help manage risks and enable business growth. Initiatives like the Women Enterprise Fund (WEF) and Uwezo Fund provide access to low-interest loans, empowering women to enhance their saving capacity (Government of Kenya, 2021).

Despite these advancements, women in Kenya continue to face challenges in establishing substantial savings. Limited access to formal financial institutions, discriminatory credit lending practices, and cultural norms can hinder women's ability to control financial assets. Nevertheless, many women turn to informal savings groups known as “chamas,” where they pool resources to save, invest in businesses, or purchase property (FSD Kenya, 2022). Chamas are essential in enabling women to save collectively, invest in their businesses, and enhance their financial security.

Moreover, mobile banking platforms such as M-Pesa have revolutionized how women in Kenya save and manage their finances. M-Pesa enables women to save securely, transfer funds, and access microloans, helping overcome barriers to formal banking (Safaricom, 2022). Mobile money

technology has been transformative for women entrepreneurs in Kenya, providing them with the necessary tools to grow their businesses and establish savings.

2.4 Women-led SMEs Management efficiency on Economic growth

A cohort study on gender, risk and venture creation intentions in European nations was carried out by Dawson and Henley (2012). The results show a strong correlation between risk aversion, gender, and the intention to create and run ventures. Male appear to have significantly higher levels of intention than females, which can be attributed in large part to a more positive attitude towards risk. The study however did not address in depth whether the disparities that were found led to a significant variation in the contribution of women-owned enterprises to economic development.

Bardasi et al. (2019), writing for the World Bank, through a qualitative analysis to determine competitiveness, gender, and entrepreneurship identified several important conclusions. Five developed and five developing country women entrepreneurs were interviewed for the study. According to the study, female entrepreneurs in developed nations demonstrated greater competitiveness than those in developing nations, The high scope of technology, the high levels of business literacy demonstrated by women, the free trade that opened up markets and a legislative framework that supported business and globalization were the factors that increased the competitiveness among women entrepreneurs in developed nations like UK, USA, Canada, Germany and France. The same lack of leverage on these factors hindered competitiveness among women in developing countries like Ghana, Equatorial Guinea, Ivory Coast, Guinea and Liberia.

Khan et al. (2021) examined factors that affect women entrepreneurs in Pakistan. The study was

quantitative that accessed 345 women entrepreneurs using both descriptive and inferential statistics. According to the findings, Pakistan's economy benefited from the desire, risk-taking and enduring capabilities. The study also observed that religious and cultural influences have an impact on women entrepreneurs, capacity to efficiently manage their businesses. In other words, it was discovered that women entrepreneurs face barriers from religion and culture, leading them to be excessively risk averse which hampered the economy progress of the country. Since the current study is being conducted in a region whose religious beliefs are comparable to those of Pakistan, it will shed additional light on whether or not culture and religion have an impact on women entrepreneurs, and consequently, how much they contribute to the economic development.

Anah'lita (2013) in her study to examine the role of Women in Small and medium enterprises in developing countries established that SMEs can offer a platform for evaluating and enhancing women's entrepreneurial skills along with other measures to increase access to opportunities resources such as education, healthcare, technology, credit and employment. She urges that since contribution of women to the economies of developing nations is truly remarkable, promoting women's entrepreneurship in these countries has enormous potential to empower women and change society globally.

According to Lock and Smith (2015), there are now countless opportunities for women entrepreneurs in Kenya to start small firms since there is a growing acknowledgement that women entrepreneurs make better start-up entrepreneurs. In a study in Tras Nzoia County, Kenya, Nunda et al. (2016) found that female entrepreneurs played a major role in the region's economic development by fostering establishment of businesses, creating jobs and enhancing cohesiveness.

It is evident from the Kenyan research that female entrepreneurs have a major role in the economic development of the areas in which they operate. Generation of jobs, Creation of personal wealth, a rise in output being creative, Technological advancements in processes innovation in products and putting ideas in their proper positions.

Given the research that has been done on a global, regional and local level, it would be instructive to investigate the contributions by these women in terms of Innovativeness, Job Creation, Financial Savings Mobilization and Management efficiency to the Economic Development in Kenya. Women-led Small and Medium Enterprises (SMEs) are increasingly recognized as key drivers of economic growth across the globe. In particular, women's management efficiency within these enterprises plays a significant role in enhancing productivity, fostering innovation, and contributing to sustainable development. Effective management by women entrepreneurs has a direct impact on the success of SMEs, which are often the backbone of emerging and developing economies. This write-up explores the role of women-led SMEs in driving economic growth through efficient management, focusing on the global landscape, Africa, and Kenya.

Globally, women-led SMEs are at the forefront of transforming economies through efficient management practices. According to the International Labour Organization (ILO), women's involvement in entrepreneurship not only contributes to job creation but also improves the management culture within firms, fostering inclusivity and productivity (ILO, 2021). Women entrepreneurs often bring unique perspectives to business management, emphasizing collaborative leadership styles, employee well-being, and long-term sustainability over short-term profits.

A 2021 report by the Organisation for Economic Co-operation and Development (OECD) highlights that women-led businesses tend to outperform male-led counterparts in certain sectors,

such as services and retail, due to their strong focus on customer satisfaction, effective communication, and financial prudence (OECD, 2021). Women leaders often demonstrate higher levels of emotional intelligence, which fosters a positive work environment, leading to greater employee retention and productivity. Efficient management of resources, combined with strategic decision-making, enables women-led SMEs to adapt to market changes and sustain growth.

However, women entrepreneurs face considerable barriers to scaling their businesses, including limited access to capital and networks. A 2022 report by the International Finance Corporation (IFC) notes that despite their efficiency in managing SMEs, women are still underrepresented in high-growth sectors and face challenges accessing financing on equal terms with men (IFC, 2022). Addressing these structural inequalities is essential for unlocking the full potential of women-led SMEs in driving economic growth.

In Africa, women-led SMEs are critical to economic growth, particularly in sectors such as agriculture, retail, and manufacturing. The African Development Bank (AfDB) estimates that women own approximately 58% of SMEs in Africa, yet these businesses remain largely informal, limiting their access to formal financial services and markets (AfDB, 2020). Women entrepreneurs in Africa are known for their strong management capabilities, often juggling multiple roles while maintaining the efficiency of their enterprises. This efficiency is key to the survival and growth of SMEs in challenging business environments.

Women-led SMEs in Africa are driving economic growth by addressing local challenges with innovative solutions and efficient resource management. For example, women entrepreneurs in

Kenya and Nigeria have successfully implemented lean management practices in the agriculture and food processing industries, improving supply chain efficiency and reducing wastage (FAO, 2022). By focusing on process improvements and investing in employee training, women leaders ensure that their businesses operate sustainably and contribute to local economies.

However, many African women entrepreneurs face constraints that hinder their ability to expand their businesses and scale their economic impact. According to the World Bank, women-led SMEs in Africa are more likely to be credit-constrained, with only 35% of women having access to formal credit compared to 44% of men (World Bank, 2022). Despite these challenges, women continue to manage their businesses efficiently, often relying on informal financial networks and community-based savings groups to fund growth.

Kenya stands out as a country where women-led SMEs have significantly contributed to economic growth through effective management practices. Women in Kenya manage businesses across a wide range of sectors, from agribusiness to digital technology, playing a crucial role in job creation and poverty reduction. Efficient management by women entrepreneurs has led to the growth of businesses in both the formal and informal sectors, with women accounting for 50% of all SMEs in the country (FSD Kenya, 2022).

Kenyan women entrepreneurs are known for their ability to optimize limited resources and maintain operational efficiency. Many women-led businesses in Kenya implement cash flow management strategies, diversify income streams, and practice rigorous cost control, which enhances their competitiveness in the market. For instance, women in the agribusiness sector use innovative techniques such as mobile apps to manage supply chains, monitor production costs, and connect with buyers, leading to greater business efficiency (Techno Serve, 2022).

Government initiatives such as the Women Enterprise Fund (WEF) and Uwezo Fund have further supported women entrepreneurs in Kenya by providing them with access to low-interest loans and business management training (Government of Kenya, 2021). These programs have helped women-led SMEs strengthen their managerial skills, improve business operations, and ultimately contribute to the country's economic development.

Despite these successes, women entrepreneurs in Kenya still face gender-specific barriers to growing their businesses. Cultural norms, limited access to capital, and discriminatory practices in business regulation pose challenges to women's ability to manage larger enterprises efficiently. Addressing these barriers will be critical to enhancing the contribution of women-led SMEs to Kenya's long-term economic growth.

Efficient management practices in women-led SMEs have far-reaching impacts on economic growth. Women entrepreneurs tend to prioritize sustainable growth strategies, making decisions that foster long-term resilience rather than short-term gains. According to the United Nations Conference on Trade and Development (UNCTAD), efficient management practices by women-led SMEs contribute to higher productivity, job creation, and increased market competitiveness (UNCTAD, 2021).

In sectors such as manufacturing, retail, and services, women-led SMEs have demonstrated their ability to grow sustainably by maintaining efficient production processes and building strong customer relationships. These businesses contribute to economic growth by creating jobs, stimulating demand for local goods and services, and reinvesting profits into the community.

Moreover, women entrepreneurs are more likely to hire other women, creating a positive cycle of empowerment and economic participation.

Women-led SMEs, driven by efficient management, are key contributors to economic growth globally, in Africa, and in Kenya. Their ability to optimize resources, innovate, and foster inclusive business environments enhances productivity and sustainability. However, for women to fully realize their potential as drivers of economic development, it is necessary to address structural barriers such as limited access to financing, discriminatory practices, and cultural norms. By supporting women entrepreneurs through policies, training, and access to capital, economies can benefit from the significant contributions of women-led SMEs to growth and development.

2.5 Theoretical Review

2.5.1 Neo-Classical Theory

According to Weintraub's (1976) Neo-classical, supply and demand dictate how much is produced, valued and consumed as components of economic progress. Basically, the theory argues that the value of any good or service is obtained through the maximization of utility produced by those with limited incomes, businesses seeking to maximize profits through production costs and individuals possessing a certain level of knowledge about the tasks at hand as well as the factors of production, which are measured in terms of raw materials and other production inputs.

The Neo-Classical Theory builds on the Classical Theory (Murphy et al., 2006) that extolled the virtues of competitiveness, free trade, and specialization. It notes that the production and

distribution process works to create value and access profits which in turn builds the factors that determine economic development. These factors include the number of jobs created, the degree of infrastructure development that improves transportation and quality of services, the number of businesses in the market that provide adequate goods and services and the ability to exchange money in a fluid manner.

The Neo-Classical Theory applies to the current study since it is a modern theory of economic development, Secondly, its argument that the forces of supply and demand determine the valuation, production and consumption as components of economic development is consistent with the study's premise that Kilifi County's economic challenges are partially caused by problems with the supply and demand of goods and services, a problem that can be resolved by fostering the growth of women entrepreneurs.

2.5.2 Institutional Theory

According to Institution Theory, human-created formal and informal institutions have an impact on how entrepreneurs behave and how they evolve. It deals with how systems such as patterns, rules, norms, plans and routines come to be accepted as legitimate standards for social conduct. Institutions can be formal or informal according to Scott (2005), and some well-known examples are the institutions of the family, religion, the legal system and the economy.

The formal institutions comprise of physical, legal, political and economic frameworks, as well as associated norms and regulations. Informal institutions, on the other hand are intangible, implicit, gradually evolving, socially constructed, culturally transmitted and profoundly ingrained norms,

values and codes of conduct (Horisch et 2017; Stephan et al 2015). Furthermore, Informal institutions have an impact on prospective entrepreneurs' ability on opportunity recognition as well as access to resources and opportunity exploitation (Welter, 2011).

Institutional theory has been applied to a number of studies to examine women's entrepreneurship (eg Aidis et al., 2007; Nguyen et al., 2009). The majority of research has shown that, although formal institutions can create an environment that is supportive of entrepreneurship, informal institutions can have a significant impact on people's perceptions of the opportunities presented by entrepreneurship (Aidis et al., 2007). They contend that formal institutions can affect women entrepreneurs in two ways: by influencing the kinds of businesses that women can engage in, and second, by influencing the degree to which women entrepreneurship can be developed.

