

Examining the Ineffectiveness of Women's Enterprise Policy for *Jua Kali* Women Entrepreneurs in Rural Kenya

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Abstract

This research investigates the ineffectiveness of entrepreneurship financing policy for *Jua Kali* women entrepreneurs rural Kenya. Current research is dominated by functionalist notions of entrepreneurship which emphasise the importance of economic growth and the role of entrepreneurship in securing it (Gartner, 1990; Shane and Ventakaraman, 2000; Lafuente et al 2020). Although entrepreneurship has usually been considered as a masculine domain, recent studies emphasize women's contribution, yet their businesses are labelled as feminine, 'lifestyle', of low growth potential and largely situated in informal economy (Welter et al., 2015). Consequently, as the concept of women's entrepreneurship is increasingly regarded as a matter of global importance (De Vita et al., 2014, Marlow, 2020) a proliferation of numerous entrepreneurship policies financing its agenda continues to be witnessed globally (for example The Beijing Declaration and Platform for Action and United Nations Sustainable Development Goals) cascading down to continental and national levels. However, despite the presence of these policies, women entrepreneurs have not been on the same footing as men entrepreneurs in accessing opportunities and financial resources. The analysis shows poor governance and rural marginalisation as the main institutional political constraint to policy implementation in Kenya. Thus, this study's objective and context can be justified as timely to investigate the ineffectiveness of enterprise policies for rural women *Jua Kali* entrepreneurs in Kenya.

Key words: *Jua Kali*, informal sector, institutional context, enterprise policy, women entrepreneurship

1. Introduction and Literature Review

'*Jua Kali*' is a Swahili term, which means fierce sunlight, and refers to informal economy whose enterprises operate in open air marketplaces, literally "under the hot sun" (Mang'anyi et al., 2018: 453). Entrepreneurship in the '*Jua Kali*' sector is increasingly attracting political and scholarly attention, because it contributes to 40% and 17% of the GDP in developing and developed economies respectively (Webb et al., 2009). The pursuit for government enterprise policies aimed at fostering entrepreneurship cannot be overstated (Smallbone, 2016; Foss et al., 2018). But whether its implementation has been effective in supporting *Jua Kali* rural women entrepreneurs is the impetus for this study. Research affirms that policy implementation is a major problem confronting developing countries, although policies are regularly rolled out, most of them fail to achieve the desired results (Makinde, 2005). Extant policies reviewed, include the Beijing Declaration and Platform for Action 1995, which is acknowledged as the blueprint for advancing women's right for equality and empowerment. The Beijing Declaration is echoed in Goal 5 of the United Nations Sustainable Development Goals (United Nations General Assembly, 2015). At the sub-Saharan continental level, Aspiration 6 of African Union Commission's Agenda 2063 (AUC, 2015) vouches for women-centric development. However, we see minimal effort in aligning national policies with these international policies. At the national level, 51% of Kenya's national population are women, 74% reside in rural areas and 60.7% owns *Jua Kali* enterprises (World Bank, 2014). Traditionally, they are confined to domestic roles, barred from property ownership and therefore cannot access loans from banks due to lack of collateral. Towards achieving Kenya's Vision 2030, the New Constitution promulgated in 2010 confer property ownership rights to women and a Women Enterprise

Fund (WEF) was instituted to finance women entrepreneurs (Mwobobia, 2012) as well as National Government Affirmative Action Fund (NGAAF) established in 2015 and Trade and Enterprise Funds in 2018, which are both semi-autonomous agencies within the National Treasury and Planning department and Ministry of Industrialization, Trade and Enterprise department at the county government level. Yet, a large percentage of women in rural areas of Kenya has not benefited from these funds.

