

EFFECT OF GENDER ON THE DEVELOPMENT OF STRATEGIC PLANS IN YOUTH FUNDED ENTERPRISES IN KENYA

A CASE OF SUBA SUB-COUNTY, KENYA

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Abstract

The purpose of this study was to investigate the relationship between gender and the development of strategic plans in Micro and Small enterprises (MSEs) funded by the Youth Enterprise Development Fund (YEDF) in Suba Sub County, Kenya. A simple random sampling was used to sample out 39 group owned MSEs from a target population of 130 group owned MSEs. A combined closed and open ended questionnaire was used to obtain primary data. The data was analyzed using descriptive statistics. The findings indicated that a majority of the groups had mixed membership while a minority composed only of female membership. The group owned MSEs that were dominated by women did not have strategic plans because their level of education was lower compared to their male counterparts. This study recommends that YEDF should come up with a special training program on the preparation of strategic plans targeting female dominated group owned MSEs.

Keywords: Strategic Plan, Youth, Gender, Micro and Small Enterprises

INTRODUCTION

Business environment is becoming more and more complex dictating the need for strategic planning. Importance of strategic planning as a major activity of an organizational management is being increasingly accepted by both academicians and professional managers. Strategic planning is essential for micro and small enterprises as well as large enterprises for no other reason rather than it helps them to take advantage of opportunities which lie in the future and to forestall the threats that it contains (Steiner, 1967). Simply put the strategy means looking at the long term future to determine what the organization wants to become and putting into place a plan on how to get there.

Strategic planning consists of planning process that is undertaken in firms to develop strategies that might contribute to performance (Tapino, 2005). In order for a business to be successful, there is need to have a road map for success. A strategy according to Pearce, (2009), is a set of activities or processes that an organization intends to use in order to achieve its set goals and aim. A strategic plan helps to provide direction and focus.

Clive, (2005) defined strategic planning as setting out decisions and actions that results in the formulation and implementation of actions designed to achieve an organizations objectives. An effective strategic planning system looks at the long term, mid-range, strategic goals and operational plans. Standard approach to strategic planning incorporates the external environment analysis to identifying the opportunities open to improve the organization. It also includes an internal analysis to identify the organizations strength that can be improved, its performance and weakness that can be deterrent to its performance (Pearce and Robinson, 2009).

Key aspects of strategic planning are long term horizons, formality, and the use of strategic planning instruments and frequent control of plans. Strategic planning can contribute to the performance by generating relevant information, by creating a better understanding of the important environment and by reducing uncertainty (Hodgetts & Kuratko, 2001).

Strategic planning has been around for centuries in the form of military strategies. It can be traced to the industrialist of the early 1900s starting with the works of Fredrick W. Taylor in his publication the principles of scientific management. However, broad based strategic planning became common practice in 1950s and Igor Ansoff considered by many as the father of strategic planning, developed sophisticated and detailed models that were later simplified by George A. Steiner and Henry Mintzberg (Dolence, 2004). In terms of strategic planning for business can be probably traced back to the 1920s when Harvard Business School developed Harvard Policy Model, one of the first strategic planning methodologies for commercial business (Carter, 1999).

According to Porter (2004) Strategic planning is the formal consideration of an organization's future course. The success of modern organization requires the objective perspective of the leaders as well as maintaining focus on strategy of the organizations (Bolman, 1991). Strategic planning is increasingly considered as a process by which the organization's management determines what it intends to be in future and how it will get there. This process leads to the development of a vision for the organization. Vision is a statement of hope, aspiration and wishes of the organization. The organization's future is determined and necessary priorities; procedures and operations to achieve that vision are established (Koma 2013).