According to Gimenez-Jimenez et al. (2002), women's engagement in entrepreneurial activities may be aided or impeded by informal institutions. They also suggest that in order to understanding Women entrepreneurship and how women's participation differs across nations it is crucial to examine the relationship between formal and informal institutions.

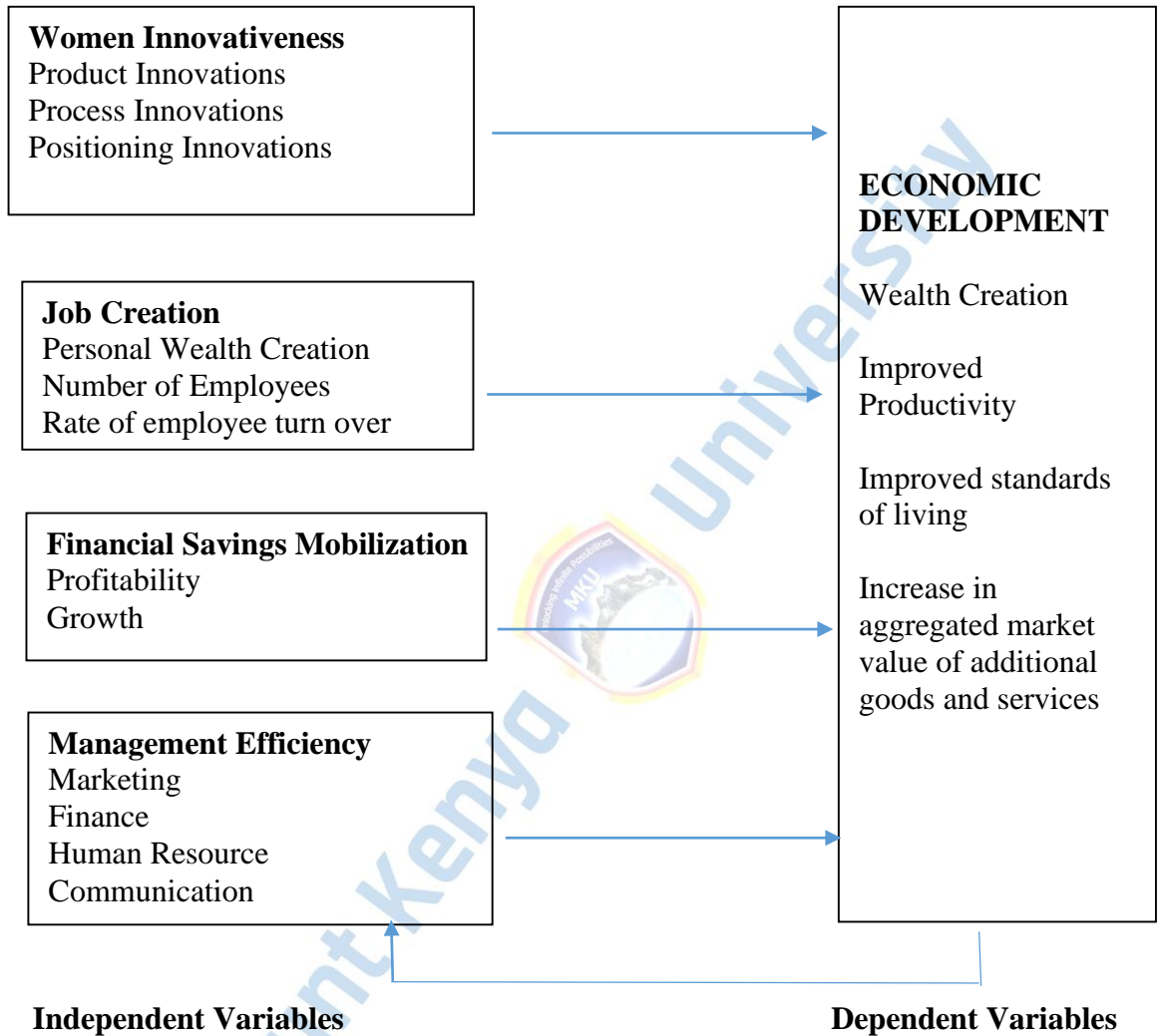
The Institutional theory thus applies to this study by identifying the effects of formal institutions in Kenya such as legal physical, legal, political and economic frameworks as well as informal institutions on women-led SMEs entities. This will assist establish not only the extent to which these entities can be developed but also the types of businesses in which these Women can engage and their effects on the country's economy.

According to Global Entrepreneurship Monitor: 2004 Report on Women and Entrepreneurship by Minniti et al. (2005), opportunity is the primary driver of business startup for both men and women, however many women establish their own businesses as a result of a lack of opportunities at employment. Women who engage in entrepreneurial activities typically do so while they are between the ages of 25 and 34 in low-income nations and between the ages of 35 and 44 in highincome ones. Within the Kenyan context it is evident that women entrepreneurship has had tremendous input whose output is not yet clear and therefore the need to study and understand the economic roles played by women entrepreneurs in the local economy This theoretical framework therefore leads us to Conceptual framework.



2.6: Conceptual Framework

Figure 2.1



Source: Researcher

Women entrepreneurship in SMEs is an economic undertaking which contributes to economic growth through its outputs which include Women Innovativeness, Job Creation, Financial Savings

Mobilization and Management Efficiency. In this environment women entrepreneurship continues to grow and when this happens the economy grows as well which in turn feeds the Women entrepreneurship.

2.7 Recap on Literature Review

Women contributions in the economic development has always been taken for granted. An increasing amount of research demonstrates that nations that fail to address gender inequality lose out on significant economic growth. This proves that eliminating gender disparities in Kenya could lead to the nation's tremendous economic growth. Tools of economic analysis has either lumped together women's effort or totally ignored the contributions women make to the economy.

Previous researchers have focused on women-owned businesses in Kenya and other countries but despite the best efforts of these researchers, majority of them have not taken into account the role of female entrepreneurs in relation to the major indicators of economic development.

Most of the Authors have concentrated on global and countries perspectives and not local communities in developing areas. Most studies have ignored areas with high level of poverty. Therefore, there exists a gap on information about the contributions of women in SMEs to the local economy in Kenya. It is this gap that this study fills.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter deals with research design, study location and population, sampling procedures and techniques, Sample population, data collection instrument, pilot testing, data collection methods and procedures and concludes with data analysis and presentation.

3.1 Research Design

This study used a descriptive research design which describes the state on the ground. It made use of quantitative as well as qualitative sources and methods. On the quantitative side, the study has drawn on existing statistical data as well as questionnaires. The qualitative part of the study comprised of strategically selected case studies where interviews were conducted. This is because the factors are based on facts findings. The study used both primary and secondary sources. Both selected samples and case study were used to investigate the impact of SMEs on the economic development.

3.2 Location of the Study

Kilifi County situated in the coastal region of Kenya constitutes **seven electoral constituencies**: Kilifi North, Kilifi South, *Kaloleni*, *Rabai*, *Ganze*, Malindi and *Magarini*. Kilifi North Constituency is situated about 60 km north of Mombasa and Bordering Malindi Constituency. Its existence is as a result of a split of *Bahari* Constituency and consists of seven Wards which include *Dabaso*, *Gede*, *Sokoni*, *Kibarani*, *Matsangoni*, *Mnarani* and *Tezo*.

3.3 Target Population

According to data from the Department of Gender, culture and social services Report 2022, there are an estimate of 842 women entrepreneurs in Kilifi County which represented the study's target population. The target population of the study were women entrepreneurs who own licenses SMEs in defined premises within Kilifi town (*Sokoni*) and *Watamu*. This population is easily approachable which reduces costs.

3.4 Sample Size and Sampling Techniques

Mugenda (2003) states that in cases where population target is high, 10% to 20% can be used. The sample for this study consisted of 160 Women owned SMEs Entities from the study area making up about 20% target population proportion of 842 women entrepreneurs in Kilifi County. Simple random sampling technique was used to obtain the sample.

3.5 Sample Population

Table 3.1

Stratified random sampling based on the following frame of women in SMEs was used:

S/NO	TYPES OF BUSINESSES	SUB POPULATION
1.	Restaurants and Fast Food Joints	30
2.	Retail Shops	20
3.	Market Vegetables and Groceries	30
4.	Hair Salons, Barber Shops, Cosmetics and boutiques	30
5.	Cyber Cafes and Gifts Shops	20
6.	Small Scale Farmers	30

3.6 Data Collection Instrument

To enhance validity, data collection was done using questionnaires that had been evaluated by the supervisor, a sample of selected Women in SMEs in the study area filled the Questionnaires. This is also because Questionnaires allowed the respondents to give their responses in a free environment, save time and enabled a collection of a large volume of qualitative data. The questions were categorized in line with the objectives of the study.

3.7 Pilot Testing

The instrument validity represents the degree to which a study's findings are representative of what will be tested and how much they are generalized to other similar circumstances. (Boar and Gal.1989). On the other hand, the Instrument reliability is the degree to which the instrument is free of measurements error. A Pilot test was conducted among 10 Women entrepreneurs in SMEs within the study area. This assisted in determining validity and reliability of the Study and Study instrument.

3.8 Data Collection Methods and Procedures

Self-administered questionnaires with both closed-ended and open-ended questions were used to gather data. The questionnaires contained seven sections which included; characteristics of Women Entrepreneurs, Women Innovativeness, Job Creation, Financial Saing Mobilization, Management Efficiency, Economic Development and Business Challenges. A follow up was conducted to make sure completed questionnaires were collected on time and to help respondents who were having trouble filling out or comprehending the questionnaires.

3.9 Data Analyzing and Presentation

In order to draw findings and valuable inferences that aid in decision-making, researchers must carefully examine and analyze the data they have gathered (Fuller, 2009). Analysis of data in this study was done using descriptive statistics which included counts and percentages. A correlation study was performed to evaluate the degree of interdependence and strength between independent and the dependent variables. Multiple regression analysis was used to determine possible existing correlations between Women entrepreneurial activities in SMEs and economic development in Kenya. The analyzed data was presented in tables, charts, graphs, frequencies, percentages and means.

3.10 Ethical Consideration

Given the sensitive nature of women in rural settings, the researcher first obtained approval from relevant authorities and a letter of introduction from MKU prior to data collection exercise. In the field, consent was obtained from the participants before the interviews and the respondents were briefed and assured that the collected information will only be utilized to inform the objectives of the study. Additionally, the researcher acknowledged all secondary data sources used.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the study's findings and discusses the results. The discussions are guided by the research objectives, which include Women's Innovativeness, Job Creation, Financial service mobilization, and Management Efficiency. These objectives were examined alongside the Characteristics of women entrepreneurs and how they translate to key economic development indicators such as wealth creation and better productivity.

4.2 Response Rate

The Table below shows the response rate the study achieved:

Table 4.1: Response rate

Sample Size	Total Respondents	Response Rate
160	126	79%

Source: Researcher

Table 2 above shows that the study recorded a 79% response rate. A total of 126 randomly selected women entrepreneurs in Kilifi North Sub-County responded to the survey.

4.3 Background Information of the Respondents/Informants

The respondents were women business entrepreneurs operating various businesses in Kilifi North Sub-County. The informants were the owners of the businesses, as they are the only people who

can explain the processes involved in starting up an SME and the challenges therein. These included Kilifi town and areas of Watamu Ward.

