

EFFECT OF QUALITATIVE ASSET TRANSFORMATION TECHNIQUES ON PERFORMANCE OF WOMEN OWNED ENTERPRISES IN UASIN GISHU COUNTY, KENYA

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Abstract

Despite the efforts deployed towards economic empowerment of the women, the majority of the active population continues to be confined in the micro and small scale enterprises and the informal sector. There are some indications that women are organizing themselves into associations of entrepreneurs in order to enhance their economic status and have an impact on economic policies. However their integration in the formal mainstream financial sector is still constrained by limited access to credit, property, technology and technical skills and lack of access to financial intermediation services. This paper sought to understand the effects of qualitative asset transformation techniques on performance of women owned enterprises in Eldoret County.

Keywords: Effects, Qualitative Asset Transformation Techniques, Performance, Women owned enterprises, Kenya

INTRODUCTION

Rapid growth of women's self employment and entrepreneurs confirm that women owned enterprises are an important avenue to improve women's employability and economic growth. Fostering women's self employment and entrepreneurship was acknowledged as a policy priority by the regional briefing meeting in Geneva, 2000 hence women are an emerging economic force that policy makers cannot afford to ignore. Jalbert (2000) put forth some of the questions regarding women entrepreneurs, what are the implications of this for business women throughout the world? How can women's business associations' best tap this potential and maximize it to improve the status of women in the world economy?

Women's economic activities, particularly in self-employment, empower them economically and enable them to contribute more to the development of their countries (Sarri and Trihopoulou, 2004). Recent statistics confirm that women's economic activities play a crucial role in the growth of many of the world economies (Minnitti *et al.*, 2005). Over the last ten years, it has been recognized that small and medium enterprises (SMEs) have been the major force in job creation, innovation and economic development (Gordon, 2000).

Despite the efforts deployed towards economic empowerment of the women, the majority of the active population continues to be confined in the micro and small scale enterprises and the informal sector. There are some indications that women are organizing themselves into associations of entrepreneurs in order to enhance their economic status and have an impact on economic policies. However their integration in the formal mainstream financial sector is still constrained by limited access to credit, property, technology and technical skills and lack of access to financial intermediation services. This paper examined the effects of qualitative asset transformation techniques and methods on performance of women owned enterprises in Eldoret Municipality.

METHODOLOGY

The study adopted a descriptive and explanatory survey research design to assess the effect of qualitative asset transformation on the performance of women owned enterprises in Eldoret Municipality. The design was appropriate as it allowed the use of questionnaires and also gave an opportunity for gaining insights into the study population and the variables being studied. Descriptive research design was also adopted to enable the researcher describe certain features that were of interest to the study.

The research was carried out in the North Rift region in Western Kenya currently, Uasin Gishu County. The study targeted two population groups which included banks registered and licensed to operate financial intermediation and women entrepreneurs' who are registered by

Ministry of Trade and Uasin Gishu County to operate in Eldoret town. The population in this research included all the 5480 women small and medium entrepreneurs registered with the county and the managers of selected financial intermediaries who have particular products for the women enterprises.

The total population consisted of the women entrepreneurs' and the managers of selected financial intermediaries in Eldoret Municipality. According to the county database dated 14th /June 2016, the total population of small and medium enterprises based on the number of employees is 12,396 and classified into 47 zones within the town. Out of these women entrepreneurs comprise of 5480 entrepreneurs who are spread in various locations and zones. According to Kothari (2009) random numbers tables can be used select the sample size. A sample size of 378 was determined by advanced statistics with 95 % confidence level by calculating the sample size according to various zones and where there are decimal points this was be adjusted accordingly.

Data was collected through primary data which specifically included both the qualitative and quantitative approaches According to Malhotra, *et. al* (2002) secondary data is information that has already been collected for some purpose other than problem at hand. The data was collected by the use of questionnaire.

The questionnaires were checked for completeness, accuracy, consistency and uniformity of information at the end of every field data collection day and before storage. Those having major response errors were discarded (Moses and Kalton, 1979). The data from the completed questionnaires were coded numerically to enable quick data entry and facilitate subsequent data analysis.

The data was then categorized into various forms and then entered into the computer using the statistical package for social sciences (SPSS version 17.0) for analysis. This was deemed appropriate as it provided a comprehensive set of procedures for data transformation and manipulation and comparisons that was appropriate for the study. Data was analyzed using both descriptive and inferential statistics. Statistical analysis was performed using SPSS Computer package version 17.0.

ANALYSIS AND DISCUSSION OF RESULTS

Financial intermediaries play a significant role in the growth and development of women owned micro enterprises, the study sought to establish whether the women enterprises have grown since they received funds from the financial intermediaries and from findings, 78% have since grown after receiving the funds.

To further establish the factors that shows that there has been growth 52.7% of the women entrepreneurs agree that their business profitability has increased, 49.7% have expanded their business, 49.2% of the women agree that the income of their business has been growing over time, 40.1% are now able to support their families since they received financial assistance from the intermediaries, 39.5% measure their growth due to the number of customers which has increased, 32.8% of the women are now supplying more goods than before they got financial assistance, 24.2% of them have gained self-esteem and satisfaction in their business since they got the financial assistance while 19.4% of them have had opportunity to create self-employment due to funds assistance from the financial intermediaries.

Those who have not experienced any growth 15.3% have not grown due to lack of market for goods, 9.9% said because their business is not profitable, 8.1% due to lack of adequate funds, 5.6% lack the skills and marketing knowledge, 5.4% lacked a suitable location of their business while 4.6% are not personally satisfied with their business.

