The theories of entrepreneurship economics essay

Economics

2. 0 Introduction

In relation to the previous chapter this section will bring out some of the theoretical orientations that relate to these studies, the theories are meant to help derive to answering the research problem. This chapter will be relevant to this study for the reason that it will highlight some literature and previous studies that might have been done to address the problem; it will also try to seek if there are any gaps that were left to ensure the importance and need of this study. A conceptual framework will be used to further show how variables in this study relate to each other and measure on how the variables can be carried out will be addressed.

2. 1 Theoretical review

This is a section, which carries interrelated concepts, which will seek to guide the research in determining the variables to be measured, and statistical relationship to be worked on. This is also important to this study since the methodology employed is on explanatory basis. This will enable understanding of what is not noticed about the case study. Proposed theories to be discussed in relation to this study are; Entrepreneurship theories, scientific management theory, bureaucratic management theory and human relations movement.

2. 2 Theories of entrepreneurship

The theory of entrepreneurship supply was propounded by Thomas Cochran. The theory is based on the assumption that the fundamental problems of Economic Development are non- economic. He emphasized on the cultural values role expectations and social sanctions as the key elements that determine the supply of entrepreneurs.

The theory of social change was propounded by E. E. Hagen. He observed that entrepreneurial development is based on how a traditional society in which continuing technical progress takes place. The theory exhorts the following features which presume the entrepreneurs creativity as the key element of social transformation and economic growth (Kimani, 2010).

Frank Young in his theory, a micro- sociological interpretation of entrepreneurship, points out that entrepreneurial initiative is a function of a group level pattern. Young has elaborately analyzed the shortcomings of psych generic interpretation and suggested a casual consequence where transformation codes are developed by solidarity groups to improve their symbolic positions in their larger structure and thus become entrepreneurs (Kinyajui, 2009).

Entrepreneurship Theory of Shane (2003) consists of opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity. Others elements of the theory include self-employment, business operation and performance. The theory highlighted four operational measures of performance which are survival, growth, profitability/income, and experiencing initial public offering.

Survival refers to continuation of entrepreneurial activity while growth refers to increase in the venture's sales and employment. Profitability refers to new surplus of revenue over cost while experiencing initial public offer refers to the sale of stock to the public (Shane, 2003). Opportunities are created by the institutional or external environment for those entrepreneurs who could identify them to start or improve their businesses and subsequently, their welfare (North, 1990; Shane, 2003). Entrepreneurs' ability to identify and tap such opportunities differs between entrepreneurs. It also depends on their ability to access information and willingness to act upon the information in terms of risk; that is their attitude (Shane, 2003).

Individual attributes affect discovery of entrepreneurial opportunity. It is made up of psychological and demographic factors such as motives, attitude to risk, education and training, career experience, age and social status. Changes in business environment such as economic, financial, political, legal, and socio-cultural factors also affect discovery of opportunity. For example, income level of the entrepreneur, capital availability, political stability, laws concerning private enterprise and property rights, and desire for enhanced social status by the entrepreneur could affect discovery of entrepreneurial opportunity.

Type of industry also affect opportunity discovery. Industrial sectors such as distribution, manufacturing, agriculture, catering, and business services are more attractive to entrepreneurs (Brana, 2008). The concentration of industries in a particular location could also influence discovery of entrepreneurial opportunity by those in that location (Shane, 2003). Evaluation of the identified opportunity is another stage in the entrepreneurial process, and appropriate decision at this stage leads to the decision to exploit the opportunity (Shane, 2003).

The decision to exploit the opportunity depends on the intention of the entrepreneur, and the appropriate measure of entrepreneurial decision-making is intention which leads to recognition of entrepreneurial opportunities (Shane, 2003). Exploitation of the opportunity depends on the entrepreneur's level of education, skills or knowledge acquired through work experience, social networks, credit, and cost-benefit analysis of the business (Shane, 2003). The decision to exploit the opportunity leads to the quest for micro-finance; that is acquisition of resources. Acquisition of resources could also lead to opportunity for entrepreneurial activity; that is new business or business expansion. The appropriate use of the acquired resources in terms of business strategy and organizational design could lead to profit performance (Brana, 2008). However, environment plays greater role in opportunity exploitation than individual attributes.