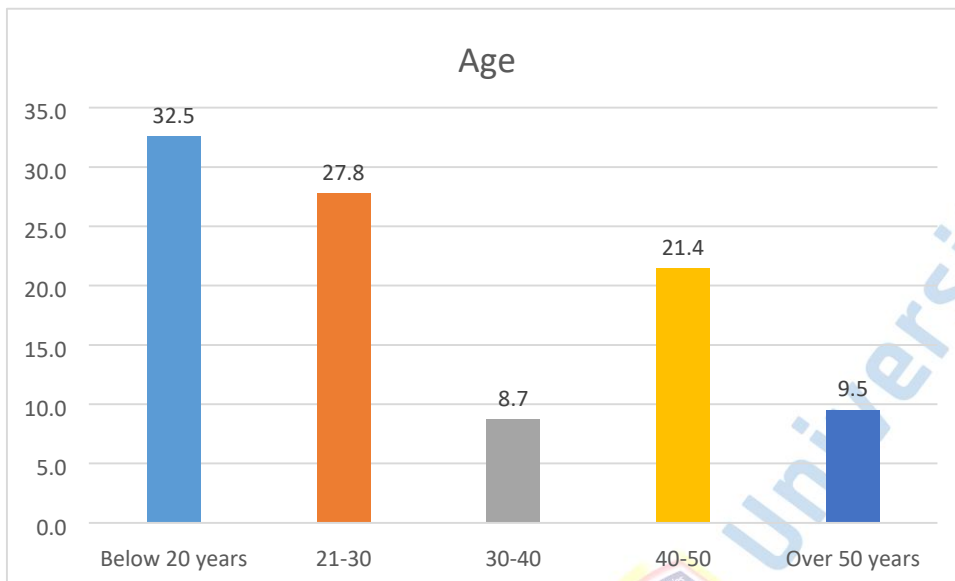


Figure 4.1: Age distributions

Figure 4.1 reveals over one-third (32.5%) of the respondents were below 20 years, 27.8% between 21-30 years, 8.7% between 30-40 years, 21.4% between 40-50 years, and 9.5% over 50 years. The data shows that a majority (60.3%) of women entrepreneurs are under 30, highlighting the active role of youth in driving economic growth. The youthfulness of the majority can be seen as an asset, driving innovation and encouraging peer-to-peer business initiatives. This shows that the majority of the women are of the majority age and can get support from the government institutions and private lending institutions to boost their business, provided that they are aware of the existence of these institutions and roles in as much as their welfare is concerned.

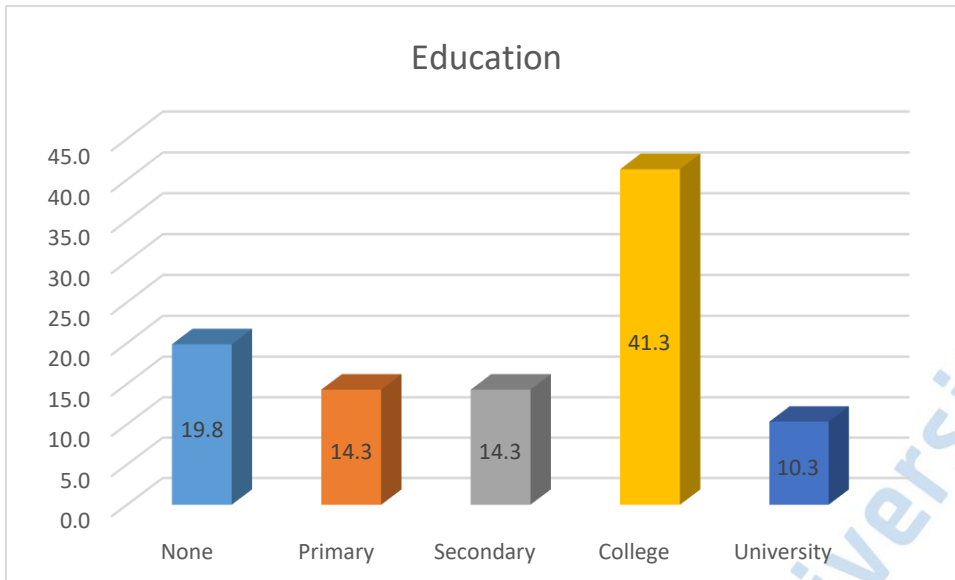


Figure 4.2: Education level

Figure 4.2 shows that over two-fifths (41.3%) of the respondents had a college education, 19.8% had no formal education, 14.3% had primary and secondary education, and 10.3% had a university degree. The data shows that while most women entrepreneurs have some form of higher education, a substantial portion still operate with limited or no formal education, reflecting the diverse educational backgrounds within the sector. This diversity suggests that entrepreneurship among women is not restricted to higher education levels and that women from various educational backgrounds contribute to economic growth.

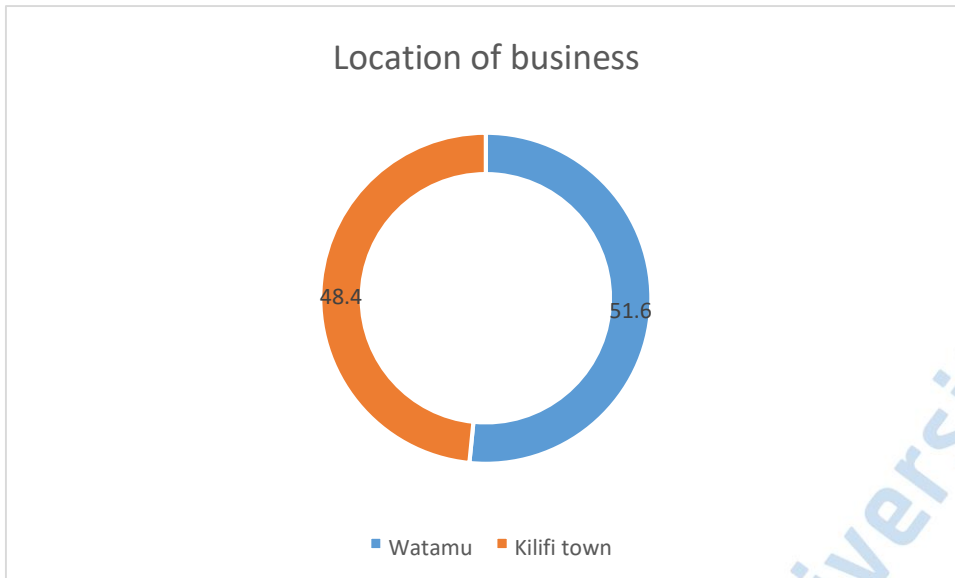


Figure 4.3: Location of the business

In Figure 4.3 above, 51.6% of the women-owned Businesses were based in Watamu, while 48.4% were based in Kilifi (Sokoni ward). This nearly even distribution suggests that women entrepreneurs actively participate in both areas' business sectors. The higher concentration in Watamu might indicate a more favorable business environment or greater opportunities in that area, while Kilifi town remains a significant hub for women-owned enterprises.

4.4 Reason for Starting the Business

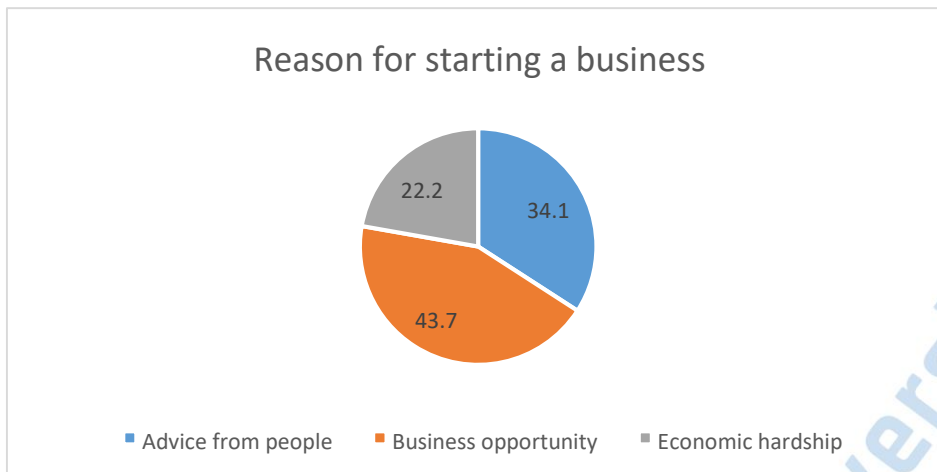


Figure 4.4: Reasons for starting the business

The findings on reasons for starting a business venture reveals that the most common motivator is identifying a business opportunity (43.7%), indicating that the potential for profit and market gaps drive many women entrepreneurs. Advice from people (34.1%) is also a significant factor, suggesting the influence of social networks and community support in encouraging entrepreneurship. Economic hardship (22.2%) is another key reason, highlighting that some women start businesses out of necessity, using entrepreneurship to overcome financial challenges. These findings show a mix of proactive and reactive reasons for venturing into business, notwithstanding that women are only in businesses to put food on the table and do not have visions for expanding their businesses; hence, they need empowerment. Nevertheless, over the years, they have managed to employ a few people to assist in running these businesses.

4.5. Business Details

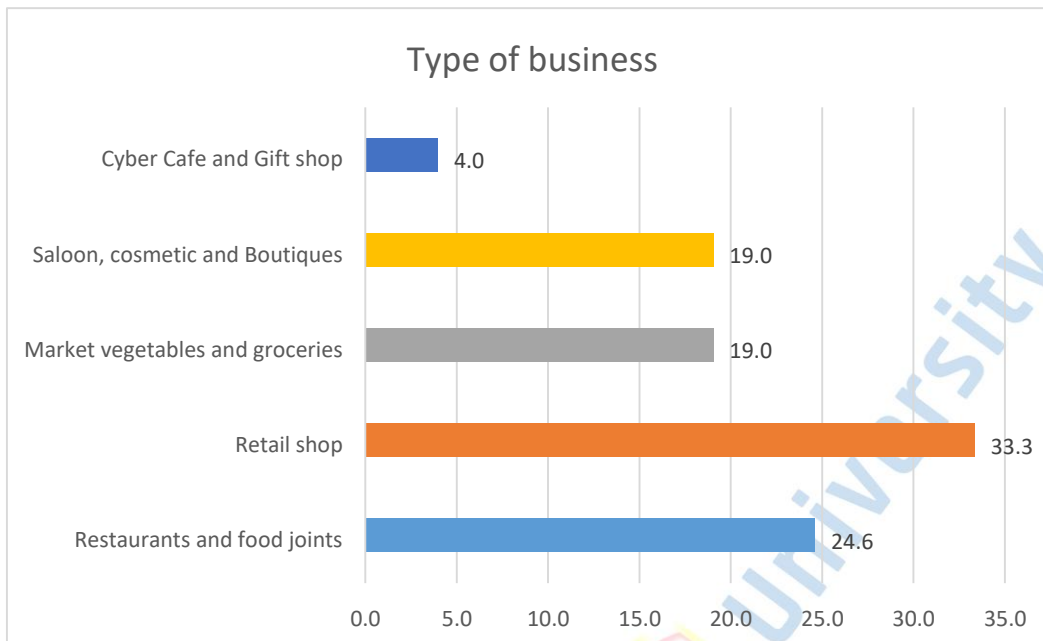


Figure 4.5: Type of business operated by women

Survey results in Figure 4.5 show that retail shops are the most common (33.3%) of the ventures. 24.6% were restaurants and food joints, 19% were market vegetables and groceries, and saloons, cosmetics, and boutiques each account and 4% were cyber cafes and gift shops. This distribution highlights that women entrepreneurs are predominantly focused on retail, food services, and personal care, sectors that cater to daily needs and community-based demand. Research carried out by Downing and Daniel (2008) showed that a large number of women start their enterprises with personal savings or traditional collective savings. Because of the absence of proper guidance and knowledge of where to get capital and sometimes lack of support from close family members, many women fail to realize their potential due to a lack of the necessary assets for starting businesses.