The Rationale of the Youth Enterprise Development Fund

The MSE sector in Kenya like any other developing countries plays an indispensable role in employment creation, investment contribution and social welfare and in this respect contributes to reduction of poverty levels. Most of these enterprises in this sector are managed and operated by young people as Kenyan population is largely youthful. Youth account for 32% of the Kenyan population of which 51.7% are female youth and 48.3% are male youth, (R.O.K, 2006). These young people are mostly affected by unemployment, lack of proper housing and myriad health challenges (Oduol, 2013). To address this youth challenges, the Kenyan government formed youth enterprise development fund in the year 2006, and it was latter transformed to a state corporation on 11th may 2007 (Odhiambo, 2013). The fund lends to youth either individually or as organized entities. Apart from the on lending component which is done by the fund and the FIs, there is the Constituency Youth Enterprise Scheme (C-YES) which funds the enterprises of youth groups at the constituency level. The fund focuses on the enterprise development as a key strategy for increasing economic opportunities for and participation of Kenyan youth in the nation building. YEDF seeks to increase access to capital by young entrepreneurs in order to reduce the high level of unemployment in the country. Most of the funded groups start enterprises in the MSE. These are Micro Enterprises that employ between 1 to 10 employees. Most of these businesses are often unregistered and are found in the informal economy. This is due to the harsh legal and regulatory involvement. These businesses are characterized by low level of education, lack of entrepreneurial skills, poor access to credit, lack of information, market and market opportunities and low profits (Eliud, et al 2006).

Statement of the Problem

Youth unemployment was one of the underlying cause behind the political upheaval across North Africa which begun in the middle of December 2010 (Melick, 2012) and in Kenya 2007 and 2008 post-election violence (Cipev, 2008). Due to youth unemployment problem, the

Kenyan government in 2006 formed YEDF to fund youth in business. The concept was based on the premise that Micro, Small and Medium Enterprises development initiatives are likely to have the biggest impact on job creation. Most businesses initiated operate without a strategic plan which is an indication of lack of commitment to quality management. Several studies undertaken have shown that MSE fail to survive due to simple management mistakes like lack of planning, improper financing and poor management (Longerneck et al, 2006). There is an also high birthrate and business failure or stagnation is equally high in this sector, (Rogito, 2010). No evidence is shown to which extent the funded youth groups undertake strategic planning. Despite the fact that strategic planning seems to affect the group's performance in dynamic and competitive environment like the micro and small enterprise sector, there is no evidence indicating the extent to which gender affects the development of strategic plans by youth owned MSEs funded by YEDF, thus the basis for this study.

LITERATURE REVIEW

Classical Approach to Business Strategy Theory

It is common to trace the roots of business strategy theory and academic field back to the early sixties. The works of Ansoff (1965) and Selznicks (1957) were an early contribution to this strategy theory. Ansoff is recognized as the founder of the planning school, Porter (1985) of the position school and Selznick form the design school. These three schools form the classical strategy theory. The above named schools have had a considerable impact on business life during the last four decades and they have in common some important underlying presuppositions. The CEO is recognized as sole responsible for strategy formation. Conventional wisdom and the strategy literature presume that strategic leadership of organizations is primarily provided by chief executives, presidents or general managers (Kotter, 1982). Strategic leadership of organizations remains an under-researched topic and a sacred cow restricted predominantly to upper echelons of organizations. The discretion of top managers and the C.E.O. varies widely from very little to great deal. They show that top management's discretion, latitude for action is a function of the task environment. Leadership, as defined in the organizational behaviour focuses primarily on the individual in relation to small work groups and provides knowledge of limited use towards understanding strategic leadership (Tope, 2001). In contrast, the strategic management literature assumes that strategic leadership is provided by chief executives, general managers or presidents.

However, these accounts do not explain how these managers provide the strategic leadership that aligns organization to their environment. Strategic leadership emerges in the process of strategic decision making process by which such decisions are made to become

vehicles for individual and groups to shape organizational decisions. Sometimes they are made by top management then supported by analysis from subordinate specialists. At other times they emerge out of complex negotiation between external and internal shareholders.

The Relationship between Gender and the Development of Strategic Plans

Cliff, (1998), in a study Does one size fit all, exploring the relationship between attitudes towards growth, gender and business size found there is no difference between male and female entrepreneurs in their growth intention, however with the same desire to grow the women entrepreneurs established maximum business size. In this study therefore it was found that male plan more than women. However Brush & Bird, (1996), in a publication leadership vision of successful women entrepreneurs concluded that firms owned or managed by males had more sophisticated planning compared to female owned or managed business. The research showed that women put less emphasis on long range planning. The research recommended that the women should place more emphasis on planning in order to have improved performance. Men generally have higher education and are regarded as more suitable for contacts with outside organizations (Qaim 2000)

A study undertaken in Kenya by Women Entrepreneurs in Kenya in 2008 found out that education level of most women entrepreneurs is very low, creating a barrier to them in accessing training and other business development services.

