

Influence of Women Enterprise Fund Training on Socio-Economic Empowerment of Rural Women: A Survey of Rural Women Entrepreneurs in Moiben Sub-County, Kenya

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Abstract

As globalization reshapes the international economic landscape and technological change creates greater uncertainty in the world economy, the dynamism of entrepreneurship is believed to be able to help to meet the new economic, social and environmental challenges. Governments increasingly consider entrepreneurship and innovation to be the cornerstones of a competitive national economy, and in most countries entrepreneurship policies are closely connected, to help meet the new economic, social and environmental challenges. Women in rural areas have limited access to vocational and technical training especially in developing countries. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. Several researchers have identified various challenges faced by women in SMEs including lack of innovative capacity, lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information and lack of access to credit. Small and Medium Enterprises (SMEs) have both the potential and the historic task of bringing millions of people from the survivalist level including the informal economy to the mainstream economy. The study adopted descriptive survey using quantitative approach in data collection, analysis and presentation. It targets all rural women entrepreneurs in SMES in the area of study who were WEF beneficiaries. From the target population a sample size was arrived at by applying the 30% rule and considering the homogeneity of the respondent ($30/100=0.3$) 0.3×290 the sample stood at 87 randomly selected. Questionnaires were administered to collect data which was analyzed using descriptive analysis and presented in a table. This paper concludes that Women Enterprise Fund (WEF) have benefitted women in SMEs sector by enabling and support capacity building and training of the gaining business skills, acquisition of business management skills. However, the WEF seem to have inadequate information to allow efficient contents specific to the beneficiaries in training and therefore it should collaborate more with other institutions such as TVET institutions to build entrepreneurial attitudes and skills.

Keywords: *Women Enterprise Fund, training, empowerment, SMEs*

Introduction

It is abundantly clear that entrepreneurial empowerment is important for a country's economic growth, productivity, innovation and employment opportunities. Many countries have made women empowerment explicit policy priority. Empowerment activities have been recognized as an important element in organizational and economic development, performance and wealth creation. According to World Bank (2007) and Fox (2001) entrepreneurship has the following benefits; Empowered entrepreneurs are their own bosses, they make their own decisions; they choose whom to do business with and what work they will do. They also decide what hours to work, as well as what to pay and whether to take vacations.

Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else. It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response. It offers the prestige of being the person in charge. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation (Hisrich, 2005)

A study by the ILO (2008) identified a number of government initiatives and strategies aimed at supporting women's entrepreneurship in Kenya. Among these were the establishments of the Women Enterprise Development Fund, the registration of women's groups so that they could benefit from group guarantee loans from MFIs, and access to information and training. The study also highlighted a number of recommendations, targeting financial institutions. First was the need for the development of women-tailored products. One such product would be a combination of asset financing and lease hire facilities. This would minimize the diversion of funds to non business initiatives which is one of the common problems among women borrowers.

The Second need was the institutional capacity and structure of financial institutions to be designed in such a way as to address women clientele. The institutions should also make effort to develop the capacity of women enterprises in terms of their business skills to complement financial service. These programs should entail inbuilt mechanisms to monitor the progress of such capacity building initiatives. The Third aspect is the need for distribution of special funds which aimed at addressing gender imbalances which normally do not trickle down to disadvantaged women enterprises. The terms that are imposed by the participating financial institutions sometimes negate the original objectives. It is proposed therefore, that the government intervenes and plays a more active role in ensuring that these funds reach the targeted women. Fourth, there is need for change advocacy in order for the situation of women enterprises to improve. Negative perceptions held by financial institutions concerning the viability of women-owned enterprises need to be addressed. (Government of Kenya 2009)

Most new entrepreneurs help the local economy, through their innovations they contribute to society as a whole. It is a catalyst for economic change and growth Entrepreneurship increase per-capita output and income. By doing so it involves

initiating and constituting change in the structure of business and society. As a result empowered entrepreneurs contribute a lot in increasing countries output and productivity, they encourage innovation and creativity. It develops new products or service for the market to fulfil human needs. It also stimulates investment interest in the new ventures being created. Empowerment through its process of innovation, creates new investment of new ventures. More ventures being created, new jobs will be produced, thus reduce the unemployment rate. That will create and promote wealth distribution.

Empowerment of Rural Women through Access to Training and Capacity Building

Women have limited access to vocational and technical training especially in developing countries. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. South Asia is characterized by low enrolment among women in education, high dropout rates and poor quality of education. Figures are testifying to the existence of gender discrimination in building capacity of women and providing them with equal opportunities (UNECE, 2004).

Education and training in Africa is believed to be the unlocking the golden door for freedom for all. It is perceived to be the bedrock of social and economic development. In Kenya, the small business sector has both the potential and the historic task of bringing millions of people from the survivalist level including the informal economy to the mainstream economy. Recognizing the critical role small businesses play in the Kenyan economy, the Government through Kenya Vision 2030 envisages the strengthening of MSEs to become the key industries of tomorrow by improving their productivity and innovation (Ministry of Planning, National Development & Vision 2030 [MPNDV, 2030], 2007).