Taking a closer look at the overall performance of the existing enterprise funds indicated in the recent impact assessment report (Gok, 2019), shows that despite the presence of various women's funds, loan allocations either in groups or as individuals are minimal to bring about any substantive impact on the intended women's socio-economic empowerment. The report shows that only 1.1 million women in 98,005 groups have benefited from the Ksh. 15.629 billion funds disbursed through the Women Enterprise Fund since its inception in 2007; 326,673 women in 41,918 groups benefitted from Ksh.6 million disbursed through *Uwezo* Fund since its inception in 2013; and 1.9 million women benefitted from Ksh. 9.3 million disbursed through NGAAF since its inception in 2015. Taken together, the statistics show that only 3.1million out of the current 26.45 million women (KNBS, 2019) have been reached by the funds, which only accounts to 11.7% of the total female population in Kenya. While this is not in any way to downplay the impact that these funds have so far achieved, the full implementation of the intended women empowerment agenda cited in the enterprise policy documents is far from being achieved and women a long way to go to reap the benefits of entrepreneurship. There is overwhelming evidence showing that women for whom the enterprise funds were meant for continue to suffer a myriad of persistent structural inequalities in different ways which hinder their access to government support (World Bank, 2006; Oino, Auya and Luvega, 2013; Schiff, Fries and Chambers, 2013).

2. Methodology

This study adopts an interpretivist research paradigm, which acknowledges that reality is multiple, complex, local, specific in nature and multi-layered (Guba and Lincoln, 1994; Creswell, 2014). I began my study by gathering secondary data and performing a documentary analysis of several government financing policy frameworks, particularly the Women's Enterprise Fund. Additionally, I conducted 15 semi-structured in-depth interviews with rural women entrepreneurs from Vihiga County-Kenya. Participants were recruited via purposive and snowball /chain referral methods, which are non-probability sampling strategies widely used in qualitative research for identification and selection of informant-rich cases (Biernacki and Waldorf, 1981; Creswell and Creswell, 2018). The generic question that bound the interviews was "What makes you start a business?" and then I asked them other open-ended questions regarding, the nature of their business, property ownership, accessing finance and knowledge of the government's funds. I conducted all the interviews in Kiswahili and Kimaragoli, and subsequently translated them into English as I am a native speaker of the two languages. This allowed the women to use their own everyday language and incorporate their own words in describing their entrepreneurial experiences (Barriball and While, 1994; Mero-Jaffe, 2011). This allowed the women to use their own everyday language and incorporate their own words in describing their entrepreneurial experiences (Barriball and While, 1994; Ponterotto, 2005; Mero-Jaffe, 2011). A majority of the interviews took place in the evening since it is the best time for women's businesses when people are leaving work. The average duration for the interview was 45 minutes. This could not be extended due to the local conditions of open-air marketplaces, because the women were either busy serving their customers or the interview spot was too crowded with surrounding customers, pedestrians and other street vendors. All data was voice-recorded and transcribed verbatim, three-order coding

was done in NVivo 12 Pro and thematic content analysis applied (Gioia et al., 2013; Bazeley, 2007).

3. Findings

Following data coding and thematic analysis, the findings were grouped into two major themes shown in Figure 1(insert data structure). The analysis shows poor administration of the enterprise funds and rural marginalisation as the main institutional constraints to effective enterprise policy implementation in Kenya. Regarding poor funds administration and governance, a majority of women mentioned the funds' group-only lending strategy, a complicated and bureaucratic funds application process, and high levels of corruption within the funds administration as a hindrance to accessing enterprise funds. Most women mentioned of the group lending strategy as a hindrance to accessing the enterprise funds, since the funds were only applicable to groups registered with the social services, hence individual applications not considered. Narrating this Atieno explained,

The government funds are usually given to big groups that are registered and with a certificate from social services, but our Chama is small. We are only 8 and our weekly table banking savings is not much because they say you must have at least Ksh, 50,000 (\$500) in the account to qualify for the group loan, and those registration things are also complicated, you can't apply as an individual (Atieno)

Equally, participants mentioned of the bureaucratic loan application procedure and delay in loan disbursement a challenge to accessing women's enterprise funds. The funds' application forms can only be downloaded from the Governments website or physically collected from the County government offices. As these rural areas face an apparent lack of internet connectivity and infrastructural problems, they are effectively disadvantaged. In relation to this, Vuguza and Vivian shared their experiences:

In my opinion, the money the government is allocating to women here is too small, you can't even do substantial business with it, plus considering the long processes involved, you don't feel the effort put in when applying for it pays off. Also, the processing time for the loan is long, sometimes you can stay even 2 or 3 months still waiting to hear a response from the time you apply to the time you get it (Vuguza)