2. 3 Economic Theories

The demand and supply for entrepreneurship theory was developed by Elias (2010), he states that it stems from the need to adjust to change and the supply of entrepreneurship is limited by the scarcity of the desired personal qualities. He also noted that, the qualities of a person drive him to take up entrepreneurial initiative and these qualities are mostly innate, for example quality of imagination. An entrepreneur is a person who specializes in taking judgmental decisions about the coordination of scarce resources.

Harvard school contemplated that entrepreneurship involves any deliberate activity that initiates, maintains and grows a profit oriented enterprise for production or distribution of economic goods or services which is consistent with internal and external forces. According to this theory internal forces which refer to the internal qualities of the individual such as intelligence, skill, knowledge experience, intuition and exposure influence the entrepreneurial activities of an individual to a great extent. The theory further states that external factors such as economic, political social, cultural and legal factors which influence origin and of entrepreneurship in an economy needs to be conducive for entrepreneurial growth and development(Paul, 2009).

2. 4 Human Relations Movement (1930-today)

This theory was established by Elton Mayo. Eventually, unions and government regulations reacted to the rather dehumanizing effects of these theories. More attention was given to individuals and their unique capabilities in the organization. A major belief included that the organization would prosper if its workers prospered as well. Human Resource departments were added to organizations. The behavioral sciences played a strong role in helping to understand the needs of workers and how the needs of the organization and its workers could be better aligned. Various new theories were spawned, many based on the behavioral sciences (some had name like theory " X", " Y" and " Z").

According to Okoth (2010) an entrepreneur is one who perceives the opportunities to innovate i. e. to carry new combinations or enterprise. Innovation does involve problem solving and the entrepreneur is a problem solver. Harvey Leibestein propounded the theory of X- efficiency which is popularly known a filling the gap theory. According to him, entrepreneurial functions are determined the X- efficiency which means the degree of inefficiency on the use of resources within the firm. X- Efficiency arises because either the resources of the firm are not properly utilized or they are wasted. According to Okoth (2010), the supply of entrepreneurship is governed by input completing ability and inadequate motivational state.

2. 5 Credit Accessibility

Evidences from a studies conducted by Gatewood, Brush, Carter, Greene & Hart, 2004) show that adequate credit aids entrepreneurship performance. The result of such credit assistance to entrepreneurs, especially women, is often seen in improved income, output, investment, employment and welfare of the entrepreneurs.

Despite the fact that Karnani (2007) argued that credit accessibility do not lead to women entrepreneurs' performance; rather the government should build more industries to create jobs, credit have been found to have positive impact on business performance of entrepreneurs in Kenya (Peter, 2001), Nigeria (Ojo, 2009), Tanzania (Kuzilwa, 2005), UK (Carter & Shaw, 2006), USA (Reavley & Lituchy, 2008). Credit also had positive impact on the income and wellbeing of women in Uganda (Lakwo, 2007).

Availability of credit provides the needed opportunity, in terms of new business or business expansion, for entrepreneurs to start or improve business in order to make profit and improve their lives (Allen, Elam, Langowitz & Dean, 2008). As such, there is a positive relationship between credit and opportunity for entrepreneurial activity. Credit was found to have positive effect on opportunity for entrepreneurial activity in Nigeria (Akanji, 2006), France (Brana, 2008), UK (Carter & Shaw, 2006) and USA (Shane, 2006).

Opportunity for entrepreneurial activity, in terms of new business or business expansion, acts as a link between credit and women entrepreneurs' performance. It is reported that credit accessibility create opportunity for entrepreneurs to generate income (Brana, 2008). The discovery of business opportunity and the decision to exploit the opportunity leads to a search for external funds, and the acquisition of such funds again creates opportunity for entrepreneurial income-generating activity (Shane, 2003). Proper application of the resources could lead to business performance (Koontz & Weihrich, 2006; Shane, 2003).

