



# **DOING BUSINESS IN KENYA: REFLECTION OF WOMEN SMES 2021**

# Doing Business in Kenya: Reflection of women SMEs 2021

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## Acronyms



AFCTFA Africa continental free trade area

**SME Small Medium Enterprises**

KENTRADE Kenya Trade Network Agency

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## Acknowledgement



Deepest gratitude to Viffa team that worked tirelessly to bring the report to fruition. A big thank you to all women entrepreneurs who participated in the survey as well as key experts who shared their expertise.

Special thanks to KAYANA led by Patricia Okelo, Frida Owinga Director SME Founders Association as well as Rose Rono Director Trade Facilitation KENTRADE for support in developing the study tool as well as well as key insights.

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## Study Methodology



### Study tool

Online & Telephone survey  
Expert Interviews



### Sample Design

Purposive {Counties; Nairobi, Machakos, Kiambu, Kisumu, Mombasa, Nakuru}  
Random {Within counties}



### Sample Size

147



## Introduction

Kenya has made great strides since independence on many fronts such as socio economic development among other areas.

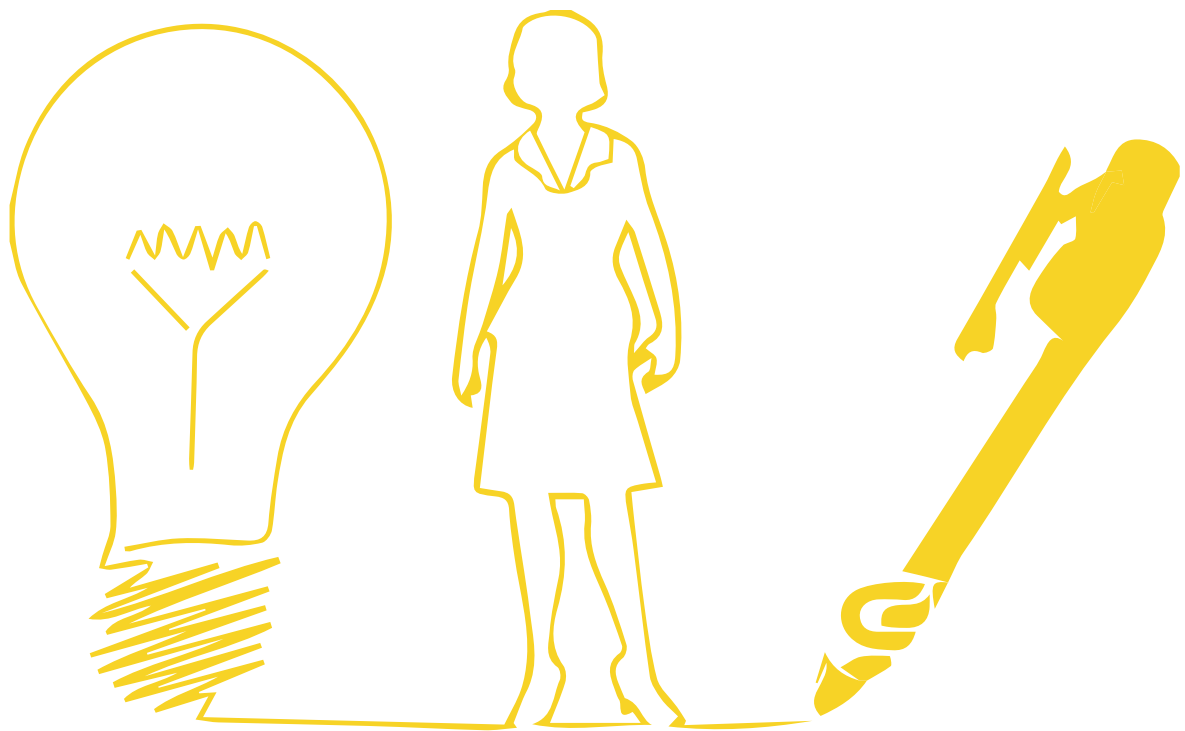
Despite great strides, Kenyan society still holds on to traditional norms that drive gender inequality underpinned on a set of unwritten rules and beliefs which influence and shape expectations and behaviors of people in society.