Training or education has been found that it expands the women horizon and stimulates aspirations of women entrepreneurs while broadening the perspective on the essence of planning for growth. Ellis, et al, (2007) in a book Gender and economic growth in Kenya stated that education equip women with knowledge and skills they need to be more effective in managing their business. In the same study it was found that many Kenyan women have inadequate education and these remains as a norm.

A study carried out by Langowitz and Minniti, (2007) on the entrepreneurial propensity of women, indicated that for women the most entrepreneurial active age is between 25 to 34 years of age and starts declining thereafter. This was found to be particularly true for women who tend to be poorer, less educated and often for cultural reasons have reduced access to new management styles, new ways of doing things and technology (UNCTAD, 2001). Women at this age bracket are also overwhelmed with the multiple roles of being young home makers, mothers and wives, (Della and Phillips, 2006). Stevenson and St-Onge (2005) in a study on women enterprises in Kenya concluded that women are seen to lack management skills and somehow relatively have low levels of education. They recommended that they need to be trained in the area of management.

McMormic, (2001), in a study on gender in small enterprise in Kenya concluded that on average women entrepreneurs are less educated than their male counterparts are twice likely as men to be illiterate.

RESEARCH METHODOLOGY

Research Design

The study employed a descriptive research design. With the descriptive design, characteristics of the subjects are described in their current status (Mugenda & Mugenda, 2003).

Target Population

The study focused on the groups that have been funded by the YEDF from the time the fund was launched in the year 2007 to December 2014. According to the records from the ministry of devolution and planning, department of youth development, Suba Sub County there are 130 youth groups that have been funded which means 130 youth group owned MSEs.

Sampling Techniques

When target population is small that is less than 1000 members, a minimum sample of 30 is adequate for academic research, (Kombo& Tromp, 2006). A sample size of 39 youth owned MSEs was obtained to represent the 130 Youth owned MSEs that have been funded. This represented 30% of the population. Simple random sampling was used in selecting the groups at the local and national level.

Data Collection Process

Primary data was collected by use of open ended and closed questionnaire from one official of the group. The questionnaires were issued and filled in the presence of the researcher.

Data Analysis

Data collected was analyzed quantitatively. Presentation was done through graphs, tables, charts and data analyzed by weighted mean and percentages.

EMPIRICAL RESULTS

Response Rate

From the data collected, out of the 39 questionnaires administered, 36 were filled and returned. This represented 92% response rate, which is considered satisfactory to make conclusion for the study. According to Mugenda and Mugenda (2003) a 50% response rate is adequate, 60%

good and above 70% rated very good. This also corroborates Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate in this case of 92% is very good.

Table 1: Response Rate

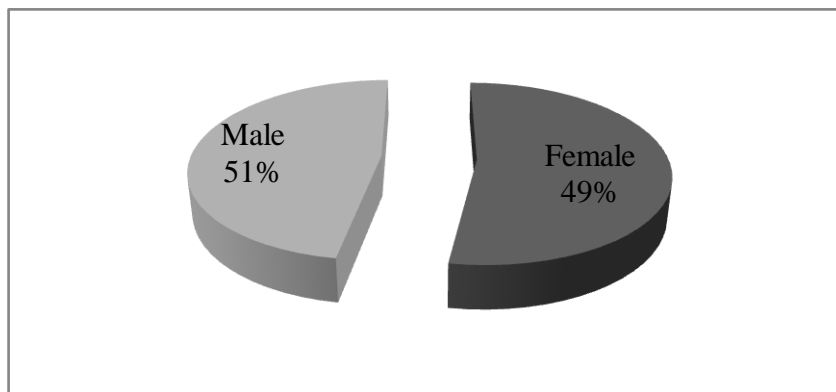
Questionnaires	No. of respondents	Percentage (%)
Returned	36	92.3
Not returned	3	7.4
Total	39	100

Demographic Information

Gender of the Respondents

The study sought to establish the gender of the respondents, from the findings as shown in figure 1, majority 51% were males, while 49% were females. This implies that there were more males than females respondents in the study and also showed a fair representation from both genders.