Banks in general do not give particular attention to micro-, small- and medium enterprise (MSME) financing because of high transactions costs, perceived higher risk and their own lack of experience in MSME lending. Women are not encouraged to go to banks for financing because they lack credit history. Their limited control over land affects their ability to secure finance because they are unable to provide collateral. This means that any growth objectives they have are impeded (International Labour Organization and African Development Bank, 2004).

Access to credit is a serious constraint for women entrepreneurs. It is estimated that despite constituting 43% of SMEs, only 5 percent of Tanzanian women are banked. Only 0. 53% of female-headed households have access to credit (Amanda Ellis, Mark Blackden et al., 2007a). Only 6% of female business owners have any type of banking relationship, compared to 11% of male business owners. The most common type of banking service used by males and females is a savings account (ibid).

Women, especially in developing countries, bear an unequal share of the burden of poverty. Microfinance helps the poor to borrow for business expansion, to save and buy other relevant products like micro insurance and to improve their standard of living. A survey on micro credit initiatives targeted at women has pointed out that women have superior credit repayment records and lending to women has a more positive effect on household welfare compared to men (Stotsky, 2006).

Although donor-funded micro-finance programmes exist, contrary to popular impression, women-owned MSMEs are not major recipients. For example, women's share of micro-finance clients is 38% in Ethiopia, where women are estimated to own two-thirds of informal and micro enterprises (International Labor Organization and African Development Bank, 2004).

Although microfinance is a great poverty reduction tool, it offers only limited support for women who wish to expand their enterprises beyond the micro level. Thus, women entrepreneurs who need credit beyond the maximum loan limits from microfinance institutions have difficulties obtaining a credit higher than a micro credit. Women are forced to participate in lending groups, and very few are individually able to access financing, because they do not have resources (property, collateral) to act on an individual basis (ibid).

Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. When women do have access to credit it is often in small amounts, whether this suits their needs or not. Differential access to credit may of course be a reflection of differences in the choice of sector, educational level or the amount of loan requested.

However, as sector choice and educational levels tend to be limited or influenced by gender, one could say that any differential access based on this motive is indirectly caused by gender perceptions. In addition to this, women entrepreneurs in developing countries continue to suffer from poor overall assets, poor enforcement of financial rights and the existence of unequal inheritance rights and consequently poor access to community and social resources.

Women, in particular the less educated ones, also find it more difficult to get financing from banks because they lack information on how to go about securing a loan. Moreover, bank managers are often more reluctant to lend to women than to men.

Sometimes, credit may be available for women through several schemes but there are bottlenecks and gaps, and the multiplicity of schemes is often not adequately listed nor is there networking among agencies. As a result, clients approaching one institution are sometimes not made aware of the best option for their requirements (Vishwanathan, 2001).

In many countries, women face unequal inheritance practices and laws, discriminatory laws on ownership of property or access to bank loans, or discriminatory practices by banks. In the area of guarantees, several discouraging habits have become ingrained in financial institutions and banks, such as requiring male members to accompany women entrepreneurs for finalizing projects proposed by women, as well as almost invariably insisting on guarantees from males in the family (Commonwealth Secretariat, 2002).

A general lack of experience and exposure also restricts women from venturing out and dealing with banking institutions. Those who do venture out often find that transaction costs for accessing credit are high, and cannot be met by the cash available to them. Because of this, they are dependent on the family members for surety or collateral and hence restrict the money they borrow. This results in lower investments. Alternately they tend to find working capital at higher rates of interest. The availability of finance and other facilities, such as industrial sheds and land for women entrepreneurs are often constrained by restrictions that do not account for practical realities. All these in turn affect the enterprise and its survival.

