EFFECTS OF TABLE BANKING ON PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN KIAMBU COUNTY

BY

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DECLARATION

This project is my original work and to the best of my knowledge has not been presented for examination or any academic award in any institution or university

Signature:_____   Date: _____

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D61/83863/2016

This research project has been presented for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this project to all the small and micro entrepreneurs in Kiambu County whom have inspired my research project and my family for the support during this period.

ACKNOWLEDGEMENT

I am most grateful to the Almighty God for His Protection throughout the period of the programme. I sincerely appreciate my Supervisor Dr. Duncan Elly who guided me throughout the entire project.

ABSTRACT

Considering critical role of financing, entrepreneurs have resolved to informal financing following the challenge of not being able to access credits from the formal financial institutions. Among the key reasons, why entrepreneurs are resolving to use informal financing option is financial independence. Most of the informal financing options are more convenient to the local women entrepreneurs as opposed to the formal financing options. This study assessed the effectiveness of table banking on the performance of Micro, small and medium enterprises in Kiambu County, Kenya. The study objectives sought to investigate the effect of table banking on the growth as well as the performance of MSMEs as well as explore the determinants of performance of MSMEs. A sample of 381 individuals from table financial gatherings was chosen utilizing basic arbitrary examining technique. Information was gathered utilizing an organized specialist regulated poll and examined utilizing SPSS programming applying illustrative and inferential procedures. Discoveries show that larger part of people running MSMEs in Kiambu County are matured 26 – 45 years and are genuinely knowledgeable. Business people are pushed to join groups practicing table banking to empower them spare, raise business capital, to stay away from restrictive prerequisites and methodology in formal monetary foundations and put something aside for their family's needs. Performance of MSMEs was found to be determined by social capital, access to capital and market linkages though by varied strengths. The study, therefore, recommends that the business people ought to oversee and run their social networks expertly to make them a wellspring of incredible help to their MSMEs as far as source of capital and business thoughts, entrepreneurs to have regular training on entrepreneurship, management skills and marketing, and that the government through relevant agencies and development partners should plan to fortify groups' practicing table banking life span through imperative approaches/policies and administrative/regulatory structures.

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LIST OF ABBREVIATIONS

ILO	International Labor Organization
KNBS	Kenya National Bureau of Statistics
MSMEs	Micro and Small Enterprises
MFI	Microfinance Institution
NBFI	Non-Bank Financial Institutions
NGO	Non-Governmental Organization
SACCOs	Saving and Credit Cooperatives
WEF	Women Enterprise Fund

CHAPTER ONE

INTRODUCTION

1.1 Background Information

Statistics indicate that, in Kenya, more than 95 percent of all business organizations fall under the category of MSMEs. A recent report that was published in the year 2017 by the KNBS (2017) in collaboration with the Institute of Economic Affairs showed that approximately 80% of the 800,000 jobs that are created every day were in the informal sector with the MSMEs dominating. The 'jua kali' sector, which falls under the MSMEs, was actually the leading in terms of creation of every day new jobs in the developing state like Kenya. These statistics are echoed by the Kenya Revenue Authority (KRA), which has always appreciated the role being played by the MSMEs that have been growing at a growth rate ranging between 12 to 14% per annum. According to Opiyo and Oboko (2019), the sector of MSMEs has actually been employing about 50% of new non-farm job seekers, a percentage that far much higher than any other sector in Kenya.

The capacity of business organizations to grab the investment opportunities optimally has fatefully depended on the level of fiscal challenges they face. Financial accessibility has been acknowledged as a common and vital factor hindering micro, small & medium businesses (MSMEs) from growing at the expected rate or rather expanding to their full potential (Casio, 2013). Although the government, as well as financial institutions, have been aware of this common challenge facing MSMEs in the country, they have failed to adequately address the matter (Masinde, 2013). The common characteristics of MSMEs including their small sizes, high possibility of becoming bankrupt, high flexibility in operation, easy change of properties/assets, and lack of clear information which exacerbate the challenge of distorted information are the main reasons creditors find it very risky to invest in them (Casio, 2013). It is for the same reason that the women-owned MSMEs are predisposed to challenges of undesirable choice as well as rationing of credit, particularly when it comes to the very young MSMEs that are yet to acquire reputation.