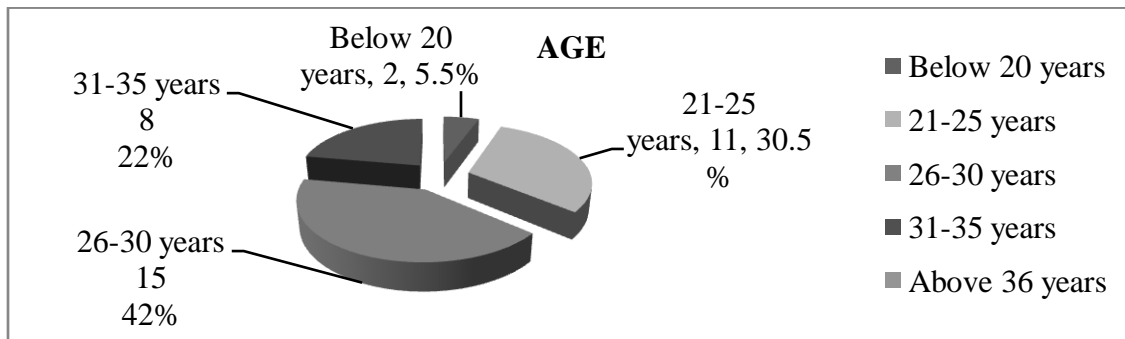
Figure 1: Gender of the Respondents



Age of the Respondents

The study further sought to establish the respondents' level of age in order to ascertain whether they will provide necessary knowledge. From the study findings as shown in figure 2, majority 41.67% (15) indicated that they were aged 26-30 years, 22.2% (8) indicated that they were 31-35 years, 30.55% (11) of the respondents indicated that they were aged between 21-25 years and 5.5% (2) were below 20 years. This means a majority of the respondents were at the age of between 25-34 years which agrees with the findings of Longowitz and Minniti on entrepreneurial propensity.

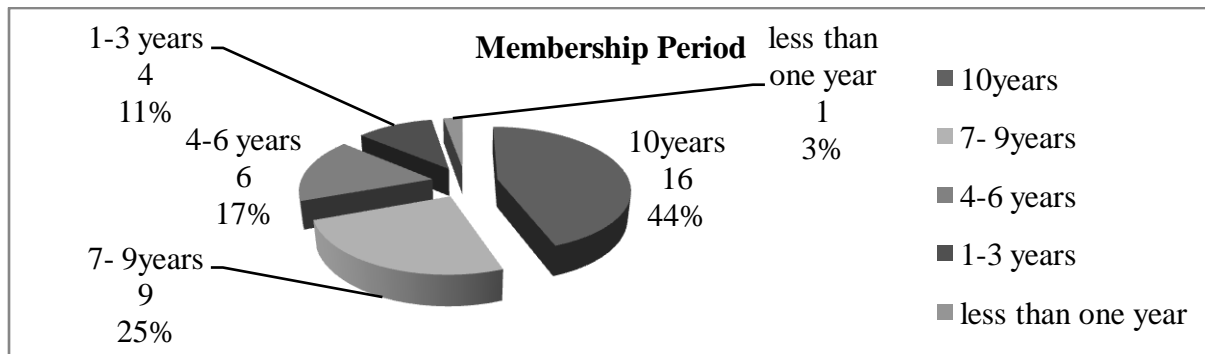
Figure 2: Age of the Respondents



Respondents Membership

The study further sought to establish the respondents membership period in a group in order to ascertain whether they will provide necessary knowledge. From the study findings as shown in figure 3, majority 44% (16) indicated to have been members of the group for over 10 years, 25% (9) indicated to have been in the groups for between 7- 9years, 16% (6) of the respondents indicated to have been in the groups for between 4-6 years, 11.11% (4) of the respondent indicated 1-3 years and 2.77% (1) indicated less than one year.

Figure 3: Respondents Membership



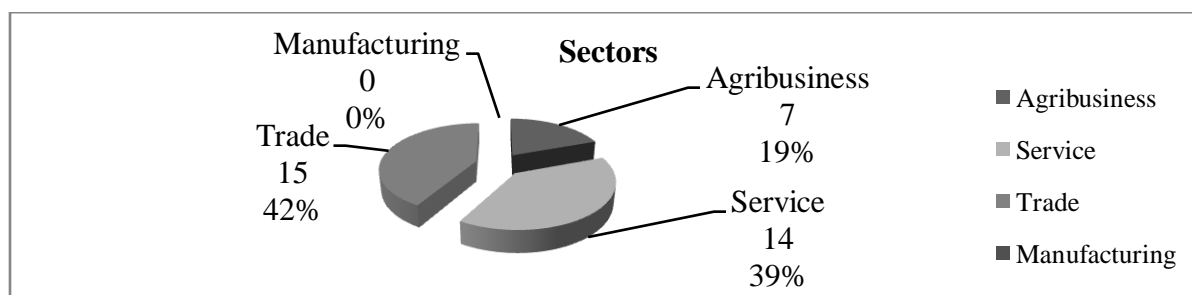
Time in the Business

The study sought to know for how long the group has been in the business. The findings from the study were as follows; 30.55% (11) of the respondents indicated to have been in the business for between 5-7 years, 27.78% (10) have been in the business for over 10 years, 22.2% (8) have been in business for 8-10 years and 19.4% (7) have been in business for between 2-4 years.