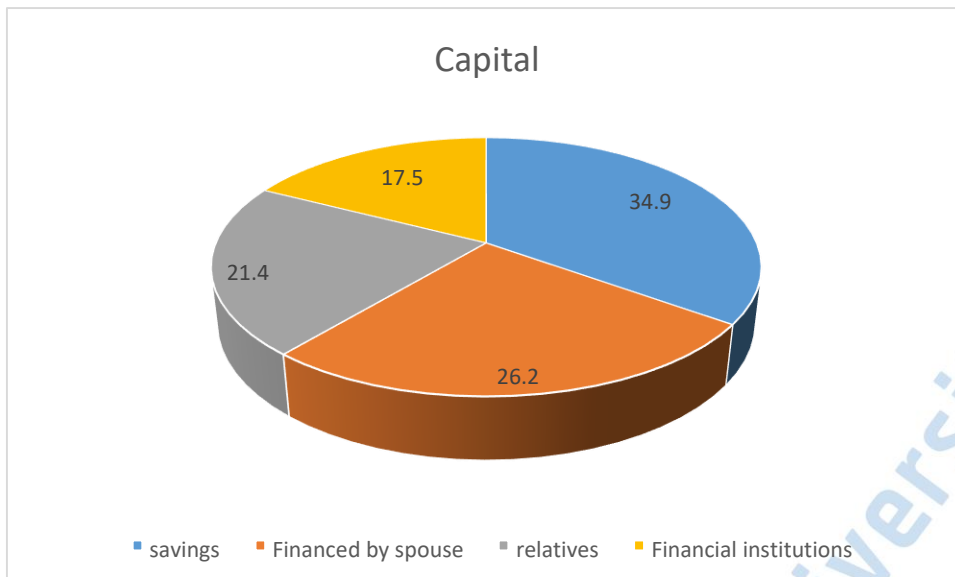


Figure 4.6: Source of Capital

Study findings on the sources of capital for women-owned businesses reveal that personal savings are the primary source of funding, accounting for 34.9%. Additionally, 26.2% reported that financing by a spouse is a common source, highlighting the role of family support in facilitating women's entrepreneurship. Relatives provide 21.4% of the capital, emphasizing the importance of close-knit social networks in funding ventures. Lastly, only 17.5% of women access capital through financial institutions, suggesting barriers to formal financing options, such as loans or credit, possibly due to stringent requirements or lack of financial literacy. This proves that majority of women entrepreneurs in Kilifi north constituency are literate and are aware of the existence of lending institutions and the requirements for one to get empowered through loans and grant. This is supported by the findings that majority of the women entrepreneurs had post primary education.

4.6 Initial Capital

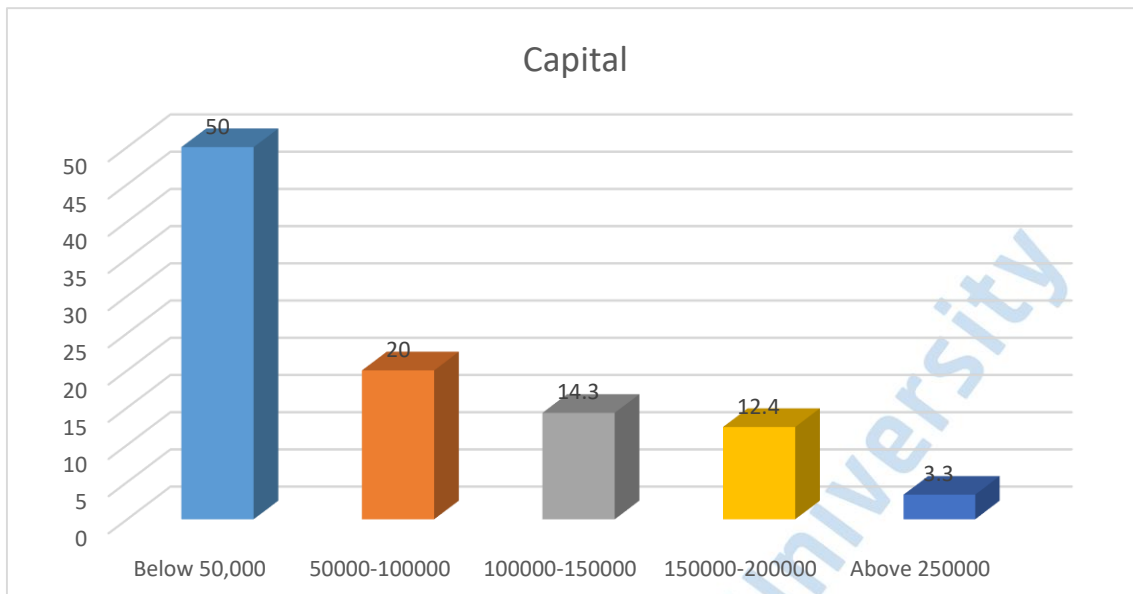


Figure 4.7: Initial capital

From Figure 4.7 above, most women (50%) had started their business with a capital of Kshs. 50,000 and below, while 20% of the women entrepreneurs had a capital between Kshs. 50,000 to Kshs. 100,000, In addition, 14.3% of the respondents had a capital of Kshs. 100,000-150,000, 12.4% started their business with capital Kshs. 150,000-200,00 and only 3.3% of the women in Kilifi North Constituency had a capital of above Kshs. 250,000. This distribution indicates that most individuals or entities in the sample have relatively low initial capital, with fewer having higher amounts. Moreover, the responses clearly show that access to capital is a challenge to many women, and they need support not only from their family members but also from financial/lending institutions and the government through agencies such as Uwezo Funds. This will enable women to venture into business with high returns and thus enabling them to contribute significantly not only to the Kilifi economy but also to the country's economy.

4.7 Business Ownership

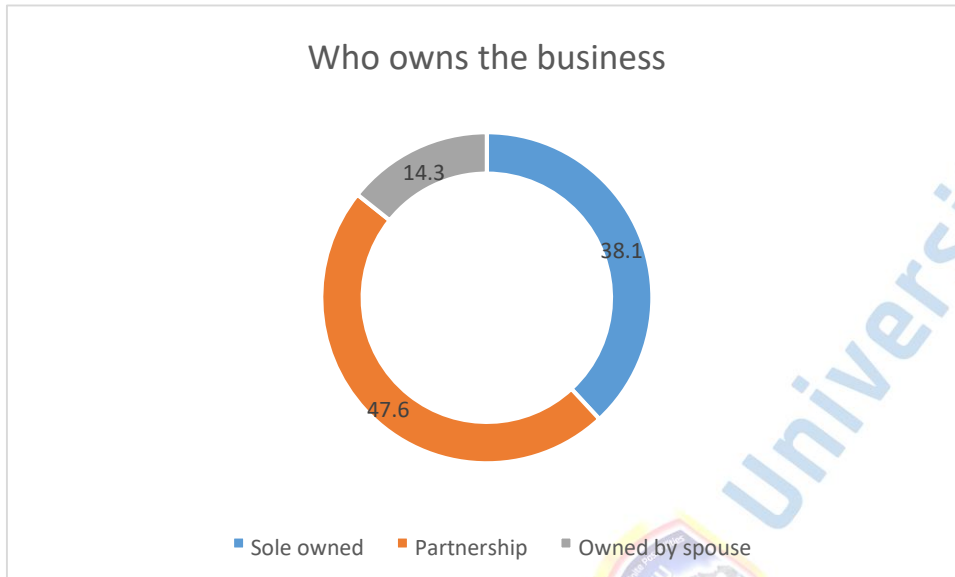


Figure 4.8: Ownership of the business

Findings in Figure 4.8 depicted that 38.1% of these businesses are solely owned by women, indicating a significant level of independent entrepreneurship that likely has a direct and impactful role in economic activities. A larger portion, 47.6%, operates as partnerships, highlighting the importance of collaboration and shared resources in scaling and enhancing economic impact.

Additionally, 14.3% of the businesses are owned by women but registered under their spouse's name, reflecting possible legal or social factors affecting business ownership. This diverse ownership landscape demonstrates the multiple ways women entrepreneurs contribute to the economy, whether through independent management, collaborative efforts, or navigating complex ownership structures.

4.8 Innovativeness of Women Entrepreneurs in Kilifi North Sub-County

Table 4.2: Innovativeness of Women Entrepreneurs

Indicator	Extent of Agreement				
	Very low	Low	Medium	Great	Very great
The development of new products or services is important for business growth.	27	12.7	7.1	12.7	40.5
Innovation drives economic development and addresses socioeconomic issues, including poverty and health.	23	19	19	4	34.9
Women need to be more innovative than men for the business to succeed.	11.9	32.5	35.7	4.8	15.1
Getting new ideas from colleagues or business partners is important for the business.	7.9	11.9	12.7	35.7	31.7
Finding new solutions when a product is not doing well is essential for business continuity.	9.5	23.8	15.1	30.2	21.4

The finding in Table 4.2 shows the extent of agreement regarding various aspects of women-owned businesses and their role in economic growth provides valuable insights. A significant 40.5% of respondents believe that developing new products or services is crucial for business growth, highlighting the importance of innovation for advancing women-owned businesses. However, there is less consensus on the role of innovation in broader economic development, with 34.9% agreeing that it drives economic progress and addresses key socioeconomic issues like poverty and health. At the same time, a substantial portion of 23% views its impact as less significant.

The perception that women need to be more innovative than men for business success garners mixed responses, with 35.7% viewing it as a medium-level necessity and only 15.1% seeing it as

very important. This suggests a nuanced view of the comparative innovation expectations for women entrepreneurs. Furthermore, 31.7% of respondents consider getting new ideas from colleagues or business partners as very important, reflecting the value of collaboration and external input in fostering business growth. Finally, the need for finding new solutions when a product is underperforming is seen as essential by 30.2% of respondents, indicating a recognition of adaptability and problem-solving as key to business continuity. Overall, these perspectives underscore the varied factors influencing women-owned businesses' success and economic impact.

The results suggest that women-owned businesses with unique products and services appear to be doing well in the Kilifi North sub-county. This demonstrates how women entrepreneurs' innovativeness provides a competitive advantage to their businesses. The study found that cultural beliefs that women should be more focused on taking care of the home than doing business can make it difficult for women to conduct business. As a result, a woman may need to be creative in approaching a business opportunity that seems quite straightforward to a man in Kilifi North Subcounty to achieve a comparable outcome.

4.9 Contributions of Women Entrepreneurs in Employment Creation

Table 4.3: Contributions of Women Entrepreneurs in Employment Creation in Kilifi County

Statement	Mean	Deviation
Have employees other than myself	3.004	1.41

Have increased the number of employees in my business in the last three years	3.58	1.82
Have employed both skilled and unskilled personnel	3.37	1.22
Women-owned SMEs offer employment chances to both men and women	3.31	1.26
Women-owned SMEs provide favorable working conditions compared to male-owned	3.21	1.09
SMEs promote employment through increased supply chain	3.33	1.34

Survey results in Table 4.3 depict the employment practices within women-owned SMEs, revealing a range of insights. Women-owned businesses typically employ staff other than themselves, with a moderate mean score of 3.00 and considerable variability, indicating that while many have employees, this is not universally consistent. Over the past three years, there has been a positive trend in increasing the number of employees, as reflected by a mean score of 3.58. However, the high deviation suggests significant differences in the growth rate. These businesses often employ skilled and unskilled personnel, with a mean score of 3.37, reflecting a balanced staffing approach.

Women-owned SMEs are also noted for providing employment opportunities to both men and women, with a mean score of 3.31, demonstrating a commitment to gender inclusivity. Additionally, they are perceived to offer favorable working conditions compared to male-owned businesses, with a mean score of 3.21, although opinions on this vary. Moreover, these businesses contribute to employment through their supply chains, as indicated by a mean score of 3.33, showing that they create jobs directly and indirectly through their operational networks. Overall, women-owned SMEs play a significant role in employment and work conditions, with varying practices and perceptions across different areas.

4.10 Financial Saving Mobilization

Table 4.4: Financial Saving Mobilization in Kilifi County

Indicator	Extent of Agreement					Mean	S.D
	SD	D	N	A	SA		
Operate a fixed deposit account with the banks for my business.	29.8	30.6	8.9	17.7	12.9	2.53	1.41
operate current Account for business daily use	16.9	29.8	13.7	22.6	16.9	2.93	1.37
Group savings and information sharing have fueled the sales growth of my enterprise	21	34.7	11.3	17.7	15.3	2.72	1.38
Network membership (e.g. business clubs and women's Groups) has enabled me to get loans for my business	19.8	26.2	12.7	28.6	12.7	2.88	1.36
Savings enable me to access other services, such as loans and investment advice	17.5	22.2	17.5	31	11.9	2.98	1.31
Group membership has enabled me to learn new ideas for my business	15.9	38.9	19.8	22.2	3.2	2.58	1.10
Do not save anything from my business	38.9	39.7	9.5	4.8	7.1	2.02	1.15

Findings on financial saving mobilization within businesses provide several insights. Table 4.4 shows that a significant portion of respondents, 29.8%, strongly disagree, and 30.6% disagree with operating a fixed deposit account for their business, resulting in a mean score of 2.53. This indicates a relatively low engagement in using fixed deposit accounts for savings. In contrast, operating a current account for daily business use has a mean score of 2.93, with 16.9% strongly disagreeing and 29.8% disagreeing, suggesting that current accounts are somewhat more commonly utilized but still not universally adopted.