Statistics have it that MSMEs make a major contribution when it comes to state development (Opiyo and Oboko, 2019). In other terms, they contribute to state development in various ways including through the creation of job opportunities, growth of labor market, innovation, direct generation of revenue as well as through the provision of skills and training among others. A substantial percentage of the population is believed to depend on MSMEs for their livelihoods. Hall and Harvie (2003) ascertain that MSMEs play a fundamental role in social uplifting, creation of job opportunities, the building of an adaptable but rather flexible foundation for an economy that is internationally competitive. In the developed nations, MSMEs are equally important since they act as the main source of job opportunities and as a source of income to individuals, households and the nation as a whole. Considering the fundamental role played by the MSMEs both in developed and developing nations, therefore, they have been recognized globally, something that has made authorities across the globe focus more on them in the recent past (Schlogl, 2004).

1.1.1 Table Banking

The concept of table financing/banking is explained as community-based practice or activity characterized by accretion of savings that can be borrowed by group members (Casio, 2013). It is a form of a pecuniary support program that is adopted and practiced universally by persons from low-income backgrounds with the primary objective of generating funds internally by accumulating savings. The savings are accumulated to a level of creating a pool of financial resources from which the same members who are contributing can borrow money for their own development (Njuguna, 2015). According to Casio (2013), this program is entirely grounded on the trust established among members of the group guaranteeing one another. In most cases, borrowers are allowed to secure their loans even with household goods like electronics as well as utensils among others. The sum of funds borrowed, however, differs from one person to the other depending on other factors to be considered such as individual contributions and the need for borrowing (Njuguna, 2015; Wagoki, 2016).

Kumar (2009) explains table banking as a mutual but rather joint venture motivated by the drive to address the challenge of limited or lack of access to financial support by the low-income community bracket. In other terms, it can mean a "participatory action" approach tailored to

enhancing the desired empowerment outcomes. It arbitrates between the intention of the entrepreneur for accomplishment as well as the attainment of vital financial empowerment outcomes (Peterson, 2004). The process of "participatory action" is, therefore, enhanced as a result of shared information as well as knowledge acquisition, which enable individuals to work hard in order to gain skills that are necessary not only in promoting equity but also improving the quality of life (Kumar, 2009).

Among the notable benefits of table-banking to entrepreneurs especially women is that it empowers them to start new businesses, thus boosting the incomes of their households (Action Aid Kenya, 2016). Besides, the program enables women from low-income backgrounds to acquire fixed assets like a house or even land (The Guardian, 2014). In addition, it boosts the overall performance of MSMEs, particularly by establishing platforms that can be used by the government as well as other interested parties to easily train and offer capacity building services to people (Kariuki and Ngugi, 2014). Furthermore, there is the benefit of social capital which arises from a network of contacts established in the process of membership (Kuhn and Villeval, 2013). A membership power which is crucial in the implementation of public projects (Khakasa, 2015).

1.1.2 Performance of MSMEs

The financing of MSMEs is broadly classified into formal as well as informal financial institutions. Examples of recognized monetary organizations include all commercial banks, SACCOs, as well as Microfinance Institutions (MFIs). The informal financial institutions, on the other hand, include table-banking, merry-go-rounds, village savings and lending groups (VSLAs), community group associations as well as the family and friends groups. According to Sousa dos Santos (2015), the financing of MSMEs, especially in the developing world like most of the African countries is a critical issue that ought to be addressed.

Tillmar (2016) also supported the fact that lack or limited managerial skills as well as financial supports are the key challenges affecting the MSMEs hence the need for the government as well as financing facilities to hasten credit and soft loans accessibility by the MSMEs. These findings were also echoed by the study by the Central Bank of Kenya (CBK) in conjunction with World

Bank that identified MSMEs specific factors as well as micro-economic factors as the key challenges affecting the operation and performance of the MSMEs (Central Bank of Kenya & World Bank, 2015).

The fact that most studies done so far have identified lack or limited credit accessibility from financial facilities as the main challenge affecting MSMEs confirms beyond any reasonable doubt that financing plays a critical role as far as the start and performance of MSMEs are concerned. Worldbank.org. (2013) explains that financing of the MSMEs plays a key role of not only meeting immediate financial needs but also facilitating communication networking as well as training programs all of which are necessary for the performance of these enterprises.