Sector, in which Groups are in

The study further sought to establish the respondents sector of involvement. From the study findings as shown in figure 4 majority 41.6% (15) indicated they were in trade sector, 38.8% (14) indicated they were on services sector and 19.4% (7) respondent said agribusiness. None of the respondent indicated they were involved in manufacturing sector.

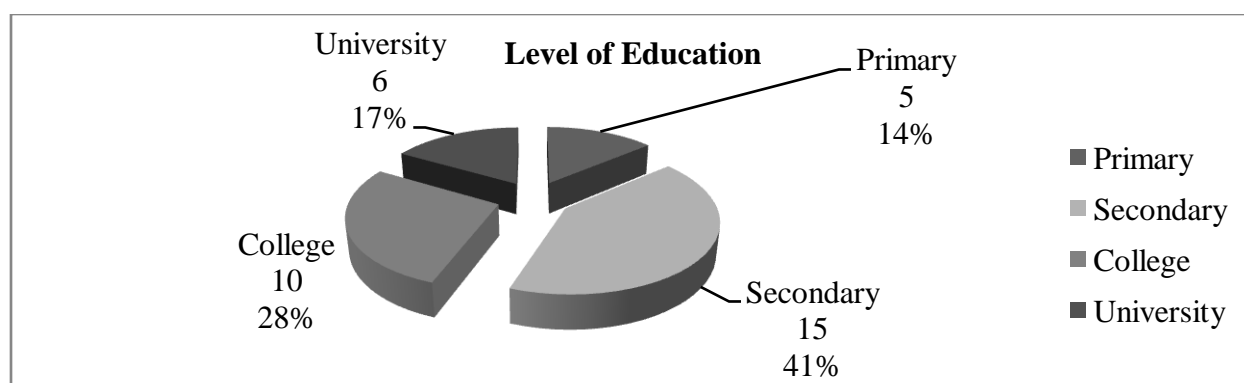
Figure 4: Sector in which Groups are in



Highest Level of Education

The study further sought to establish the respondents' level of education in order to ascertain whether they were well equipped with the necessary knowledge and skills to perform their duties. From the study findings as shown in figure 5, majority 41% (15) indicated that they had reached secondary level as their highest academic qualification, 28% (10) indicated that they had reached college, 14% (5) of the respondents indicated that they had reached primary level as the highest level of education and lastly 17% (6) had reached a university level.

Figure 5: Highest Level of Education



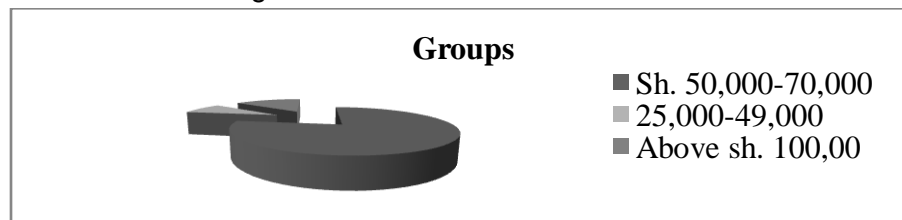
From the study findings it was found that 94% (31) respondents never had any training in business planning and a paltry 6% (5) had training in the same.

On the issue of having a strategic plan only 6% (5) of the groups had a plan while 94% (31) didn't have the plan. Of those that had a plan 60% (3) have a plan that is between 1-3 years, while 20% (1) have had a plan for less than 1 year and between 4-6 years old. These findings concurred with the findings of Lussier & Pfeifer (2001) on education. The study also found that low level of educational levels mostly hampers growth of most enterprises. The findings agrees with the works of King and McGrath, (2002), who argued that those entrepreneurs with large stock of human capital in terms of education and vocational training are better placed to adopt their enterprises to constantly changing business environment. The findings also agrees with the study of Kimando et al (2012) which concluded that those youth who had succeeded in entrepreneurship are either educated on the kind of business they venture into.