Group savings and information sharing are seen as contributing to sales growth, with a mean score of 2.72. However, there is a notable variation in opinion, reflecting that while some believe these practices fuel growth, others do not view them as significantly impactful. Network membership, such as business clubs and women's groups, has a mean score of 2.88, showing that these networks are somewhat helpful in accessing business loans, though opinions vary widely. Savings are perceived to enable access to other services like loans and investment advice, with a mean score of 2.98%, indicating a moderate agreement on the benefits of savings in facilitating access to financial services. Additionally, group membership is seen as a way to learn new business ideas, with a mean score of 2.58%, reflecting a mixed but positive view on the value of group learning.

Finally, a significant 38.9% strongly disagree and 39.7% disagree with saving any money from their business, resulting in a mean score of 2.02. This suggests that a substantial portion of respondents do not save from their business activities. Overall, while there is some engagement with financial saving practices and network benefits, there is a notable lack of consistent saving behavior among many businesses.

4.11 Management Efficiency

Table 4.5: Management efficiency in Kilifi county

Parameter	Extent of Agreement					Mean	S.D
	SD	D	N	A	SA		
Access to training opportunities is important for efficiency in managing my business	9.5	16.7	37.3	22.2	14.3	3.83	1.75
Access to finance is important for the business's success	11.1	17.5	23	26.2	22.2	3.34	1.02
Planning, Organizing, and controlling business operations is essential for better performance	24.6	17.5	7.9	32.5	15.9	2.72	1.09
Having personnel with the right skills is important for the business	12.7	14.3	8.7	46.8	17.5	3.80	
I take measures to minimize costs and maximize profits	13.5	28.6	7.1	23	27.8	3.23	1.46
I control my income expenditure by planning what to invest in the business and what to use for household expenses	36.5	13.5	7.9	27	15.1	2.51	1.62
use all my income on household expenses	45.2	11.9	5.6	19.9	17.5	2.46	1.64

Survey results on management efficiency in Table 4.5 picture of how various factors are perceived to impact business performance. Access to training opportunities is widely recognized as crucial for efficient business management, with a mean score of 3.83. This indicates a strong agreement that training enhances managerial effectiveness, though the high standard deviation of 1.75 reflects some variation in opinions. Access to finance is also important for business success, with a mean score of 3.34, showing moderate agreement. However, the lower standard deviation of 1.02 suggests a more consistent view on the necessity of financial resources for achieving business goals.

Additionally, planning, organizing, and controlling business operations are considered essential for better performance, but with a mean score of 2.72, indicating a lower level of agreement. This reflects a recognition of their importance, but perhaps less emphasis is placed on these management practices than other factors. A mean score of 3.80 underscores the significance of having personnel

with the right skills, demonstrating strong agreement that skilled employees are vital for business success. This is consistent with the emphasis on training and development.

Furthermore, efforts to minimize costs and maximize profits receive a mean score of 3.23, suggesting a moderate level of agreement on the importance of cost control and profit optimization. In contrast, the mean score of 2.51 for controlling income and expenditure through business and household planning indicates a lower level of agreement on this practice's importance, highlighting potential areas for improvement in financial management. Finally, using all income for household expenses is seen by many, with a mean score of 2.46, reflecting a significant portion of respondents who allocate their income primarily to personal rather than business needs. This practice is associated with a lower mean and high standard deviation, indicating considerable variation and potentially inefficient management of resources.

Consequently, while access to training and skilled personnel is strongly linked to management efficiency, there is a noticeable variation in the importance placed on financial planning and cost control, with some areas potentially needing greater focus for improved business management.

4.12 Economic development

4.12.1 Monthly Profit

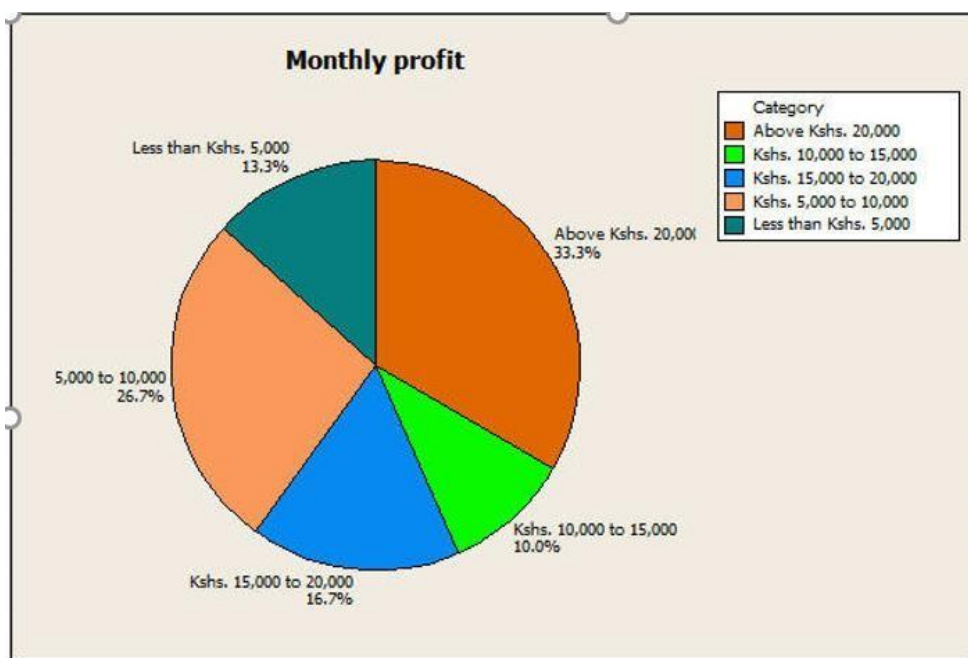


Figure 4.9: Monthly Profit

Figure 4.9 shows that over one-third (33%) of the businesses had a profit range of above Kshs. 20,000, while 26.7% of them had a profit of between Kshs. 5,000 and Kshs. 10,000. Also 16.7% of the women enterprises experienced a profit range of between Kshs. 15,000 and Kshs. 20,000 while 13.3% and 10% of the women owned enterprises had a profit range of less than Kshs. 5,000 and Kshs. 10,000 to Kshs. 15,000 respectively. This indicates that their business can expand beyond some limits because of the low returns and because a majority support their families, thus leaving little, if any, to be ploughed back into the business.

4.12.2 Target Market

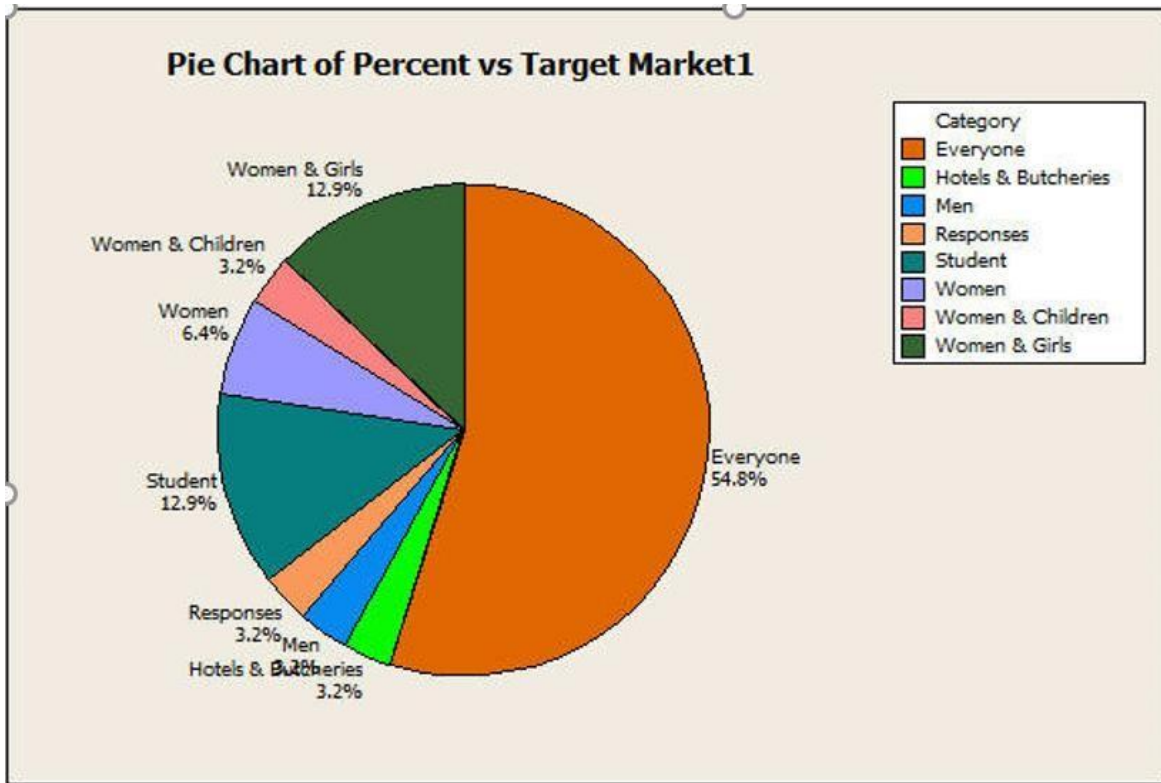


Figure 4.10: Target market

The findings in Figure 4.10 provide insight into the target markets of women entrepreneurs and their level of market knowledge. A substantial majority, 54.8%, reported that their target market is broadly defined as "everyone available," indicating a lack of specific market focus. This suggests that many women entrepreneurs may not have clearly defined their target audience or are aiming to appeal to a wide and general market. In contrast, 12.9% of the respondents specifically target college and high school students, reflecting a more focused approach aimed at a particular demographic. Additionally, 9.6% of the women entrepreneurs target a diverse range of customers, including hotels, butcheries, men, women, and children, showing another form of market segmentation. Therefore, the findings indicate varying levels of market focus among women

entrepreneurs, with many employing a broad targeting strategy and others adopting more specific approaches to reach particular groups.