1.1.3 Table Banking and Performance of MSMEs

Considering critical role of financing, entrepreneurs have resolved to informal financing following the challenge of not being able to access credits from the formal financial institutions (Baker, Kumar, and Rao, 2017). Among the key reasons, why entrepreneurs are resolving to use informal financing option is financial independence. Besides, there is the driver of convenience. Most of the informal financing options are more convenient to the local women entrepreneurs as opposed to the formal financing options. The aspect of lack of collateral requirements is yet another key driver or rather, the reason why entrepreneurs are resolving to use informal financing options to finance their MSMEs (Onyango, 2018). Unlike the formal financial institutions which are frustrating and not inclusive, informal financing options are inclusive and less frustrating hence another reason why entrepreneurs are finding them appropriate financing options (Akinyi, 2018; Obiria, 2015).

Sources show that most of the informal financing options lack strict bureaucratic procedures for obtaining credit or rather loans (Akinyi, 2018). The fact that they lack strict bureaucratic procedures when securing loans is yet another key driver in using informal financing options by women entrepreneurs. The peer pressure or rather influence from other women is yet another motivating factor behind the preference of informal financing options. In his study, Marois (2016) also found that cultural, as well as gender discriminatory factors inhibiting women from

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acquiring money from recognized financial facilities, are among the key drivers for women entrepreneurs preferring the use of informal financial options.

Literature sources have shown that entrepreneurs have been encountering more struggles in an attempt to secure saving accounts with formal financial institutions (Naituli, Wegulo and Kaimenyi, 2008). These struggles have been attributed to their lack of collateral, unfavorable regulations that are specifically related to women-owned enterprises, poor access to business credit, lower education levels as well as socio-cultural practices in society (Marois, 2016). All these have made women entrepreneurs to resolve to use informal financing options, especially the table banking option.

1.1.4 MSMEs in Kiambu County

From the definition given by the World Bank, MSMEs refers to businesses that are registered formally and have a yearly return of Kenya Shilling (Ksh.) between 8 and 100 million, the asset accumulation of approximately 4 million Ksh. and they employ between 5 and 150 individuals. Two criteria are used to define MSMEs (Kushnir, 2010). These consist of the number of personnel as well as the company's annual gross revenue. A report by the Central Bureau of Statistics (CBS) indicated that the rate of stagnation as well as failure of many businesses that are starting-up is significantly high with majority of them shutting down before their third birthday (Republic of Kenya, 2012). It was also the finding of this report that approximated 57% of MSMEs had stagnated with about 40% showing some growth. According to county government of Kiambu, there were about 267,450 MSMEs in the entire county by the year 2014 (Kiambu County, 2014).

Like in many other parts of the country, MSMEs in Kiambu are faced by a myriad of challenges including rivalry among themselves as well from big business organizations. There is also the challenge of lack or limited access to credits, insecurity, cheap imports, insecurity as well as debt collection. Considering these challenges, in Kiambu, MSMEs are using table banking as key approach of preventing stagnation as well as the failure of MSMEs. In table banking, various projects are being done ranging from generation of income to vocational training as well as empowerment (Craig and Drury, 2013).

1.2 Research Problem

Entrepreneurship has been recognized as effective and powerful way of empowering women especially in contemporary society (Chebet, 2016). According to World Bank (2011), entrepreneurship enables people to create momentous livelihood opportunities thus enhancing not only the socioeconomic wellbeing of their respective families but also that of the society as a whole. It has emerged as a powerful way of eradicating poverty and promoting the economic growth of developing countries like Kenya (Bruwer and Coetzee, 2016; Kasiso, 2017). The MSMEs are so vital since they not only serve as the source of income for their respective families but also contribute to the eradication of poverty as well as the creation of job opportunities, particularly for the local labor force. Such jobs for local labor forces are potential sources of revenue for the government.