Loan Received From YEDF

The study sought to establish how much the respondents had received from YEDF to ascertain to what extent their responses could be relied upon to make conclusions for the study based on amount. From the study findings as indicated in figure 6, majority 77% (28) groups indicated that they received between Sh. 50,000-70,000, 8% (3) groups indicated that they have received that they received Sh.25,000-49,000 and 14% (5) groups indicated that they had received above sh. 100,000. From this information, the researcher was also able to have confidence in the data collected since the respondents had received sufficient funds and this shows that they were well versed with information in which the study sought. From the amount received 83% (5) groups used part of it in developing the strategic plans while 17% (1) wasn't enough in developing the strategic plan.

Figure 6: Loan Received from YEDF



Gender and Strategic Planning

The study sought to establish whether, gender influence the strategic planning among youth funded enterprises in Kenya. On the nature of the group 17% (6) were male groups, 11% (4) were female groups, while a majority were mixed groups that is 72% (26). On group officials the following was generated on chairpersons 55% (20) were male; female were 45% (16). For secretary males were 17% (6) while females were 83% (30). For the office of treasurer male

officials were 39% (14) while female were 61% (22). The study used several statements to solicit information from the responds. On the statement that groups led by women are well coordinated during strategic planning, 56% (20) of the respondents strongly agreed, 14% (5) agreed, 3% (1) were undecided, 14% (5) disagreed while 14% (5) strongly disagreed. In mixed groups male dominate the strategic plan development process, 28% (10) respondents strongly agreed, 42% (15) agreed with the statement, 11% (4) were undecided, 14% (5) respondents disagreed with the statement while 6% (2) strongly disagreed with the statement. This finding agreed with Cliff (1998) work that found out that male plan more than women. Female have inadequate education hence hampering strategic planning, 56% (20) strongly agreed with the statement, 14% (5) agreed, 3% (1) were undecided, 14% (5) disagreed while 14% (5) strongly disagreed with the statement. This finding agreed with a study done by McMormic (2001), who posited that women are less educated than and are twice likely to be illiterate than their male counterparts. This also agrees with the study done by Stevenson and St. Onge (2005) who concluded that women are seen to lack management skills and somehow relatively have low levels of education. On the statement in mixed groups male are knowledgeable on matters of the strategic planning than women, 28% (10) strongly agreed with the statement, 44% (16) agreed, 11% (4) were undecided, 5% (2) disagreed while 11% (4) strongly disagreed. These findings concurred with findings of Brush& Bird (1996), who said that male has sophisticated planning as compared to female. In mixed gender groups, the females will allocate less time on the preparation of strategic plan because of other societal responsibilities, 14% (5) respondents strongly agreed, 28% (10) agreed, 8% (3) were undecided, 17% (6) disagreed while 33% (12) strongly disagreed with the statement. This agreed with the study done by Della and Phillips, (2006) which concluded that women in this age (18-35 years) are also overwhelmed with multiple roles of being young, home makers, mothers and wives. This is represented by the table 2 below;

Table 2: Gender and Strategic Planning

Statement	5	4	3	2	1	Mean	Std.v
Groups that are led by women are well coordinated during the preparation of strategic plans	20	5	1	5	5	3.83	0.27
In groups with mixed gender, the male dominate the strategic plan development process	10	15	4	5	2	3.72	0.16
Female have inadequate education hence a problem when planning	20	5	1	5	5	3.83	0.27
In mixed groups males are knowledgeable on matters of strategic planning than women	10	16	4	2	4	3.72	0.16
In mixed gender groups, the females will always allocate less time on the preparation of strategic plans because of other societal responsibilities	5	10	3	6	12	2.72	-.84

CONCLUSION AND RECOMMEDATIONS

The findings indicated that a majority of the members in group owned MSEs had mixed membership while a minority composed of only female members. Minority of the group owned MSEs that were dominated by men had strategic plans while none of those dominated by women had a strategic plan. The male dominated group owned SMEs are doing well in the development of strategic plans than those dominated by female because most of the males had higher education compared to the females.

This study recommends that YEDF should come up with a special training program on the preparation of strategic plans targeting female dominated group owned MSEs. The YEDF should come up with a mentorship program that will involve those groups that are good in development of strategic plans are assigned to help those with less information on the preparation of strategic plans.

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