4.12.3 Uses of Revenue from the Businesses

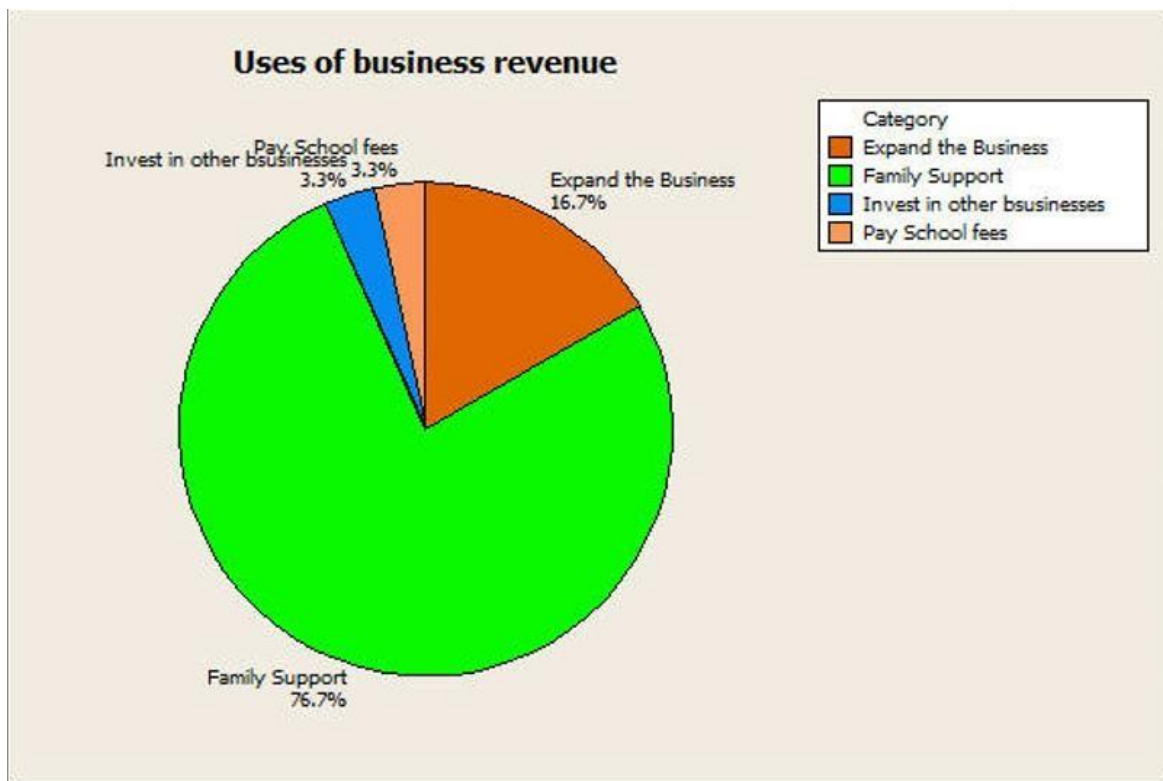


Figure 4.11: Uses of business revenue

Findings in Figure 4.11 on the uses of the revenues generated from the various businesses run by women in Kilifi North Constituency, they were asked to indicate how they use the money from the businesses. Figure 4.12 shows that the majority of the respondents (76.7%) pointed out that they used the money to support their families and only 16.7% indicated that they used their revenues to expand their business. In addition, 6.6% said they used the revenues to pay school fees for their

kids, which is a family support venture. This signal is not good regarding business expansion and development as the said businesses are not growing.

4.12.4 Contributions to Economy

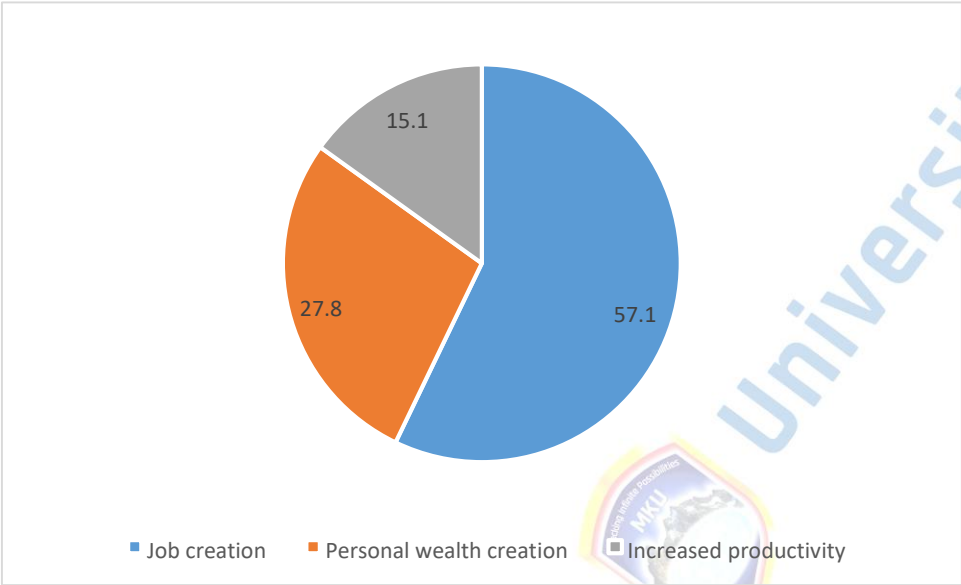


Figure 4.12: Contribution of business to community growth

Figure 4.12 shows the contributions to economic growth and development, revealing that womenowned businesses are most significantly recognized for their role in job creation, with over half (57.1%) of respondents identifying it as their primary economic impact. This highlights these businesses' crucial role in providing employment opportunities, which is essential for overall economic development and reducing unemployment. Personal wealth creation is also a notable contribution, with 27.8% of respondents emphasizing its importance. This reflects how women entrepreneurs contribute to their financial stability and wealth, which can positively influence the economy through increased spending and investment. In contrast, increased productivity is viewed

as a less significant contribution, with only 15.1% considering it a major impact. While productivity improvements are acknowledged, they are less prioritized than job creation and personal wealth.

Therefore, the findings highlight the substantial impact of women-owned businesses on employment and financial growth, with a lesser emphasis on productivity enhancements.

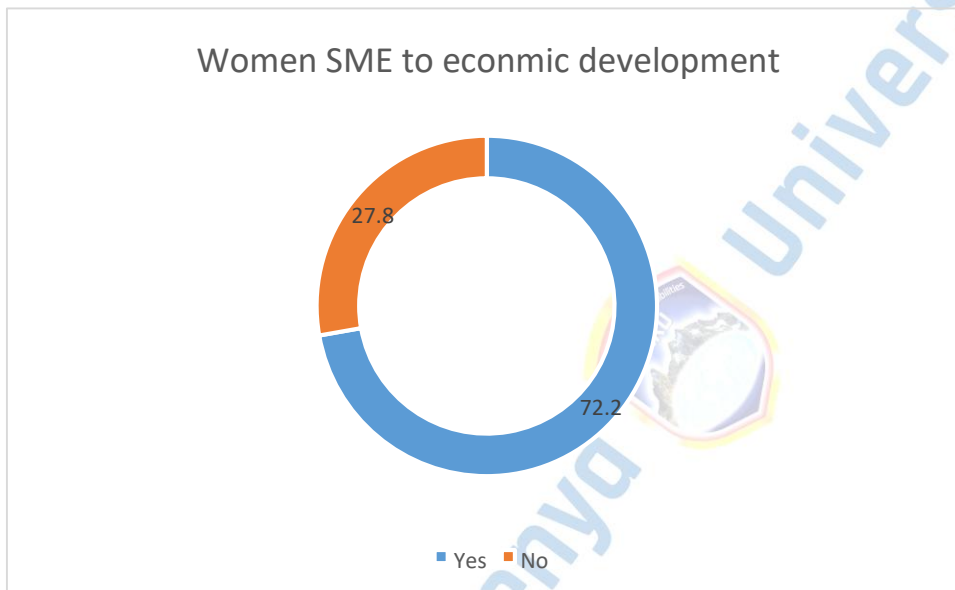


Figure 4.13: Women SME's Contribution to Economic Development

Figure 4.13 indicates that the majority (72.2%) of respondents believe that women-owned SMEs contribute positively to economic development, highlighting a strong recognition of their role in driving economic growth. Conversely, 27.8% of respondents do not believe that women-owned SMEs contribute to economic development. The majority added that women-owned SMEs contribute to economic development by building sustainable businesses that foster long-term

economic stability and growth. They enhance local economies and support family welfare by engaging in community development and contributing to household incomes. Their activities drive broader economic growth and empower other small SMEs, creating a network of support and opportunity. Empowering women is a key contribution, as these businesses often lead to increased gender equality and social welfare. They encourage skill development, enhance financial inclusion, and promote innovation and entrepreneurship. Additionally, they play a role in expanding export markets, fostering inclusive growth, and reducing poverty. Mentorship and apprenticeship programs help nurture future entrepreneurs. Women-owned SMEs also promote cultural diversity and contribute to the overall empowerment of women, reinforcing their significant role in shaping and advancing the economy.

4.13 Business Challenges

4.13.1 Business Challenges in Kilifi County

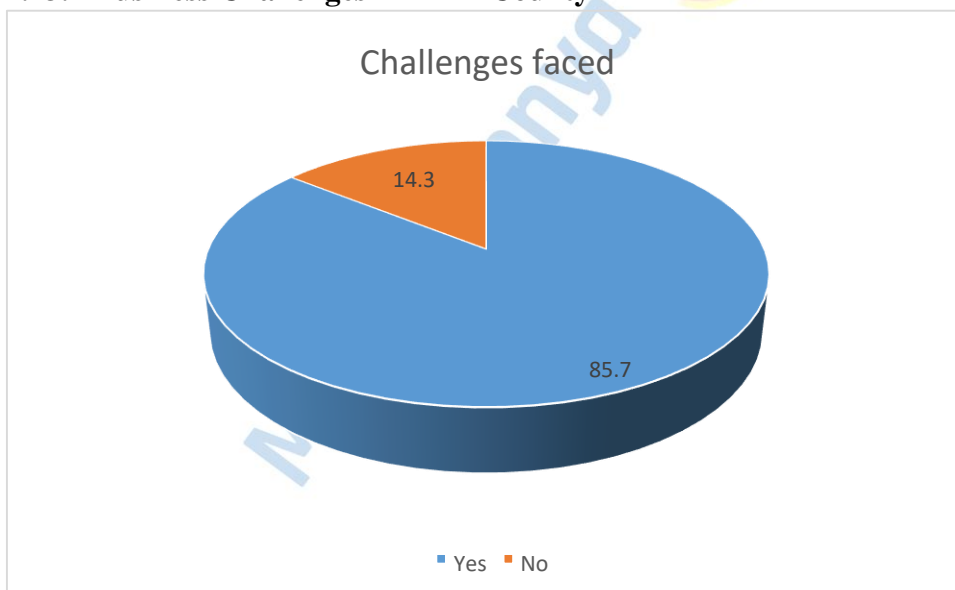


Figure 4.14: Challenges, Intervention, and Competitiveness of the Enterprises

Figure 4.14 reveals the challenges facing various women-owned businesses; more than half of the respondents, constituting 85.7%, said that lack of funds to expand their business is a major challenge they have faced and continue to face. On the other hand, 14.3% of the respondents also indicated that government regulations and restrictions are some of the hindrances they have been confronted with, while 16.67% of the research participants agreed that competition in terms of number of people running the same kind/type of businesses was also a major threat to the business survival.

On the question of competition in the businesses, the participants were asked to indicate the level of competition they face as far as the businesses they run are concerned. More than half of the respondents, 53.3%, agreed that the market environment was competitive, 26% argued that the business environment was very competitive, and 20 % said that their business faced less competition. This scenario calls for one to be unique in products and service provision to survive the competition; otherwise, there is a risk of losing the venture through heavy losses.

The respondents were also asked about their family member's perception of their businesses and whether they liked being associated with the business they run. The majority of the women (86%) agreed that their family members were very positive about the businesses, and they neither had their full support. In comparison, 24 % said that their family did not like their businesses nor be associated with them. This is a clear indication that women are being accepted and supported to be independent in society, unlike before when women were perceived as inferior, and their place was always the kitchen!

4.13.2 Challenges faced

Women-owned businesses face several significant challenges that impact their growth and success. Limited access to finance is a major hurdle, often due to systemic biases, insufficient collateral, or restricted credit facilities. Many women entrepreneurs also struggle with a lack of market focus, which can hinder their strategic planning and effectiveness in reaching target audiences. Additionally, a low rate of financial saving from business income affects their financial stability and reinvestment capabilities. Inadequate access to training and skills development impedes management efficiency and business growth. Balancing personal and business finances is another challenge, leading to inefficient financial management. Women-owned businesses may also face difficulties in innovation and product development, limiting their competitiveness. Furthermore, a lack of effective networking and support systems can restrict access to valuable resources and opportunities. Gender-related biases and societal expectations can exacerbate these challenges, creating additional barriers to success. Addressing these issues is essential for improving the impact and sustainability of women-owned businesses.

4.13.3 Resolve mechanism for the challenges faced by Women-owned SMEs

A comprehensive approach is necessary to resolve the challenges faced by women-owned businesses. Improving access to finance is crucial, which can be achieved by advocating for supportive policies, offering microloans and grants, and establishing mentorship programs that connect women entrepreneurs with financial experts. Defining target markets can be facilitated through market research training and resources, helping entrepreneurs develop clear business strategies. Promoting financial savings involves implementing financial literacy programs focused

on budgeting and investment strategies. Training and skills development through workshops and certifications can enhance business management and leadership skills. Advising on separating personal and business finances and using accounting tools is essential to improve financial management. Fostering innovation can be supported by creating incubators and accelerators, offering research and development grants, and facilitating technology access. Building networks and support systems through business associations and women’s groups can offer valuable resources and peer support. Finally, addressing gender bias by promoting inclusive hiring practices and advocating for gender equality policies can help mitigate additional barriers. Addressing these challenges with targeted interventions and supportive measures can significantly improve the success and sustainability of women-owned businesses.