However, it is generally recognized that women entrepreneurs face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. The International Finance Corporation (IFC), (2011) has identified various challenges faced by MSEs including lack of innovative capacity, lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information and lack of access to credit.

Inadequate access to training, as well as follow-up to training inputs, and limited opportunity to avail them of external and formal managerial capacity-building support is a challenge affecting women entrepreneurs. In addition, they have difficulties finding premises and land for production/services. Acquiring up-to-date technology also is another factor hindering empowerment of women entrepreneurs. Finally, they lack the strength of numbers that would be gained through representation by a women entrepreneurs' association, which would not

only provide networking and needs of women entrepreneurs in the country (Stevenson & St-Onge 2005).

Purpose of the Study

This study specifically emphasize on the influence of WEF on socio-economic development through training and capacity building. This study deemed to fill the gaps by identifying specific factors that are responsible for, lack of training on entrepreneurship, and capacity building to rural women in SMEs and to shade light on women-specific differentials that affect their performance.

Literature Review

Benefits of Women Empowerment in MSEs

Women Entrepreneurs in MSEs are important to almost all economies in the world, but especially to those in developing countries and, within that broad category, especially to those with major employment and income distribution challenges. On what we may call the “static” front, women entrepreneurs in MSEs contribute to output and to the creation of “decent” jobs; on the dynamic front they are a nursery for the larger firms of the future, are the next (and important) step up for expanding micro enterprises, they contribute directly and often significantly to aggregate savings and investment, and they are involved in the development of appropriate technology.

In an increasingly international marketplace, many companies are finding that prosperity is best achieved from specialization, as opposed to diversification. While the majority of the world's largest companies continue to provide multiple services to numerous markets, they now purchase many components and goods from smaller companies that serve one particular niche. As the global marketplace continues to develop, women empowerment in MSEs provide an effective tool for economic growth through participation in global supply chains (World Bank, 2008).

With various definitions by various countries, sometimes it becomes a difficult task for an individual to understand importance of women entrepreneurs in MSEs. One may not know the important role that women entrepreneurs in SMEs plays in developing any particular sector, economy of any country, alleviating poverty, increasing employment, and, above all providing various items of daily use at an affordable cost. Within the last few years many developed and developing countries have realized the importance of the sector. According to World Bank (2004) report Women empowerment in MSEs are the engine of growth; essential for a Competitive and efficient Market; Critical for Poverty reduction; and Play a Particularly Important Role in developing Countries.

Furthermore, according to United Nation Economic Commission for Europe (UNECE) as sited in <http://www.unece.org/indust/sme/ece-sme.htm>, women Entrepreneurs in MSEs are contributing to employment growth at a higher rate than larger firms. The private sector and in particular women entrepreneurs in MSEs form the backbone of a market economy and for the transition economies

in the long-term might provide most of the employment. Support for women entrepreneurs in MSEs will help the restructuring of large enterprises by streamlining manufacturing complexes as units with no direct relation to the primary activity are sold off separately. And through this process the efficiency of the remaining enterprise might be increased as well; they curb the monopoly of the large enterprises and offer them complementary services and absorb the fluctuation of a modern economy; through inter-enterprise cooperation, they raise the level of skills with their flexible and innovative nature. Thus women entrepreneurs in MSEs can generate important benefits in terms of creating a skilled industrial base and industries, and developing a well-prepared service sector capable of contributing to GDP.

UNIDO (2004) added that a characteristic of women empowerment in MSEs is that they produce predominantly for the domestic market, drawing in general on national resources; the structural shift from the former large state-owned enterprises to women entrepreneurs in MSEs will increase the number of owners, a group that represents greater responsibility and commitment than in the former centrally planned economies; an increased number of women entrepreneurs in MSEs will bring more flexibility to society and the economy and might facilitate technological innovation, as well as provide significant opportunities for the development of new ideas and skills.