You can easily end up spending more than 3 days to just get the forms signed, from the time you take the forms from the county, go to your area Chief to have it signed, to the ward administrator and back to the trade office at the county, and it's not even guaranteed you'll get that money in the end (Vivian)

In addition, a majority of the women also spoke of high levels of corruption at the county government offices which affects the distribution and reach of the funds to the target beneficiaries. Therefore, they are available to only a few individuals within specific clusters in government and their allies, leaving out many uneducated rural women without 'networks' who remain marginalised. This is illustrated in Consolata's comments below,

That was my third time applying and still never got, I feel mine was left out because of 'mapendeleo' (favouritism and nepotism), they knew people I don't. Corruption is just so deep in these offices; they will always assign loans to their friends. (Consolata)

Further, the findings also suggested rural marginalisation as the reason for women's lack of information and awareness of the government's funds. Due to women living in remote rural areas mean such information does not reach them easily. Explaining this, Kula mentioned:

I have never heard of those government funds, it's you who's telling me there's money from the government for women. And if it's true it exists, those things don't reach us down here in the village. You see here where we live our geographical location is a bit interior from main centres, and especially if you're home-based you don't get to hear of many new things easily, or even when you do sometimes it's too late (Kula)

This finding shows that the funds advantage those who live in urban areas and its environs where information circulates more easily and quickly, and most women living in peripheral rural locations are disadvantaged. Additionally, by virtue of women's unlicensed establishments, they are required to pay a daily open-air marketplace tax to the County Government's revenue authority, which is costly in the long run. A majority of women expressed being harassed by 'Kanjo' (the city council officials), who confiscate their products when they fail to pay the daily tax due to lack of sales.

4. Discussion and Conclusion

In conclusion, this paper has presented and discussed the empirical findings on the different institutional constraints that lead to ineffectiveness of women's enterprise policy for *Jua Kali* women. The findings show that group-lending strategy requirement, bureaucracies in the fund application process and corruption within the funds administration, and rural marginalisation as the institutional and structural constraints hindrance to accessing enterprise funds. Although it is premature to draw implications from this Kenyan pilot study, the wider knowledge base does enable certain theoretical contributions and policy implications to be drawn. Regarding theoretical contributions, these findings extend the institutional theory and enterprise policy discourse (North, 1990; Scott, 2008; Smallbone, 2016; Ndemo, 2017) by highlighting the role policy as a formal institution which sets out the 'rules the game' for entrepreneurship shapes the environment in which entrepreneurship happens and has a great impact on entrepreneurial activity. The findings extend the enterprise policy debate by illustrating how the ineffectiveness of enterprise financing and taxation policies apply in the realm of informal sector.

Regarding policy implications, the findings address the lack of administrative competency and good governance in policy implementation that furthers rural women's marginalisation and their situatedness in the *Jua Kali* sector. Specifically, corruption loopholes at the county and city councils' levels must be closed and corrupt officials be held accountable through a functioning legal apparatus. The current four enterprise funds – WEF, Uwezo, NGAAF and Trade funds – offered by the government at the national and county level need to be consolidated into a large single fund with one application procedure to eliminate the various procedural, administrative, and structural constraints women face when accessing the funds. This will also enhance efficiency in loans disbursement and address corruption leakage issues which arise from the current multi-layered structure in fund's administration. Equally, government's lending strategy should be restructured to allow individual lending as opposed to the current group-only lending. To boot, the policy makers should take advantage of Kenya's devolved County-Government structure and Huduma Centres (one-stop-shop for government services) country-wide to make the funds accessible to women in all counties including peripheral marginalised rural areas, and to facilitate bringing the policy makers closer to the everyday life of *Jua Kali* entrepreneurs. This bottom-up approach would enlighten policy makers about women entrepreneurs' needs and therefore inform context-specific policies, as opposed to the current one-size-fit all policies. Otherwise, Kenya's Vision 2030 cannot be achieved if the full potential of more than half the population at the periphery is continually undermined.

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