For example, there are unwritten beliefs and rules that define the role of women in society and generally acceptable behavior. Therefore, women experience an unnecessary systemic and cultural barrier that cripples their ability and potential to largely participate in the economy.

In Africa, women are the backbones of communities and the continent's greatest potential to unlocking economic growth as they provide the majority of labor with least amount of resources. If they are given equal opportunity to men, they can fasten economic growth.

Viffa consult conducted the study with the following key objectives:

1. Establish profile of women owned enterprises.
2. Establish impact and challenges faced by women owned enterprises



## Results

### Inspiration for starting Business

1. Earn a living
2. Passion
3. Extra Income
4. Market Gap
5. Inability to secure employment
6. Retrenchment from formal employment

#### **Insight**

There is a growing trend of women led SMEs by women entrepreneurs who are formally employed and engage in side hustle to make extra income with majority of women led SMEs starting their business to earn a living.

# Sectors Distribution of women led SMEs



Hospitality



Agriculture



Wholesale-Retail



Business Support Services



Manufacturing



Tours and Travel



Education



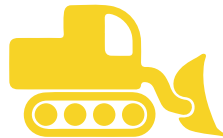
Media and Entertainment



Transport and Logistics



Health



Real Estate and Construction



Financial Services



Information Technology



Legal



Botique and Cosmetics

## Insight

Based on the sector distribution of women led SMEs, inference can be made about the impact of COVID 19 to women led businesses by cross referencing sector performance as indicated by national data.

The national treasury through the budget policy statement 2021 highlighted the following sectors as resilient;

- Agriculture underpinned on tea export and fruit and sugarcane export,
- Forestry and fishing,
- Health services
- Mining and quarry activities.

Further although service sector was negatively affected led by

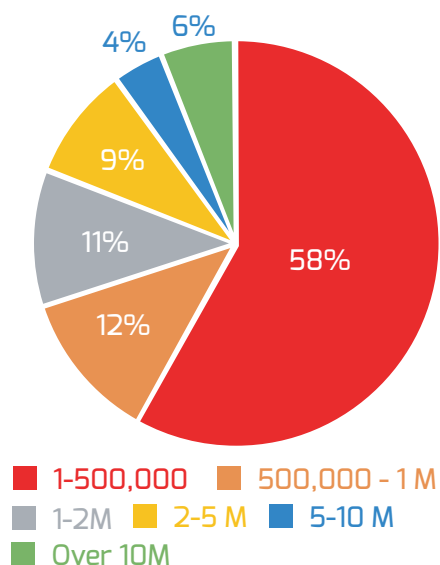
- Food and accommodation,
- Education
- Wholesale-retail;

there were service sub sectors that performed fairly well such as

- Public administration
- Health
- Real estate
- Transport and logistics

Based on the above reference over 73% of women led business were negatively affected by COVID 19