MSMEs in Kenya are met with various problems that hinder their growth and performance (Mwobobia, 2016; Jelagat and Osodo, 2016). For instance, there is the key challenge of limited or lack of access to soft credits or rather credits from formal institutions such as banks considering the nature of MSMEs they venture into (Mdoe and Kinyanjui, 2018). There have been conflicting opinions on whether table banking could impact the characteristics as well as the magnitude of MSMEs growth (Ahlén, 2012). De Mel et al. (2009), for instance, argue that the lack or the limitation to access external pecuniary support and saving for business reasons ought to positively correlate with business investment. Brune, Gin´e, Goldberg and Yang (2011), on the other hand, explain that the mechanism of saving may be a critical factor that determines capacity of reinvesting. Aghion, Angeletos, Banerjee and Manova (2010) elaborate further that, for individuals in investment groups, the opportunity cost of scoffing investment funds as opposed to investing could mean the loss of monetary reserves and also the foregone interest on income.

Locally, Ngugi and Kariuki (2014) found that table financing has the impact of helping MSMEs, especially those owned by women to overcome the big challenge of lack of credit access from formal financial institutions. This is the case since the table banking enables owners of MSMEs to cheaply and easily access credits and loans without necessarily having to go to formal financial institutions. It also has the impact of enhancing groups investments even in the local

areas of the country since even the interests that are accumulated from the loan issued are shared among the members of the table banking groups as dividends by the end of the year (Onyango, 2018). In this regard, it is evident that a range of research has been done so far around the MSMEs. However, less research has been done to estimate the influence of table-banking on the performance of MSMEs hence need for more future studies.

1.3 Study Objectives

1.3.1 General Objective

This examination inspected the impact of table banking on the growth of smaller scale, little and medium ventures (MSMEs) in Kiambu, Kenya. The study included the following specific goals.

1.3.2 Specific Objectives

i. To examine the influence of table banking on growth as well as performance of MSMEs in Kiambu County.
ii. To explore the contributing factors of MSMEs performance in Kiambu County.

1.4 Significance of the Study

The results of this research were of significance, especially to the entrepreneurs because they were able to clarify the influence of table-banking on the growth and performance of MSMEs, particularly those that are owned by women. Besides, the results of this study enlightened the entrepreneurs about the suitability of table banking as one of the main financial options. The results of the study on effects of table banking have benefited not only the entrepreneurs but also different groups such as NGOs as well as community-based organizations that are economically empowering women not only in Kenya but also in other regions across the globe. More so, the results of this research were useful to the state corporations like the Micro and Small Enterprise Authority (MSEA) in developing policies and recommendations on financing MSMEs. Furthermore, the findings are used by the informal financial groups to formulate or adjust their governing policies.

CHAPTER TWO
REVIEW OF LITERATURE

2.1 Introduction

The study, under this section, consists of the theoretical information as well as an empirical review of related literature to the selected topic of research. The literature review was covered in terms of various subtopics. These include the conceptual explanation of MSMEs, theoretical perspective, determinants of performance of MSMEs in Kenya, a review of empirical studies.

2.2 The Theoretical framework

This research study was tied down on Trade-Off, Pecking Order as well as Resource-Based theories to provide the theoretical context to the research. According to Yulianto, Suseno, and Widiyanto (2016), these theories are known of providing insights into the financing of MSMEs.

2.2.1 The Pecking Order Theory

The mode of pecking order of corporate finance has been adopted as a suitable theoretical framework for this study. Being a corporate finance model, the pecking order illustrates that business organizations have a chain of capital preference that they rely on to finance their businesses (Simatupang, Purwanti, and Mardiati, 2019). The theory further illustrates that business organizations tend to display more interest on internal financing than they do for external financing as well as external financing debts over equity (Yulianto et al., 2016).

It is a focused theory that has been utilized widely to depict the financial behavior of business organizations, particularly the MSMEs. The theory has been characterized by two empirical implications. One of the empirical implications is that internal money ought to be the major source of finances for the MSMEs whereas the external money ought to be a more universal preference as opposed to the equity option which should be utilized after all the exhaustion of all other avenues.