2. 6 Factors affecting credit accessibility

2. 6. 1 Loan Characteristics and Credit Accessibility

Entrepreneurs' access to financial services (in both the formal and informal sectors) is influenced by institutional factors, product features and household socio-economic characteristics. From the institutional perspective, the location of the financial service providers and their conditions greatly influence the probability of access.

Porteous (2003) observed that access to formal financial services in South Africa tends to be limited to salaried workers, hence excluding the unemployed, self-employed () and informally employed. This scenario prevails because of the common practice of banks to demand a pay slip as a precondition for opening an account. Dallimore and Mgimeti (2003) also contended that the long distances and high transport cost are constrains access to formal financial services mainly located in urban areas.

Kochar (1997) examined the effect of formal sector interest rates and choice of informal credit. Empirical evidence suggested a positive and significant relationship between the formal sector interest rate and the probability of access to informal credit (at the 5% significance level).

This result can be interpreted in the context of those entrepreneurs that participate in both the formal and informal financial markets, where the borrower considers not only the formal sector interest rates, but also the associated transaction costs (financial and non-financial). This may explain the positive relationship between formal sector interest rates and informal credit demand.

The specific borrower characteristics that influence the entrepreneur's access to credit markets include the strength of previous business relationships, borrowers' reputation in the market, borrowers' acceptance of interlinked credit contracts, borrowers' debt-service capacity and borrowers' wealth status.

The longer the period of the previous business relationship, the higher will be the probability of the borrower having credit access. This is due to the fact that these business relationships provide the lender with important information about the potential borrower, including his marketable surplus and the way he conducts business. Evidence by Kochar (1997) also suggested that the probability of access to informal credit is positively and significantly influenced by whether personal guarantees are given for informal loans. This result may be explained in terms of personal guarantees serving as alternative collateral that is valued by informal lenders.

Bell et al (1997) found that interlinked credit contracts and visible household assets positively and significantly influenced the amount of credit supplied by informal lenders. Baydas et al (1994) observed that the amount of informal credit supplied was significantly positively influenced by interest rates, loan period, business profits and education level. Vaessen (2001), in a study of accessibility of rural credit in Northern Nicaragua, showed that access to credit is influenced by loan characteristics such as the loan size, repayment duration and the interest rates.

At the institutional level, the lender makes decisions based on the target group (either women or men or both), the selection criteria of clients, the geographic area of operation, and the features of financial products to be provided to address sustainability concerns, all of which influence credit supply. At the household level, being part of the specific target group or living in the targeted geographical area influences credit access.

Zeller et al (1994) suggested that access to credit from the Gambian Co-operative was positively and significantly influenced by age and household income, while being female had a negative and significant effect. What these results suggest is that older persons who control household resources may be rated to be more creditworthy, while women are discriminated against in the credit market.

The banking industry has experienced changes in their interest rates since independence . The factors that plays major role in determining the level of interest rates vary from one institution to another. In general, administrative cost; cost of funds, loan loss expenses, profitability and competition intensity are major determinants. The annualized effective interest rate charged on lending is a function of the above elements each expressed as a percentage of average outstanding loan portfolios.

Interest rates variation has also been brought by transformation from era of interest rate cap policy to the liberalization which has also caused considerable growth in the sector including attractiveness of new entrance, innovation of the banking services, and increase in profitability not to mention but a few. The amendment of CBK Act of 1996 allowed liberal pricing of credit services by the bank which played major role in the price variations in the market. (Ahmad, 2003)

Operating expenses made up to 50% of nominal interest yield in a world comparison (Kneiding and Rosenberg, 2008). Administrative cost includes salaries, rent travel and accommodation, depreciation etc. In addition to administrative cost, many financial institiutions also charges a fee or processing fee when disbursing loans. This increases financial cost of the loan and revenue to the institution as means of increasing the yield (Ledgerwood, 2005). These are the reasons why they are commonly sighted as having interest rates higher than commercial banks. The global average microcredit interest is about 35% but in Kenya is about 53% (Kneiding and Rosenberg, 2007).

