

Influence of Management Skills on Growth of Small and Medium Enterprises (SMEs) Owned By Women in Migori County, Kenya

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Abstract: The study utilizes a descriptive survey research design for a target population of 912 women entrepreneurs with a sample size of 273. A one-stage stratified sampling technique was used to stratify the population according to entrepreneurial activities undertaken by women. Data was analyzed using measures of central tendencies and dispersions using SPSS. Frequency tables and percentages were used to present data. The study showed that women engaged in entrepreneurship because they wanted to secure employment and provide for family needs. A large population were engaged in service sector 107(43.1%), commercial activities 90(36.3%) and manufacturing sector 51(20.6%). The study showed that only 20 (8.1%) of the women entrepreneurs attributed the growth of their business to financial discipline while the majority 113(45.6%) cited good people skills as the management component that enhanced the growth of their enterprises. Management skills like good marketing strategies 75(30.2%) also help in growing enterprises. The study revealed that growth of SMEs owned by women depend mainly on how they relate with and handle their customers and potential clients. The study recommended the creation of government offices for women business ownership. The offices could have program responsibilities such as providing women business centers, organizing information seminars and meetings and providing web-based information to women who are already entrepreneurs and who have insights into the changes needed to improve women entrepreneurship.

Keywords: Management skills, growth, entrepreneur, Small and Medium Enterprises (SMEs)

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I. Introduction

Background of the study

Economic history is well stocked with enough insights into the humble beginnings of present great corporations. Evidence abound that almost all of the multinationals giant corporations in America, Europe and even Nigeria were cottage enterprises. According to Ikiara(2001) and a world bank report(2001), SMEs are regarded as offering an alternative route to economic growth especially in the context of increased poverty and unemployment. An important part of capitalizing on human potentials lies in fostering entrepreneurship development in its global jobs pact. The ILO, director general Juan Sonovia himself has said “no decent work strategy can be successful without encouraging entrepreneurship, innovation and productivity” (ILO, 2003).

According to Goldberg (2011), while at last half the brainpower on earth belongs to women, women remain perhaps the world’s most underutilized resource. She argues that not only is equal opportunity in the areas of entrepreneurship not a reality – its absence is a drag on growth, development and poverty alleviation. Countries that do not capitalize on the full potential of one half of their society (women) are grossly misallocating their human resource and compromising their ability to compete in the global economy. In Africa, women are responsible for between 60% - 80% of food production. More broadly, it has been estimated that in sub-Saharan Africa, 84% of women are informally employed (compared to 63% of men). This informal work accounts for over 50% of GDP in Benin, Chad, Kenya, and Mali (St – Onge, 2005).

A survey conducted by Wolf (2001) in Tanzania, South Africa and Kenya notes that SMEs provide employment to more than 50% of the income – earning population. The study estimates that in Kenya small enterprises generate 12%-14% GDP. A significant characteristic of the SMEs sector is that it has grown to become an important employer of female labor force. Women unemployment rate has remained a major challenge throughout the world. Hence appropriate approaches to address the main factors influencing women unemployment are urgently needed. Ryan(2003), urges that within the framework of potential efforts and strategies to boost employment and job creation for people, entrepreneurship is increasingly accepted as an important means and useful alternative to income generation for the job seekers.

Entrepreneurs are people who perceive profitable opportunities, are willing to take risks in pursuing them and have the ability to organize a business (World bank 1989). A woman maybe considered to be an entrepreneur if she has started the business alone or is someone who is a principal in a family business or

partnership or is someone who is a stakeholder and a manager in a publicly held company (OECD 1997). Women entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organizations and business problems as well as the exploitation of entrepreneurial opportunities. However, they still represent a minority of all entrepreneurs. Thus, there exists a market failure discriminating against women's possibility to become successful entrepreneurs (OECD 2004). A study conducted by the organization for economic cooperation and development in 1997 indicates that the governments encourage entrepreneurship because it symbolizes innovation and dynamism. This justifies women engagement in business as entrepreneurs as a major force of innovative business ideas and job creation.