From the pecking order point of view, it clear that MSMEs experience a pecuniary problem or rather gap that can be attributed to lack of funds as well as the high cost of acquisition. There is also the issue of knowledge gap as a result of limited knowledge of external financial

opportunities (Kasiso, 2017). The attributes of the business and the owner such the ownership structure, size, location of the business and sector as well as socio-demographic factors (Onyango, 2018). These factors are reported to have the impact of influencing the structure of the credit that is available to small enterprises.
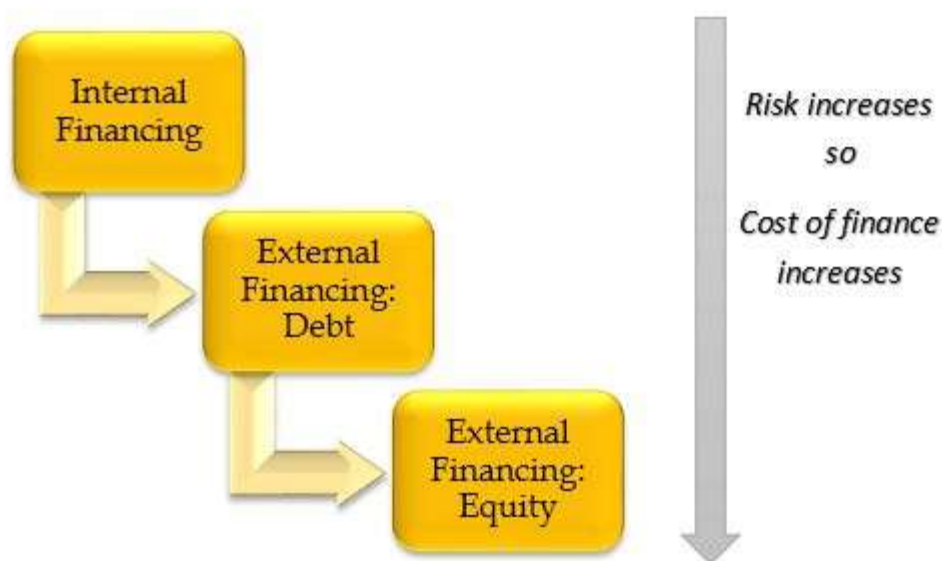
Figure 2.1: The Pecking Order Theory (Efinancemanagement.com, 2019)

From the theory of pecking order, there was more preference of internally sourced money than the external one since the latter are always keen to avoid the predicaments of asymmetric information according to Dagnelie and LeMay-Boucher, (2008). In addition, it is worth noting that, with this, preference of debt is significantly higher than the equity. Individuals holding firm debts enjoy less risk compared to the shareholders due to the fact that debts always have senior claim not only on assets but also the firm earnings (Brune, Gin´e et al, 2011). The volatility of the future value of debt, on the other hand, is lesser than the one for the future value of equity. What this means is that in case internal sources are lacking or limited and there is necessity for external funding, then, the enterprise might prefer issuing debt first since it is the safest and most secure option available. Hybrid securities like the preferred equity or even convertible bonds would be the second option and the equity as the last option (Brune, Gin´e, et al, 2011).

2.2.2 Trade-Off Theory

Borrowing from the description given about models similar to that of trade-off, the general idea is that the person managing can assess not only the benefits but also the alternative leverage costs plans. Compared to other theories, however, the trade-off seems to be different when it comes to recognizing the role played by time in the decisions of capital structure. Considering this difference, therefore, trade-off theory has two forms namely the dynamic trade-off as well as the stationary trade-off theory (Myers, 2001). The stationary trade-off is concerned with providing solution to problem arising from the optimal capital structure at a particular period. Its suggestion is that business organizations ought to have an optimal capital structure at all time. However, this might not be possible since firms have a tendency of planning for capital structure just one time ahead. With dynamic trade-off theory, the choice of optimum capital structure in the present time frame is entirely dependent on the most favorable capital structure that is expected in the coming period. The overall suggestion of the trade-off model is that an organization utilizes the debt to a level whereby the minimal value of the tax shields of extra debt is kind of counterbalance by the escalating level of current value of potential costs of economic suffering. In such scenario, enterprises prefer replacing equity for debt or even debt for equity till that point in time when there is maximization of market value of enterprises.

The model of dynamic capital structure choice which was developed with recapitalization costs, however, suggests the need to avoid any unrealistic rapid rebalancing prediction suggested by the earlier version of dynamic models (Fischer et al., 1989). It was also the implication of this later version that organizations have certain range of allowing variation of their debt which is not the optimal leverage ratio as suggested earlier. It is, therefore, the assertion of the later model that even the very insignificant recapitalization costs can be the reason for observable wide swings in leverage ratios of an enterprise. Considering the high cost of constant rebalancing, however, it is not necessary of an enterprise to respond to its capital structure in any way provide that the leverage has not reached upper or lower bounce. It is after the leverage has reached the bounce that the firm should now do the discrete rebalancing.