4.14 Women-Owned SMEs Receive Government Support

4.14.1 Presence of Government Support to Women-owned SMEs in Kilifi County

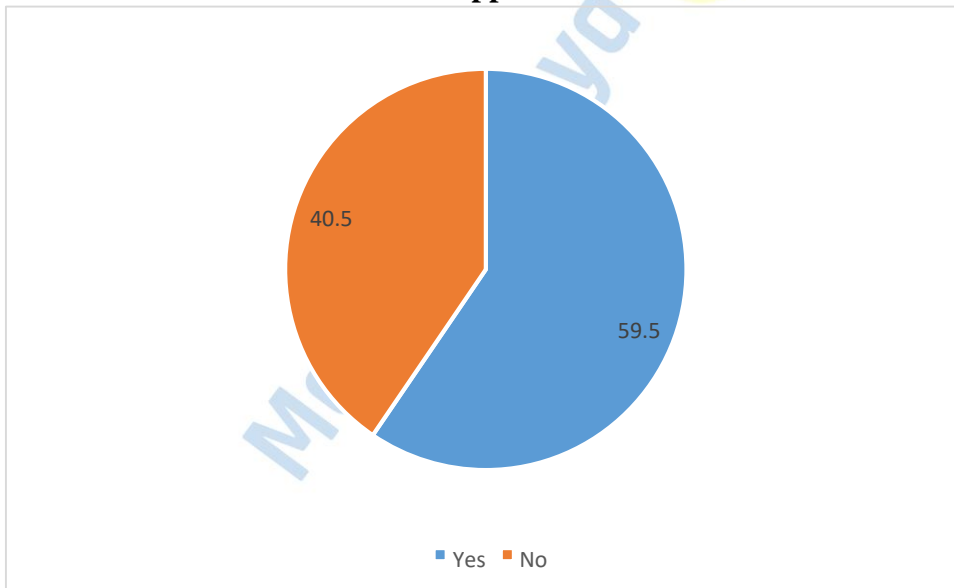


Figure 4.15: SMEs receive government support

Figure 4.15 indicates that a majority of 59.5% of women-owned SMEs receive government support, suggesting that a significant portion of these businesses benefit from various forms of governmental assistance. This support included grants, subsidies, or policy initiatives designed to help foster their growth and development. On the other hand, 40.5% of women-owned SMEs do not receive government support, highlighting a notable segment that may face additional challenges due to the lack of such assistance. This disparity suggests that while many women entrepreneurs have access to valuable government resources, a considerable portion could benefit from increased or more targeted support to enhance their success and sustainability.

4.15 Model fitness

Table 4.6 : Model summary

R	R Square	Adjusted Square	R	Std. Error of the Estimate
.856a	.734	.725		3.48233

With a correlation coefficient (R) of 0.856, which indicates a high positive correlation, the model summary shows a strong relationship between the independent variables (Women's innovativeness, Women-led SMEs job creation, financial savings mobilization and Management efficiency) and the dependent variable. The R Square value of 0.734 shows that 73.4% of the variance in the dependent variable is explained by these predictors, demonstrating a good model fit. The adjusted R Square of 0.725 confirms the model's robustness, accounting for any potential inflation caused by additional predictors. Furthermore, the standard error of the estimate is 3.48233, suggesting that the model's predictions are fairly close to the actual observed values.

4.16 Analysis of Variance (ANOVA)

Table 4.7 : ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	4040.171	4	1010.043	83.291	.000
Residual	1467.321	121	12.127		
Total	5507.492	125			

The ANOVA results indicate that the model is statistically significant in explaining the impact of women-led SMEs on economic growth. The regression sum of squares is 4040.171, with 4 degrees of freedom, resulting in a mean square of 1010.043. The F-statistic of 83.291, along with a significance value (Sig.) of 0.000, indicates that the independent variables (women innovativeness, women-led SMEs job creation, financial savings mobilization, and management efficiency) collectively have a significant effect on economic growth. The residual sum of squares is 1467.321 with 121 degrees of freedom, resulting in a mean square of 12.127.

4.17 Correlation

Table 4.8: Pearson Correlation coefficients

Correlations					
--------------	--	--	--	--	--

	Economic growth	Women's Innovativeness in SMEs	Women led SMEs job creation	Women-led SMEs financial savings mobilization	Women-led SMEs management efficiency
Economic growth	1				
Women's Innovativeness in SMEs	.249**	1			
Women -led SMEs job creation	.137	-.176	1		
Women-led SMEs financial savings mobilization	.241	.194	-.084	1	
Women-led SMEs management efficiency	.829	.183	-.003	.154	1

The correlation table highlights the relationships between economic growth and various factors related to women-led SMEs. Economic growth has a positive and moderate correlation ($r = 0.249$, $p < 0.01$) with women's innovativeness in SMEs, suggesting that higher levels of innovativeness are associated with increased economic growth. The correlation between economic growth and women-led SMEs job creation is weaker ($r = 0.137$), indicating a less pronounced relationship. Women-led SMEs financial savings mobilization shows a similarly moderate positive correlation

with economic growth ($r = 0.241$), suggesting that as savings mobilization increases, economic growth improves slightly. The strongest correlation is between economic growth and women-led SMEs management efficiency ($r = 0.829$), indicating a very strong positive relationship; as management efficiency improves, economic growth significantly increases. Among the independent variables, women's innovativeness and financial savings mobilization have positive but weaker correlations with each other, while job creation shows no significant correlations with the other factors. Management efficiency stands out as the most strongly associated with economic growth.



4.18 Multivariate regression Coefficients

Table 4.9: Regression coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	6.243	1.300		4.803	.000
Women Innovativeness in SMEs	.458	.201	.112	2.280	.024
Women -led SMEs job creation	2.488	.705	.169	3.529	.001

Women-led SMEs financial savings mobilization	.633	.274	.112	2.311	.023
Women-led SMEs management efficiency	1.212	.074	.791	16.446	.000

The multivariate regression coefficients provide insight into how each independent variable influences economic growth. The constant value of 6.243 indicates that, when all other factors are held constant, the baseline level of economic growth is 6.243 units. Women innovativeness in SMEs has a positive and statistically significant effect on economic growth, with a coefficient of 0.458 ($p = 0.024$), meaning that for every unit increase in women innovativeness, economic growth increases by 0.458 units. Women-led SMEs job creation has a stronger influence, with a coefficient of 2.488 ($p = 0.001$), showing that an increase in job creation leads to a substantial rise in economic growth. Financial savings mobilization by women-led SMEs also has a positive effect, with a coefficient of 0.633 ($p = 0.023$). Finally, women-led SMEs management efficiency has the largest impact, with a coefficient of 1.212 and a very high significance ($p = 0.000$), indicating that it is the most influential predictor of economic growth in this model.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings, conclusions, and recommendations on the contributions of Women in SMEs to the growth of the economy of Kilifi North Sub-County.

5.2 Summary of the Major Findings

The summary of major findings from the interpretations of women-owned SMEs reveals several key insights into their contributions and challenges. Women-owned SMEs play a significant role in economic development, notably through job creation, personal wealth generation, and community development. They contribute to economic growth by empowering others, enhancing financial inclusion, and fostering innovation. However, these businesses face substantial challenges, including limited access to finance, lack of market focus, and inadequate financial savings. Many women entrepreneurs struggle with financial management and balancing personal and business finances, and there is a notable disparity in receiving government support. While 59.5% of these SMEs benefit from government assistance, 40.5% do not, highlighting a need for more targeted support. Additionally, barriers such as low access to training, difficulties in innovation, and gender biases impact their effectiveness. Addressing these issues through improved financial resources, better training, and supportive policies is crucial for enhancing the success and sustainability of women-owned SMEs.

5.2.1 Major Findings Related to Background Information of the Respondents

The major findings related to the background information of the respondents/informants reveal several important aspects of their profiles and experiences. A significant portion of the women entrepreneurs, 54.8%, target a broad market without specific focus, indicating a general approach to their business strategies. Only 12.9% focus on college and high school students, while 9.6% target a diverse range of customers including hotels and various demographics. Regarding financial management, a substantial 72.2% believe that women-owned SMEs contribute positively to economic development, though 27.8% do not share this view. The data on challenges shows that women-owned businesses encounter issues such as limited access to finance, inadequate market focus, and low savings rates. Despite these challenges, 59.5% of these SMEs receive some form of government support, though 40.5% do not. Overall, these findings highlight the diverse market approaches of women entrepreneurs, the mixed perceptions of their economic contributions, and the significant challenges and support they experience.

5.2.2 Major Findings Related to the Business Details

The major findings related to the business details of women-owned SMEs highlight several key aspects. Most of these businesses, 57.1%, are primarily recognized for their role in job creation, underscoring their significant impact on employment and economic development. This study confirms the general findings of the study by Krugman (2007) on the significance of SMEs in employment generation which found that SMEs play a significant role in the nation's economy because they comprise more than 95% of businesses and account for 60 to 70% of jobs.

Personal wealth creation is also a notable contribution, with 27.8% of businesses focusing on this aspect, reflecting their role in enhancing financial stability. However, increased productivity is less emphasized, with only 15.1% viewing it as a major contribution.

In terms of target markets, 54.8% of women-owned SMEs adopt a broad approach without a specific target, while 12.9% focus on students and 9.6% on a diverse customer base, including hotels and various demographics. Financial management challenges are evident, with many businesses struggling with low savings rates and ineffective separation of personal and business finances. Despite these challenges, 59.5% receive government support, indicating some external assistance, though 40.5% do not. Overall, the findings reflect the significant contributions of women-owned SMEs to job creation and wealth generation, alongside notable challenges in market focus and financial management.

5.2.3 Major Findings Related to Business Challenges

The major findings related to business challenges for women-owned SMEs reveal several critical issues impacting their operations and growth. Key challenges include limited access to finance, which hampers their ability to secure necessary funding for expansion and development. Many women entrepreneurs also struggle with a lack of market focus, making it difficult to implement effective business strategies. Financial management issues are prevalent, including low rates of financial savings and difficulties in managing and separating personal and business finances. Additionally, women-owned SMEs often face inadequate access to training and skills development, which affects their managerial efficiency and innovation capabilities. Gender biases and societal expectations further

complicate their business environment, creating additional barriers to success. Despite these obstacles, a significant portion of women-owned SMEs, 59.5%, receive government support, though 40.5% do not, highlighting a disparity in available resources. Addressing these challenges through improved financial access, targeted training, and supportive policies is essential for enhancing the sustainability and success of women-owned businesses.

5.3. Conclusions

The study establishes that SMEs had a positive impact on women entrepreneurs in Kilifi North Constituency. The women entrepreneurs have effectively ventured in various enterprises such as hotels, cosmetics, salons, Mpesa as well as groceries. Additionally, the study established that a few women entrepreneurs had managed to expand their businesses through ploughing back the profits they gain in the course of running their businesses.

The women entrepreneurs were able to support their family food needs, school fees for their children as well as other family needs. Some of the women entrepreneurs have been successful and were now confident to approach financial institutions for loans for startup and also expansion of their ventures. These findings were comparable to those of the study conducted by Daron (2003). The results showed that SMEs are a source of output, creation of 'decent' jobs and on the dynamic front, a breeding ground for future larger businesses.

Although the women entrepreneurs have been successful in their entrepreneurial activities, they have faced challenges such as lack of funds to expand their business as they support their family with the little revenues they get as profit. Further, government regulations and restrictions in regard to SMEs are also another challenge to women entrepreneurs as well as

competition for clients/customers. The women entrepreneurs agree strongly that these challenges have to be sorted out to enable them to fully benefit from their business ventures.