Statement of the problem

Women unemployment has remained a major challenge throughout the world. As Goldberg (2010) argues, "while at least half of the brain power on earth belongs to women, women remain perhaps the world's most underutilized resource". A review by CBS indicated that more female owned enterprises (5585) than male (4045) closed down (Kibas and K' aol (2004)). Wanjira Munyua and Mureithi (2008), despite the growth of women owned businesses. A large majority started small and remained small never employing more than ten people. Within the framework of potential efforts and strategy to boost employment and jobs creation for women, entrepreneurship is being increasingly accepted as a useful alternative to income generation for women (Ryan 2003). However, in their quest to engage in effective entrepreneurship women constantly face numerous challenges with regard to management skills of their enterprises. It is against this background that the study sought to explore influence of management skills on growth of SMEs owned and managed by women in Migori County.

Purpose of the study

The study was to establish influence of management skills on growth of SMEs owned and managed by women entrepreneurs in Migori county, Kenya.

Objective of the study

The study aimed:

To investigate the extent to which management skills of women entrepreneurs' influence growth of SMEs owned by them.

Research question

The study sought to answer the following question:

To what extent does management skills of women entrepreneurs influence growth of SMEs owned by women?

II. Literature Review

Managerial skills of women entrepreneurs and growth of SMEs

Entrepreneurship is the act of carrying out a new combination of firm organization, new products, new services and new sources of raw materials, new methods of production, new markets and new forms of organization, (Schumpeter, 1961)

Solomon and Fenard, (1988), defined entrepreneurship as a unique function of bearing non-insurable risk to the entrepreneur. They further defined an entrepreneur as a person who is able to scan the environment, pull resources and implement action to maximize those opportunities. According to Kantz and O Daniel, management entails creating and maintaining a conducive internal working environment in an enterprise where individuals working in groups can perform efficiently towards the attainment of the enterprise goals. It is the act of getting work done through and with people in formally organized enterprise.

Holt (1992), underscores both creativity and innovation as necessary conditions to become a successful entrepreneur because innovation is a special means for entrepreneurs to reach success. Druncker (1985), considers it necessary for an entrepreneur to innovate systematically and habitually. Creativity is antecedent to innovation (Holt, 1992). According to Amabile (1989), creativity means the emergence of new ideas while innovation means the application of these new ideas. Entrepreneurship plays an important role in the discovery of knowledge and the turning of that knowledge into future goods and services through industrial innovations. The knowledge is idiosyncratic because it is acquired through each individual's own experience and knowledge which include occupation, on-the-job routines, social relationships and daily life. It is this particular knowledge acquired through personal experience that leads to some profit-making insights (ACT, 2002).

Haswell et al, (in Zimmerer & Scarborough, 1998) note that prominent reasons behind business failures are managerial and experiential in capabilities. According to Miner (1996), four entrepreneurial personality types; personal achiever, super sales person, real manager and expert idea generator can predict success in any field of business. He postulates that any entrepreneur will succeed if he or she follows business pathway

congruent with his personality traits. Deakins and Frael(1998),state that little is known about the growth process of SMEs. What is known is the unplanned management, experience based approach on daily operations and a reactive rather than proactive approach that SMEs adopt. Gilmore et al (2001) argues that SMEs cannot do conventional marketing because of limitations of resources and because the managers think differently.

Theoretical framework

This research was anchored on the adaptation-innovation theory which was developed by Kirton in 1976.Theory is founded on the idea that each person is creative and solves problems differently (Karton, 2003). The theory states that adapters desire to do things better while innovators seek to do things differently. The theory further states that individuals are systematically different from each other in creative style, decision making and problem solving. Differences as creative style are influenced by originality, efficiency, and group conformity. A low standing on originality but a high standing efficiency and group conformity makes a person; an adaptor while a high standing on originality but low on the other aspects makes a person an innovator.