The effect has been decline of the nominal interest in recent years. The empirical question in Kenya that we need to understand is whether competition results in the lowering of interest rates on microcredit? The role of microfinance in poverty alleviation has been regarded as one of the important drivers of millennium development goals in third word economies. As microfinance institutions focus increasingly on provision of sustainable services, the aspect of " best practices" in ensuring the full cost of services are charged. In essence interest rate as emerged as a contentious issue on contemporary history of microfinance. Many policy makers are questioning the high interest rates on microcredit (Fernando, 2006).

Loan loss also plays a critical role in the determination of the interest rates level. Loan loss arise when clients fail to repay, regardless of the problems that they are afflicted, when it is due for demand. The largest microfinance asset is loan portfolio. When loan portfolio is contaminated with arrears it becomes difficult for an institution to build up earnings or even reaching a number of clients making the whole operation unsustainable. Many MFIs with default rate of 5% and above tend not be viable hence tend to charge interest rates too high than other institutions (Rosenberg, 2002).

2. 6. 2 Capital and Credit Accessibility

Women generally lack the necessary resources for starting and developing their own businesses. Resources critical for success are the assets that women bring with them to the entrepreneurial process in the form of human capital (formal and occupational experiences) and the entrepreneur's ability to access resources in the environment (e. g. capital, suppliers, customers). Human capital is derived through investment in education and training. Research supported the theory that women have been impeded from acquiring adequate levels of human capital because of social and cultural forces (Chusmir, 1983).

Women have less human capital for the management and development of their businesses. Demands on human capital, in terms of education and experience, are specific to the nature of the entrepreneurial venture, and hence vary between industries etc. Additionally, barriers have been seen to impede women's access to financial resources (Carter and Allen, 1992).

Thus major impediment that women face in acess to credit are educational and work background, psychological characteristics, motivation, perception and career efficacy, training and skills development, comparative earning levels, management practices, external networking, desire to succeed and other obstacles (Birley, 1989; Bush 1992; Dumas, 2001; Robinson, 2001; Scherer, et al., 1990; Stevenson, 1986).

The lack of capital leads to low levels of management training which in turn minimizes the entrepreneurial ventures, particularly in the case of micro enterprises. Support organisations cite a lack of sales and marketing skills as the most commonly reported problem faced by female entrepreneurs, after capital.

While Kenya has long recognized the need to support women entrepreneurship to boost economic growth and job creation, the existing policy interventions and programmes are not having the anticipated impact. The narrowing of the gap between the growth in women entrepreneurship and the contextual reality is contingent on skills training and tertiary education; removal of hidden and subtle gender discrimination; change in existing prejudices and stereotypes regarding the role of women in a male-dominated economy; the demand for socio-economic rights; and policy advocacy. The effective voice of women in business must shift from the survivalist sector to small business ventures and medium to large-scale enterprises. (the dti, 2001; Economic Policy Analysis", 2000; Khosa, 2000; Miller, 2003).

2. 6. 3 Social cultural factors and Credit Accessibility

There is a general lack of an entrepreneurial culture in Kenya and, more particularly, for potential and operating women owner/managers of MSEs. Njeru and Njoka (1998) point out that due to patriarchal social authority structures, women received substantial family support in the start-up stages of their businesses, but later on such support is limited, restricted or withdrawn for fear of husbands losing dominance over their wives. Moreover, there are many socio-cultural factors in Kenya impacting negatively on the upbringing of girls.

Many ethnic cultures socially condition girls to acquire the need for affiliation, rather than achievement. The situation is worse for Masaii girls since they are discriminated against in their access to education, in addition to being viewed as an asset to be married. Other studies carried out in Kenya have attributed the lack of entrepreneurial culture among Kenyan women to: lack of confidence and self belief; lack of a variety of strong and relevant networks; passive learning methods; and, starting up enterprises without adequate prior preparation. There is a need for entrepreneurial training to socially condition the youth, and particularly girls, to develop a desire for achievement. This can be achieved by way of profiling and/or imitating successful women entrepreneurs.