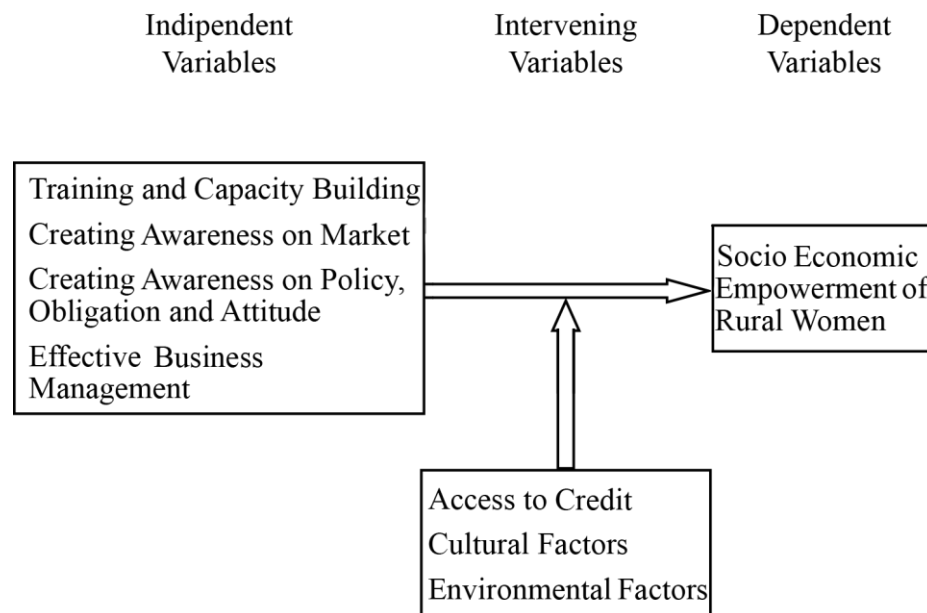


Figure 1: Conceptual Framework

The researchers identified independent variables as the influence of Women Enterprise Fund which consisted of training and capacity building access which are measured creating awareness, training on entrepreneurial skills and effective business management. While the dependent variable as Socio-economic empowerment. The intervening variables included cultural aspects, Women

themselves having negative attitude about their ability access to credit, Environmental factors

Research Design and Methodology

The study was a descriptive survey adopting quantitative approach in data collection, analysis and presentation. It targets all rural women entrepreneurs in SMES in the area of study who were WEF beneficiaries. According to WEF data there were 290 registered rural women entrepreneurs who were the beneficiaries of the program and this group was considered as the target population. From the target population a sample size was arrived at by applying the 30% rule by Mugenda and Mugenda (1999) considering the homogeneity of the respondent ($30/100=0.3$) $0.3 \times 290=87$. Therefore, the sample size was 87 participants selected randomly from the target population. Questionnaires were administered to collect data. Data was analyzing using descriptive analysis and presented in a table.

Findings

Respondents were required to indicate the effect of training and capacity building provided by WEF. Training and capacity building is a necessary requirement for the survival of businesses. Findings were as indicated as shown in table 1 and 2.

Table 1: Response on the Training Content

Training on Skills	Frequency	Percent
Customer Relations	30	34
Effective Skills	25	29
Marketing Skills	32	37
Total	87	100

Respondents cited that they had been trained on various skills by WEF as indicated by, 34% citing customer relations skills, 29% cited business management skills and

37% indicated marketing skills. It can be deduced that, women entrepreneurs were well equipped with some skills to run their enterprises.

Table 2: Capacity Building

Capacity Building	Frequency	Percent
Awareness on policy/ Obligations	40	46
Awareness on markets	47	54
Total	87	100

The study established that, capacity building by WEF enabled women entrepreneurs to be aware of policy and obligations which were represented by 46%. This indicates that the respondents were able to acquire business permits as per the County requirement. While, awareness on markets had a representation of 54% which enables them identify markets within and outside the county.

Table 3: General Effects of Training and Capacity Building on Socio-economic Empowerment of Rural Women

Training and Capacity Building	SA	A	UD	D	SD
Acquisition of business skills	50	10	20	7	0
Awareness to business obligations	80	7	0	0	0
Acquisition of management skills	10	10	60	7	0

Training offered by WEF enabled the women gain business skills, awareness to business obligations and acquisition of management skills as shown by 54% strongly agreeing with statements. On the other hand, 30% of the respondents were undecided concerning the effects of training and capacity building offered by WEF. However, due to low educational level, training is a challenge to WEF in achieving its mandate of economic empowerment of rural women.

These findings are in agreement with those of UNECE, (2004) which sought to identify challenges facing women training and capacity building. The study established that, women have limited access to vocational and technical training especially in developing countries. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education.

Kenya on the other hand is characterized by low enrolment among women in education, high dropout rates and poor quality of education. Figures are testifying to the existence of gender discrimination in building capacity of women and providing them with equal opportunities.

Other Factors observed Affecting Performance of WEF

It was of essence to ascertain the challenges facing WEF in Moiben Sub County. This was necessary because the group had not attained its success fully in terms of access to training and capacity building. Lack of information to women entrepreneurs on market and networking was observed as another hindrance to women socioeconomic empowerment

Conclusions

Training offered by WEF enabled the women gain business skills, awareness to business obligations and acquisition of business management skills. However, lack of information concerning training programmes and content being offered by WEF is low in the area implying that WEF has not done enough in availing information on training to its members.

Recommendations

TVET institutions should collaborate with WEF to provide both technical and business trainings to women entrepreneurs to withstand competitions develop entrepreneurial spirit and improve managerial skill in a competitive business

environment. In the other hand county governments should also collaborate with technical institution and WEF in building women capacities through entrepreneurial training in informal sector.

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