2.2.3 Resource-Based Theory

The model of resource-based illustrates that sustainable competitive advantage is created single resource but rather a combination of special resources at the inner circle of an organization (Hayton, 2005). The model illustrates that the persons owning businesses, build them using the capabilities as well as resources they posses. The broad definition of this 'resource,' as per this particular theory, is anything which can be perceived as either strength or weakness of an organization (Fletschner, 2008). Among the things addressed by this theory is also the fundamental issue of how a higher performance could be achieved in relation to other enterprises within the same market environment and in the same position in terms of accessibility or availability of resources. From the resource-based model, the implication is that the capabilities of individual firms are central in explaining the organizational performance. However, there are other critical factors that can determine organizational performance like the research (Maxfield, 2007). The model of resource-based affirms that it is through the combination of resources, managerial skills, hiring of skilled personnel, strategic planning, capital as well as the use of tacit knowledge that business organization as are able to attain sustainable competitive advantage (Hayton, 2005). There is, however, criticism that with the model, identification of various resources accounting to success of an individual firm is difficult. More so, the model is criticized for not differentiating factors of performance linked with resources of an enterprise from those that are associated with characteristics of the managing person. Otherwise, there is the need to examine characteristics of both the owner-manager as well as that of his/her resources separately whenever evaluating the performance of an enterprise (McAdam and Kelly, 2002).

2.3 Determinants of MSMEs Performance

2.3.1 Social Capital

Despite being recognized as an important tool for poverty reduction, microfinance continues to provide limited support to the persons owing and will to expand MSMEs. This is evident through inability for the MSMEs to access credit beyond their optimum loan bounds from financial facilities. They can seldom acquire a credit that is above the microcredit. Being left with no other option, these entrepreneurs are forced to take part in lending groups (Fletschner, 2008). Majority cannot accesses credit from microfinance facilities since they have no assets that they can provide as collateral. For the owners of MSME, collateral is reported to be essential factor that can enable one to access debt finance (Bougheas et al., 2005). Financing facilities use collateral to reduce the risk of issuing. According to Coco (2000), the collateral serves as a second line of defense to the lender.

2.3.2 Accessibility to Credit

Absence of credit access is generally demonstrated as important issue to MSMEs (Wanjohi and Mugure, 2008). Different money related difficulties that face MSMEs has been gathered into two general classifications: absence of substantial security combined with an improper legitimate and administrative structure that doesn't perceive imaginative techniques for loaning to micro-enterprises and constrained access to formal financing because of poor and lacking ability to convey monetary services to MSMEs (ROK, 2005). This influences innovation decision by constraining the quantity of options that must be put into consideration. Credit repressions work in arrangement of courses in Kenya where an undeveloped capital market powers specialists to depend upon self-financing or acquiring from pals and family members. Failure to acquire to long term credit for little businesses compels them to rely upon high cost credits. Distinctively, other budgetary troubles facing MSMEs consolidate remarkable interests on credit, high bank charges and costs. The circumstance found in Kenya particularly during the topping time 2008 attests the prerequisite for credit amongst the usual and low performing entrepreneurs. Then again, a few analysts have contended that MSMEs are under-promoted. Business visionaries in Africa will by and large depend without anyone else or family save assets and access capital remains a problem. A huge bit of them cannot meet their requirements on business boosts and the people who do, find such loans overpriced (Gray, Cooler and Lutabingwa, 1997). Okpara and

Wynn (2007) in their assessment on elements influencing development noted that cash related assistance is a noteworthy issue in directing and proceeding with a MSME in Nigeria.