Other constraints and barriers include a poor social background, inadequate and inappropriate training and preparation for entry into MSEs, and socio-economic discrimination (Njeru and Njoka, 1998; Mutuku et al., 2006). 11. Management skills, lack of occupational experience in related businesses for many women entrepreneurs has been indicated as a constraint to growth. Kibas (2006) identified lack of opportunities for management training, financial management, marketing and people management, to be limitations facing them.

Many women are " income poor", yet have to provide for their families. Competing financial needs between family and business becomes one of the major constraints to enterprise growth. With many women being poor, the little income earned from the business is sometimes used for what appears to be urgent family requirements, irrespective of why it was set aside. This results in a reduction of the capital invested and hence curtails further growth (Alila et al., 2002).

Most women entrepreneurs in the MSE sector are married with more than six dependants, often with little or no assistance from their spouses (McCormick and Pedersen, 1996). Therefore, women entrepreneurs have a heavier household financial burden than men. For instance, in the WEEC case cited earlier, these financial burdens further complicate their lives, making MFI membership an additional burden, rather than helping women take control of their finances and live better lives.

According to Saito et al. (1994), women in Kenya are " time poor" due to their dual roles in the household economy and the labour market, as mothers, housekeepers, wives and owners/managers. In addition, such dual roles do not give women adequate time to plan and manage their businesses well, thus leading to dismal performance or even closure of women owner/managed MSEs. Women's poor performance in MSEs, is due to their dual " role conflict".

Since women have to take care of their families, loans from Kenyan microfinance institutions tend to be limited in amount. Consequently, most women entrepreneurs are likely to have multiple short-term loans to cater for both business and social needs. Studies have shown that loans to MSE entrepreneurs only satisfy a fraction of their financial needs. When they are exposed to personal risks resulting in losses beyond their means, competing needs for cash limit the growth of their enterprises. They also tend to contribute to the collapse of such businesses. This makes them credit unworthy making them to .

Makokha (2006) established in her study that women entrepreneurs have financial social demands that compete with business capital, leading to a diversion of capital away from business needs. Some of these factors include housing space, health, old age and divorce. Therefore, the study concluded that there was need to develop long-term financial products such as micro-insurance. While microfinance provides working capital and disposable incomes to women in MSEs, micro insurance products12 would ensure that the assets of these entrepreneurs are protected if their income is diverted from their businesses. The MFIs would also benefit as their clients' sustainability would contribute to their own. Some specific products that need to be rolled out freeing capital and benefiting women entrepreneurs include: loan insurance; life insurance; pension; house insurance; health insurance; asset insurance; and, long-term housing loans or mortgages.

2. 6. 4 Education and credit accessibility on women entrepreneurs'

Some level of education is another success indicator for entrepreneurship. Robinson and Malach (2004) suggested that classroom theoretical knowledge should be supported with practical business education/training through internships in small businesses

While Ying (2008) emphasized the vital role entrepreneurships play in economic

Development of a country; as such proper education is necessary in terms of blending theoretical background with practical industrial skills. His study suggested that self drive, commitment and creativity are needed for business success.

Again, Lans, Hulsink, Baert and Mulder (2008) were of the view that entrepreneurial competence does not only depend on skill of writing business plan but also recognizing and acting on new opportunities; and that competence is not only acquired by birth but through education, training and work experience. Majumdar (2008) submitted that the value of training/knowledge given to entrepreneur varies from one venture to another, and that

Growth and performance of small businesses are influenced by the personality and abilities of the entrepreneurs. Ability to network (connections with outside parties providing finance and with social groups) is another characteristic of a successful women entrepreneur.

Entrepreneurs, especially women, also need efficient marketing skills to be able to sell their products or services rendered. This view was supported by Alex (2008) whose result showed that service industry's best marketing practice was promotion and that marketing initiatives were positively associated with service quality.