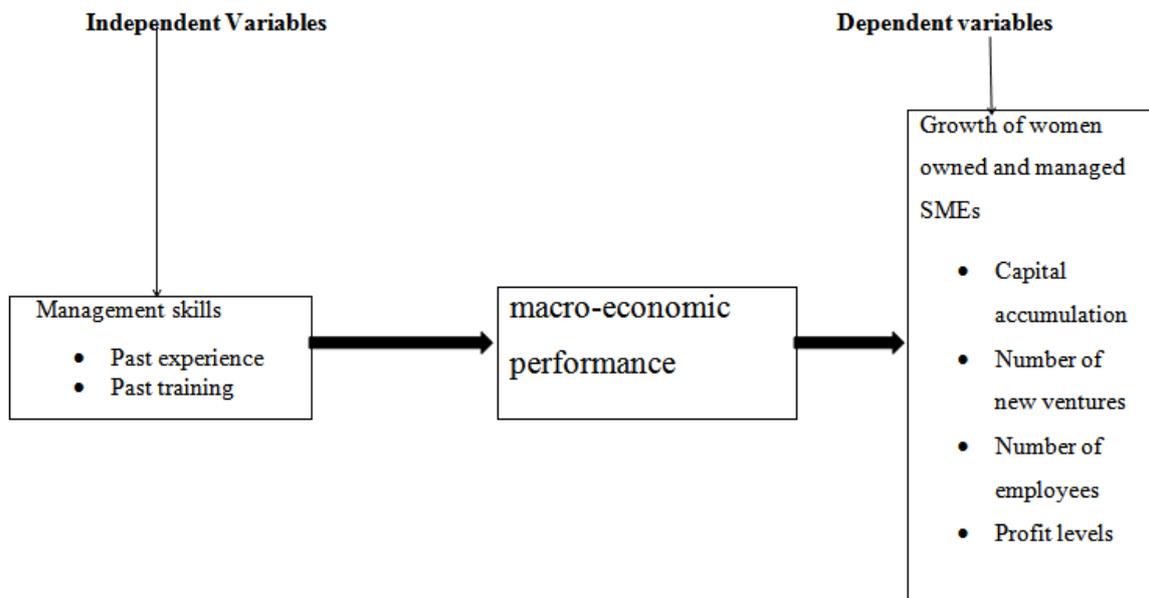
Kenyon (2002), observes that women entrepreneursare faced with challenges to grow their businesses such as entrepreneurial skills. The relevance of the theory to study is that by adapting to the business environment and taking risks to innovate through measures such as product differentiation and price deregulations the women are able to grow their enterprises. The growth of SMEs owned and operated by women and its success highly depends on the ability of individual entrepreneur to adapt to the business environment thisadaptation-innovation theory views growth of SMEs owned and operated by women through creativity by women and their ability to adapt to the dynamic and turbulent business environment.

The conceptual framework on influence of management skills of women entrepreneurs on growth of SMEs owned by them

Figure 1.1 conceptual framework

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Figure 1.1 conceptual framework



III. Research Methodology

The research employed a descriptive survey research design.The target population in the study was 912 women entrepreneurs.A one-stage stratified sampling and simple random sampling was used as sampling technique. Proportionate stratified sampling was used and the number of the members included in the sample was 30% sample for each sector of entrepreneurial activity. The data collection instrument was questionnaire

Table 1.1 Sample sizes of the population for the study.

Business sector	Total population	Sample %	Sample size
Service	402	30	120
Commercial	314	30	94
Manufacturing	196	30	59
TOTAL	912	30	273

Study Findings

Influence of management skills of women entrepreneurs on growth of SMEs

Women entrepreneurs were asked to state management skills which enhance growth of their enterprises and their responses were presented in table below

Table 12 influence of management skills on growth of SMEs

Business management skill	Frequency	Percentage (%)
Good people skills	133	45.6
Good marketing strategy	75	30.2
Good financial management	20	8.1
Good income resource management	40	16.1
TOTAL	248	100

Table 12 showed that only 20(8.1%) of SMEs women entrepreneurs attributed growth of their SMEs to financial discipline while majority 113(45.6%) cited good people skills as management component that enhanced their enterprises.

The finding revealed that growth of SMEs owned and managed by women entrepreneurs depended largely on how women entrepreneurs related with and handle their customers and potential clients. Management skills like good marketing strategies 75(30.2%) also help in growing enterprises. The findings of the study revealed that SME women entrepreneurs engaged in entrepreneurship as an alternative for income generation and to meet personal and family needs.

They were engaged in services business 107(43.1%), commercial activities 90(36.3%) and manufacturing sector 51(20.6%). The study further revealed that SMEs' women entrepreneurs viewed management skills as an important variable to growth of their enterprises because 86(34.7%) had attended management course. The study established that most women entrepreneurs had limited capacity to prudently manage their enterprises.

The study finally recommended; Listen to the voice of women entrepreneurs, the creation of government offices for women business ownership. The offices run program responsibilities such as providing women's business centers, organizing information seminars and meetings and providing web-based information to women entrepreneurs.

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