Table 1: Business growth after receiving funds from financial intermediaries

Business growth	Factors	Frequency	Percent
Whether the Business has grown as a result of financial Intermediaries	Yes	290	78.0
	No	40	10.8
	Sub-total	330	88.7
	No response	42	11.3
	Total	372	100.0
Factors used in measuring growth	Profitability of the business	196	52.7
	Business is expanding	185	49.7
	Income is growing	183	49.2
	Business enables support to family	149	40.1
	Increased number of customers	147	39.5
	Supplying more goods	122	32.8
	Self esteem/satisfaction in the business	90	24.2
	Opportunity for self-employment (created job for myself)	72	19.4
	Business is running smoothly	59	15.9
Factors showing lack of growth in an enterprise	Lack of market	57	15.3
	Business is not profitable	37	9.9
	Lack of adequate funds	30	8.1
	Lack of skill and marketing know-how	21	5.6
	Lack of suitable location	20	5.4
	Not personally satisfying work	17	4.6

In Table 1, it implies that financial intermediation causes improvement in business through increased profit, expansion, income to support family, increased customers, increased supplies, self esteem and the opportunity to employ him/ herself.

Factors for Measuring Growth of Small Enterprises

the factors that women entrepreneurs measure their business growth are; 58.1% increase in the quantity of their goods stock, 53.8% increased enterprise income, 49.7% increased in their capital and fixed assets in the organizations, 33.9% expansion in the market ratio, 32.8% increased number of customers, according to 28.8% women they measure their growth through expansion of their daily business activities, 25.5% measure their growth through improvement in living conditions, 20.4% consider the number of employees to establish their growth rate while 18.5% consider their business growing if they are able to meet the personal and family needs as shown in Table 2.

Table 2: Factors for Measuring Growth of Small Enterprises

Factors of business growth	Frequency	Percent
Increase in stock	216	58.1
Increase in enterprise income	200	53.8
Increase in capital and fixed assets	185	49.7
Expand market	126	33.9
Increase in number of customers	122	32.8
Expansion of activities	107	28.8
Increase in number of products/services (diversification)	97	26.1
Improvement in living conditions	95	25.5
Increase in number of employees	76	20.4
Meet personal and family needs	69	18.5

Business Expansion, Diversification and Rationalization

When asked if they have ever developed, diversified, expanded or rationalized since they received funds from the financial intermediaries 54.8% of the women agreed. Those who have expanded, 59.9% have expanded in size, 37.9% have improved the quality of their products, 28.5% have hired more workers, and 28.5% have expanded to selling in new markets.

In regards to diversification 65.1% have added new products to their business, 65.1% have moved to new premise of business while 16.9% have changed the type of business that they used to do. Rationalization is effort to eradicate factors that are not bringing income to business and according to the study findings 65.1% of the women have reduced the cost of buying goods in bulk, 24.5% have reduced the type of products they used to acquire mat be because they are not being bought frequently by customers while 39.1% have reduced the number of employees, this could be after realizing that they can work with certain number of employees comfortably or because of poor business performance as shown in Table 3.

Table 3: Business Expansion, Diversification and Rationalization

	Business Expansion, Diversification and Rationalization	Frequency	Percent
Whether respondents have developed, diversified, expanded and exchanged your enterprise since getting funds from financial intermediaries	Yes	204	54.8
	No	53	14.2
	Sub-total	257	69.1
	No response	115	30.9
	Total	372	100.0
Ways of expansion	Expanded size of enterprise	223	59.9
	Improved quality of the product	141	37.9
	started selling in new markets	71	19.1
	Hired more workers	106	28.5
Ways of business diversification	Added new products	242	65.1
	Relocated working premises	125	33.6
	Changed the type of business	63	16.9
Rationalization of business	Reduced costs by buying inputs in bulk	242	65.1
	Reduce type of products	91	24.5
	Reduced number of employees	34	9.1

Although the financial intermediaries have played a great role in business development, growth, diversification and rationalization when interviewed women were asked if they will be in business in the next coming five years, 60% of them, positively agreed that they will still be in business. Those women who felt that they would still be in the business gave the following mostly positive reasons for their statement:

- 1) In order to expand the current business
- 2) Having a strong affiliation with the business (attachment/affinity to the business)
- 3) The business is growing and promising
- 4) No other alternative available
- 5) Satisfaction with the current business

Similarly, the women entrepreneurs that decided they would not be continuing with the same business also gave a mixed range of reasons for their conclusion. They noted:

- 1) Want to diversify products/services
- 2) Business is not profitable
- 3) Need to change the business and location
- 4) Plan to look for other opportunities
- 5) Will close this business due to high taxes and lack of market
- 6) Plan to sell business

SUMMARY AND CONCLUSION

In summary, the paper noted that in spite of the numerous challenges the women entrepreneurs faced while trying to develop their businesses, most of them have been succeeding in keeping them going. The majority of the women entrepreneurs appear to have been actively developing their businesses since start-up, they believe that their businesses are successful, and they have clear plans for the future and see themselves in their businesses five years hence. However, this does not mean that being self-employed is an easy or trouble-free economic option. In general, the women recognize that they have had their ups and downs, and that going into business is a challenge in itself. Whilst most of the women are engaged full-time in running their businesses, less than one-third pay themselves a regular wage. The women rely primarily on the re-investment of their profits to fund further business development. This might be a very prudent approach to business, but taking account of the women entrepreneurs' own views this clearly constrains such development and growth often quoted as their greatest obstacles to further growth. Lastly, whilst the women entrepreneurs are gaining a great deal of experience by running their businesses, a significant number feel that they lack a range of managerial skills which may inhibit further growth as noted earlier in the study.

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