## Annual Turnover Distribution

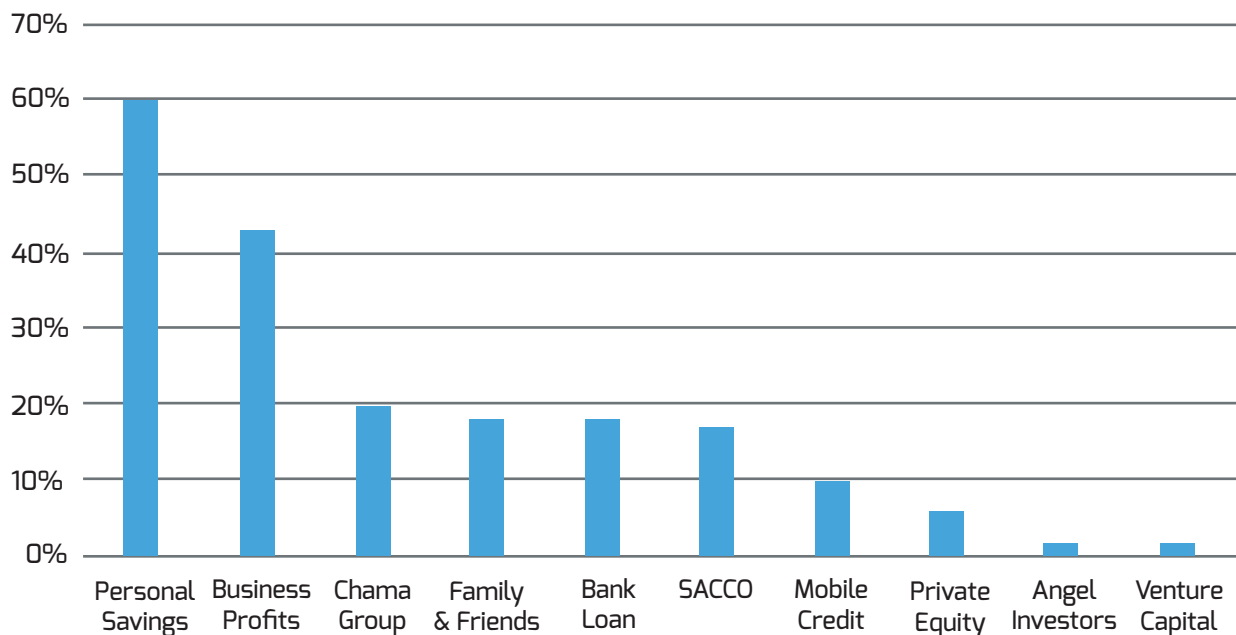


## Insight

Majority of women led SMEs (58%) posted an annual turnover of less than 500,000 Ksh with over 70% of these SMEs posting annual turnover of less than 1 M Ksh .

Appropriate and pragmatic interventions by state and non-state actors must be put in place to ensure that businesses are able to scale from micro to small to medium sized and finally to large enterprises. Similarly, appropriate incentives and information must be put in place to support formalization of SMEs cognizant that formalization has a correlation with business scaling

# Source of Finance in 2020



## Insight

Personal savings, business profit, Chama group and Family top as main source of financing for women led SMEs. This poses a challenge to business growth given that these sources of financing can't support investments (e.g machines, technology, capacity building) that can unlock value which most often than not are big ticket.



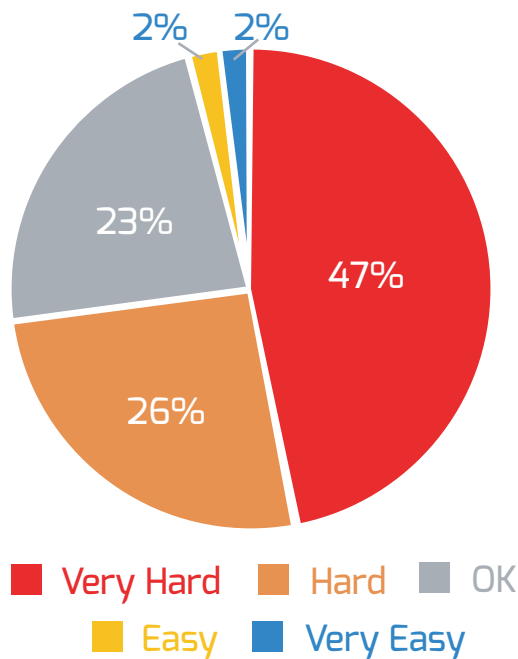
**Frida Owinga**

Director SME Founders Association

*Access to finance challenges for women led SMEs are driven by; informality as well as negative mindset of debt*



# Assessment of access to credit for women entrepreneurs



## Business Support Network subscription



### Insight

The top 3 support network of women led business indicate the pattern of women needing to be near the home as they strive to balance family and business especially for women entrepreneurs in manufacturing.



**Patricia Okelo**  
Co-founder Kayana

*Cognizant of the unique nurturing characteristics of women entrepreneur, provisions must be made especially for entrepreneurs in manufacturing to support them in home based manufacturing*

## Growth Strategy for the past year

- 1 Referral from satisfied clients
- 2 Referral from Family-Friends
- 3 Walk in Customers
- 4 Social Media Advert
- 5 3rd party ecommerce platform
- 6 Personal Network
- 7 Tenders



### Insight

Women led SMEs rely on solid strategies in growing their business which are cheap but cannot support rapid growth of accessing national, regional, continental and global markets.