It can also be concluded that the government has made an effort to assist the women entrepreneurs through setting up of the Uwezo Funds, AGPO, Women Enterprise Fund and licensing the operations of various micro finance institutions, to loan to the women entrepreneurs, but that there is need to shorten the processes of acquiring loans and removal of some of the restrictions.

Further, more prominent consideration ought to be given to the requirements of ladies business visionaries with a perspective of creating arrangements and plans such as setting up procedures that try to address the difficulties that they face as business visionaries.

5.4 Recommendations

The study findings show that women-owned businesses play a crucial role in economic development through job creation, personal wealth generation, and community support. Their impact extends to fostering innovation, expanding export markets, and promoting gender equality. A comprehensive analysis of the study findings on women-owned SMEs derived a number of recommendations on practice, policy, and further research to achieve efficient operation.

5.4.1 Recommendation for Practice

- i. There is quest for women entrepreneurs should focus on effective financial management by separating personal and business finances and utilizing accounting tools. Financial literacy programs can also aid in better budgeting and investment practices.
- ii. In addition, conducting thorough market research to define and target specific audiences is crucial. Developing a clear market strategy can help businesses improve their effectiveness and competitiveness.
- iii. SMEs need to Engage in business networks and seek mentorship, which can provide valuable resources, insights, and support. Building strong connections is essential for business growth and development.

5.4.2 Policy Recommendations

Based on the research findings, effective policies can significantly impact the success of women-owned SMEs by addressing systemic barriers and providing the necessary support for growth and innovation.

- i. Governments and financial institutions should offer targeted funding options, such as grants and microloans, to reduce barriers to finance and support women-owned SMEs.

- ii. Develop policies that address gender biases in business and provide incentives for inclusive practices. Promoting gender equality can create a more equitable business environment and contribute to the Kenya Vision 2030 by establishing a prosperous and globally competitive nation with a high standard of living.
- iii. SMEs are less familiar with the Sustainable Development Goals and they frequently cannot approach the objectives in the same way as governments or big corporations, however, they have an impact as they promote recruitment and employment of local community members including those living in poverty and promote innovation by giving all stakeholders the opportunity to offer creative solutions to sustainable challenges. Policymakers should promote and subsidize training programs for women entrepreneurs, partnering with educational institutions to provide relevant and accessible business education.

5.4.3 Recommendations for Further Research

Further research is needed to gain a deeper understanding of the challenges and opportunities for women-owned SMEs, which can inform more effective strategies and policies.

- i. Investigate the barriers women entrepreneurs face in accessing finance, including systemic biases and credit constraints, to develop targeted solutions.
- ii. Evaluate the effectiveness of current government support programs for women-owned SMEs, identifying gaps and opportunities for improving resource allocation and program design.

- iii. Research the factors influencing innovation adoption among women-owned SMEs to understand how businesses can better leverage innovation for competitive advantage and growth.



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Appendix I – Questionnaire

CONTRIBUTION OF WOMEN OWNED SMEs ENTITIES TO THE ECONOMY OF KENYA. A CASE STUDY OF WOMEN OWNED SMEs IN KILIFI NORTH SUB-COUNTY

These questions are intended to establish the role of Women owned Small and Medium Enterprises in the economy of Kenya. You are kindly requested to give honest answers. You are guaranteed that the information you will provide will be treated as confidential and will be used for the purpose of this study only.

Instructions: Kindly tick the box where applicable.

Section A: Characteristics of Women Entrepreneurs

1. State your current age

- (a) Below 20 years
- (b) Between 21 and 30 years
- (c) Between 30 and 40 years
- (d) Between 40 and 50 years
- (e) Over 50 years

2. Which education level is the highest you have completed

- (a) None
- (b) Basic Education (Primary level)
- (c) Secondary Schooling level
- (d) Post-Secondary/College
- (e) University

3. State the location of the business

- (a) Watamu
- (b) Kilifi Town (Sokoni)

4. Reason for Starting of Business

- (a) Advice from people []
- (b) Business Opportunities []
- (c) Economic hardship []

5. What type of a business are you running

- (a) Restaurants and Food fast joint []
- (b) Retail Shop []
- (c) Market Vegetables and groceries []
- (d) Salons, Cosmetics and boutiques []
- (e) Cyber Cafes and Gifts Shop []

6. How did you raise your start up Capital

- (a) Self savings []
- (b) Financed by Spouse []
- (c) Relatives []
- (d) Financial Institutions []

7. Who owns the business

- (a) Sole owned []
- (b) Partnership []

- (c) Owned by spouse [] **Section B: Innovativeness**

Rate the importance of the statements below in relation to innovativeness of entrepreneurs. Use the scale where 1 represents a very low extent, 2 represents a low extent, 3 represents a moderate extent, 4 represents a great extent and 5 represents a very great extent.

Statement		Extent of Agreement				
		5	4	3	2	1
1	Development of new products or services is important for business growth					
2	Innovation drives economic development and addresses socioeconomic issues including poverty and health					
3	Women need to be more innovative than men for the business to succeed					
4	Trying to get new ideas from colleagues or business partners is important for the business					
5	Trying to find new solutions when a product is not doing well is essential for business continuity					

Section C: Job Creation

Rate the statements below in relation to the extent to which you agree. Use the scale where 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 – Agree and 5- Strongly Agree

Statement		Extent of Agreement				
		5	4	3	2	1
1	I do have employees other than myself					
2	I have increase number of employees in my business in the last three years					
3	I have employed both skilled and skilled personnel					
4	Women Owned SMEs offer employment chances to both men and women					
5.	Women Owned SMEs provide favorable working conditions compared to male owned.					
6	SMEs promote employment through increased supply chain					

Section D: Financial Saving Mobilization

Rate the statements below in relation to the extent to which you agree. Use the scale where 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 – Agree and 5- Strongly Agree

Statement		Extent of Agreement				
		5	4	3	2	1
1	I operate a fixed deposit account with the banks for my business					
2	I operate current Account for business daily use					
3	Group savings and information sharing has fueled the sales growth of my enterprise					
4	Network membership (eg business clubs, Women Groups) has enabled me get loans for my business					
5	Savings enable me access other services such as loans and investment advice					
4	Group membership has enabled me learn new ideas on my business					
5.	I do not save anything from by business					

Section E: Management Efficiency

Rate the statements below in relation to the extent to which you agree. Use the scale where 1 - Strongly Disagree, 2 - Disagree, 3 - Neutral, 4 – Agree and 5- Strongly Agree

Statement		Extent of Agreement				
		5	4	3	2	1
1	Access to training opportunities is important for efficiency in managing my business					
2	Access to finance is important for the business success					
3	Planning, Organizing and controlling of business operations is essential for better performance					
4	Having personnel with the right skills is important for the business					
5.	I take measures to minimize costs and maximize profits					
6	I control my income expenditure by planning what to invest in business and what to use for the house hold expenses					
7	I use all my income on house hold expenses					

Section F: Economic Development

1. Out of the following, in which area do you think your business has contributed the most to the national economy?

- (a) Job Creation
- (b) Personal Wealth Creation
- (c) Increased Productivity

2. In your opinion, does existence of Women owned SMEs contribute to any development in the country's economy

- (a) Yes
- (b) No

3. What other roles should be played by women owned SMEs sectors for the general welfare of the nation.

- (a)
- (b)
- (c)
- (d)
- (e)

Section G: Business Challenges

1. Are there any difficulties faced in this business

- (a) Yes
- (b) No

2. If the answer to question 25 is yes, what are the challenges

- (a)
- (b)
- (c)
- (d)
- (e)

3. What measures are you taking to mitigate these challenges

- (a)
- (b)
- (c)
- (d)

4. Do you receive any support from the Government

(a) Yes []

(b) No []

5. Please specify if answer to Question 4 above is Yes

.....

Thank you



Appendix II: ERC Certificate

Mount Kenya University



REF: MKU/ISERC/3712

TO: ESHA SHEBAN

Date: 21 May 2024

REG: MBA/2022/47711

Dear Sir/Madam,

RE: CONTRIBUTIONS OF WOMEN OWNED SMEs ENTITIES TO ECONOMIC GROWTH. A CASE STUDY OF WOMEN-LED SMEs IN KILIFI NORTH SUB-COUNTY, KILIFI, KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2756**. The approval period is **21/05/2024 - 20/05/2025**.

This approval is subject to compliance with the following requirements;

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

Appendix III: Introduction Letter



DIRECTORATE OF GRADUATE STUDIES

MBA/2022/47711

22nd May, 2024

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,

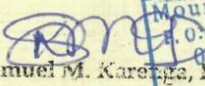
RE: ESHA SHEBAN - REGISTRATION NO. MBA/2022/47711

The purpose of this letter is to introduce the above named student who is pursuing Master of Business Administration in the department of Accounting and Finance in the school of Business and Economics.

The title of the research is "Contributions of Women Owned SMEs Entities to Economic Growth. A Case Study of Women Led SMEs in Kilifi North Sub-County, Kilifi, Kenya." It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between June, 2024 and August, 2024.

Any assistance accorded to the student will be highly appreciated.

Thank you.


Dr. Samuel M. Karenga,
Director, Graduate Studies
Enc.

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Cell: +254 709 153 000 | +254 709 153 200
Email: info@mku.ac.ke, Web: www.mku.ac.ke
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Unlocking Infinite Possibilities


Appendix IV: NACOSTI Research License


REPUBLIC OF KENYA


NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Ref No: **505849** Date of Issue: **04/July/2024**

RESEARCH LICENSE




This is to Certify that Ms. Esha Sheban of Mount Kenya University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kilifi on the topic: CONTRIBUTIONS OF WOMEN OWNED SMEs ENTITIES ON ECONOMIC GROWTH IN KENYA. A CASE STUDY OF WOMEN-LED SMEs IN KILIFI NORTH SUB-COUNTY, KILIFI, KENYA for the period ending : 04/July/2025.

License No: **NACOSTI/P/24/37300**

Applicant Identification Number: **505849**


Director General
NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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Scan the QR Code using QR scanner application.**

See overleaf for conditions

Appendix V. Field Entry Research Authorization

CONSENT FORM FOR PARTICIPATION IN RESEARCH

CONTRIBUTIONS OF WOMEN OWNED SMEs ENTITIES ON ECONOMIC GROWTH. A CASE STUDY OF WOMEN-LED SMEs IN KILIFI NORTH SUB-COUNTY, KILIFI, KENYA

Dear Participant,

I invite you to participate in a research study entitled (*Contributions of Women Owned SMEs Entities on Economic Growth. A Case Study of Women-Led SMEs in Kilifi North Sub-County, Kilifi, Kenya*): I am currently enrolled in the Master of Business Administration program at Mount Kenya University and I am in the process of writing my Master's project. The purpose of the research is to determine the contributions of Women owned SMEs Entities to the Country's economic Growth.

The enclosed questionnaire has been designed to collect information on Women Owned SMEs in Kilifi County.

Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don't wish to answer. There are no known risks to participation beyond those encountered in everyday life. Your responses will remain confidential and anonymous. Data from this research will be kept under lock and key and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire. There are no direct benefits to you for participating in this research. However, you may find it interesting to talk about the issues addressed in the research and it may be beneficial to the field and to future clients or individuals who have experienced similar concerns.

If you agree to participate in this project, please answer the questions on the questionnaire as best you can. It should take approximately fifteen (15) minutes to complete. Please return the questionnaire as soon as possible to enable me complete the project report.

If you have any questions about this project, feel free to contact the *INVESTIGATOR*, (Esha Sheban, 0733847571). If you have questions about your rights as a research participant, please be in touch with the Chairman, Mount Kenya University, Ethical Review Committee, P.O Box 342-01000, Thika.

Thank you for your assistance in this important endeavor.

CONSENT

I have read and I understand the provided information and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and without cost. I understand that I will be given a copy of this consent form. I voluntarily agree to take part in this study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____



Appendix VI: Turnitin Report



Esha Kassim

CONTRIBUTIONS OF WOMEN OWNED SMEs ENTITIES TO ECONOMIC GROWTH. A CASE STUDY OF WOMEN-LED SMEs I...

 Masters2024

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 Mount Kenya University

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