Jill, Thomas, Lisa and Susan (2007) concluded that both physical capital and connection networks as well as training were necessary for entrepreneurial success. In a related study, Tata and Prasad (2008) concluded that the performance of female-run micro-enterprises can be influenced by social capital, motivation and opportunity to

Engage in collaborative exchange; and that this is influenced by gender this explains why micro-credit programs are vital in assisting poor women entrepreneurs (especially in developing countries) who lack access to credit and other opportunities.

Women entrepreneurs, especially in developing countries lack training (IFC, 2007) and entrepreneurial process is a vital source of developing human capital as well as plays a crucial role in providing learning opportunity for individuals to improve their skills, attitudes and abilities (Brana, 2008; Cheston & Kuhn, 2002; Shane, 2003).

Again, the effect of training on women entrepreneurs' performance, especially in developing countries has not been adequately addressed in the literature. Taking cognizance of the peculiar situations of most women in developing countries in terms of poverty, low educational levels and other societal discriminations (Porter & Nagarajan, 2005; Roomi & Parrot, 2008); training is a very important micro-finance factor for women entrepreneurs as it would provide the skills and experience needed for business (Akanji, 2006, Cheston & Kuhn, 2002; Kuzilwa, 2005).

Literature supports the fact that majority of micro-finance institutions' clients do not have specialized skills, and so cannot make good use of micro-finance factors (Karnani, 2007), hence they need training. Paid employment provides prior business experience that is vital for enterprise success, yet women entrepreneurs mostly in developing countries lack this (Brana, 2008) this further strengthens the need for training as a micro-finance factor for the women entrepreneurs.

Again, there are suggestions from literature of the need to study credit jointly with training on entrepreneurship performance in developing countries because of low educational levels of women entrepreneurs in low-income countries (Harrison & Mason, 2007; Ibru, 2009; Kuzilwa, 2005; Peter, 2001; Tazul, 2007).

Education is related to training, and women entrepreneurs in high income countries are better educated than those in low income countries (Ibru, 2009).

Literature confirms that skill training and tertiary education have positive effect on enterprise performance (Akanji, 2006; Cheston & Kuhn, 2002; Kuzilwa, 2005) Many women lack this, especially in developing countries (Ibru, 2009), whereas the exploitation of entrepreneurial opportunity depends on the entrepreneur's level of education, skills or knowledge acquired through work experience, social network and credit (Shane 2003); hence the need for training as a micro-finance factor especially in developing economies is highlighted.

In Uganda (UNIDO Document, 2003), women entrepreneurs in rural areas suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems thus improving productivity and increasing profitability In Uganda, where more than 70 percent of enterprises employ less than 20 people, micro- and small enterprises play an important role in the economic and social life of the majority of citizens. However, the growth and the competitiveness of this sector are hampered By lack of managerial and technical skills, weak infrastructure, difficulties in accessing loans, and complicated company registration processes.

One of the main reasons why women are poorly represented at the senior positions in the civil service in Africa is because majority of them are not highly educated trained and qualified as their male counterparts As in UNICEF/ESARO's work in 2007 on United Nations initiative on lessons learnt from four African countries available statistics on school enrolment in most African countries indicate that a near gender parity is achieved at pre-primary and primary level of education but as the education level increases, glaring gender disparities start to manifest. 14 At the university level in Kenya, Lillian Omutoko et al in 2006 affirm that female students constitute an average of only 39% of the total enrolment

In Kenya, women entrepreneurs see the establishment of a productive business as a means to improve their status in society as well as their family's standard of living and to serve their community by creating employment opportunities. However due to a lack of technical skills,

Confidence, strong individual involvement and the willingness to take risks, women are often unable to establish and sustain successful businesses. For the researcher to achieve the objectives of the study, a systematic and objective collection of the data in form of description and interpretation is necessary. The qualitative and quantitative method is used. Questionnaires will be used as the method of data collection.