## Major challenges faced



**Access to finance**

Access to market



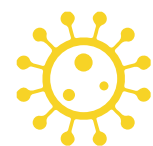
**Harrasment by Government Authorities**

Gender Based Discrimination



**Using Social media for business**

Lack of Business Management Skills



**Negative effect of COVID 19 Containment measures**

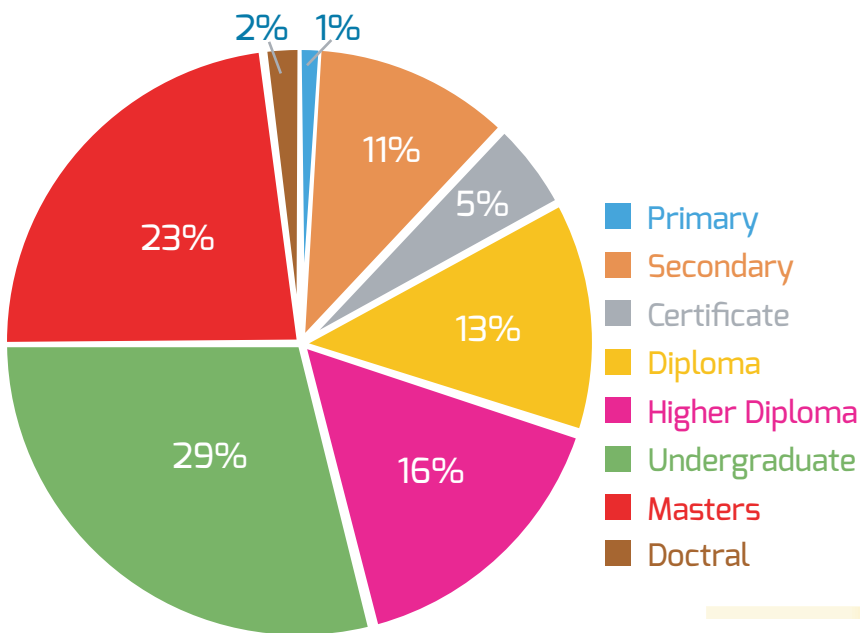


**Rose Ronoh**

Director Trade Facilitation KENTRADE

*The AFCTFA presents a great opportunity for SMEs and women led SMEs to access the continental market and Government of Kenya is currently finalizing its strategic plan which will support Kenyan SMEs to access the continental market under the AFCFTA*

## Highest Education




52% of women entrepreneurs attained an education level of undergraduate and master's degrees yet majority of the businesses remained micro to small. This begs the question of the role of education in entrepreneurship.

A good hypothesis for this is that the education system is geared towards preparing students for the formal labor market combined with a culture where entrepreneurship plays second fiddle to formal employment.

# Utilization of funds earned from business

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- Re-invest in Business      Food & accomodation      Children Education      Pesonal Spending      Supporting elderly parents      Social cause



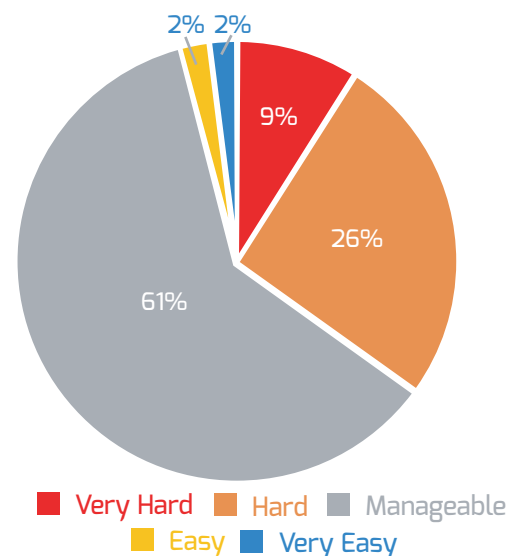
## Insight

Women led SMEs have broader impact on the country besides economic contribution of their business to include social impact of funds earned from business being channeled to social causes

## Future business plan



## Business and Family Balance



A smiling woman with her hair pulled back, wearing a blue t-shirt and a dark apron, is counting a stack of banknotes. She is standing in a market stall, with various items visible in the background and foreground. The entire image has a blue color overlay.

## **Viffa Consult**

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