2.3.3 Market Linkages

Sessional Paper 2 of 2005 recognizes access to business sectors and showcasing data as an extreme imperative to MSME advancement in Kenya. By and large, absolute premium is low, markets are doused in light of dumping and overproduction, and a great part of the time markets don't function admirably on account of shortage of information and enormous business expenses. Rivalry in certain items is out of line, with products from other regions finding their way into the nearby market short of installment of legal obligations. Numerous MSMEs are additionally poorly arranged to contend in changed markets. Most MSMEs are bound to limit nearby markets where exceptional challenge drives costs down, bringing about extremely low overall revenues. As a rule, the market systems that can manage these issues are either absent or feeble. Additionally, a little capital base and constrained innovative complexity bind MSMEs to items and administrations, which cannot contend adequately in a global and dynamic market due to value constraints.

2.3.4 Capacity Building

Various MSME owners or directors need managerial readiness and experience and generally develop their own one of a kind method to manage the board, through a system of experimentation. In this way, their organization style is most likely going to be more natural than insightful, progressively stressed over the ordinary exercises than long stretch issues and more canny than key (Hill, 1987). Regardless of the fact that the quality at the startup period of the endeavor gives skills required, it may display problems when complex choices must be made. A result of poor influential limit is that the business people are not very much organized to go up against changes in business and to plan legitimate modifications in enterprises (Yongo, 2011). An absence of the board preparing and experience has prompted the breakdown of numerous organizations. Bamback and Lawyer (1979) further recognized poor organization as the fundamental driver of various downfalls and horrendous performing of micro, small and medium businesses.

2.4 Empirical review

This section presents information from previous studies by various researchers. The information is organized and arranged from a global perspective, regional perspective and then to the local situation.

2.4.1 Global Studies

Watson and Wilson (2002) exactly tested the hierarchy model ramifications on a section of UK SMMEs. As the hierarchy envisages, Watson and Wilson (2002) found that, while extra financing is vital, SMMEs like to utilize held income over loans and that loan is favored over an issue of new offers to outcasts. The sample of factors in the regression models. Watson and Wilson (2002) practice is seen as steady with the hierarchy model expectations, especially in immovably held businesses, where issue of information bias and shared characteristic of premiums among manager and investors are generally clear.

In addition, Ramalho and Vidigal da Silva (2009) inspected if the determinants of capital structure are differed for MSMEs. On the example of Portuguese firms, they attempted if the parts, for instance, ensure, benefit, organization's age, advancement, firm size and liquidity, are significant for the capital structure decisions of the four size-based gatherings of firms and if the effect of these factors is practically identical in those social affairs. Their outcomes propose that there are a few contrasts amongst MSMEs in regards to the determinants of long haul obligation financing. In spite of the fact that the bearing of connections between the causes and effect is seen as the equivalent amid all groups of firms, there are critical contrasts in the sizes of the coefficients at times. Contrasts in the estimations of coefficients are huge when contrasting smaller scale with medium or enormous businesses and little to large firms.

Beck et al. (2006) looked into information of an examination, which was facilitated in eighty creating and as of now created nations, to see blocks to firm execution and improvement. Beck et al. (2006) locate that little firms report on a fundamental level higher financing obstructs than medium firms, and the two groupings of firms report higher financing boundaries than huge firms. The assessment by Beck et al. (2006) reports that the likelihood that a little firm rates

financing as a tremendous block is 38.7%, while it is 37.7% and 28.5% for a medium and enormous firm, respectively.

2.4.2 Regional Studies

In Sub-Saharan Africa, access to SMEs financing is especially significant since SMEs represent about (90%) all things considered and over (80%) of every new position that are made of new openings (Rambo, 2013). Poor administration of common assets, poor government incomes, budgetary imperatives, and absence of satisfactory approach on financing of SMEs have made it hard for SMEs to get to financing (Obura and Matuvo, 2011). In any case, some Sub-Saharan nations have started putting components set up to upgrade SMEs access to financing. For instance, in 2014, the Liberian government securitized moveable assets making it possible for farmers and other SMEs to use these movable assets to access financing. Less than a year after the launch of SME financing initiative, more than US$ 227 million was accessed by SMEs in Liberia (World Bank, 2015).

Masanjala and Tsoka (2007) discover little effect of FINCA Malawi on expectations for everyday comforts and use designs. Ssendi and Anderson (2009) likewise discover minimal long haul impact, as estimated by increments in family resources. Nonetheless, the two examinations utilize a substantially less strong procedure and make little endeavor to control for determination inclination. The two examinations show that important installment on term obligation is paid from net ranch pay thus are profoundly reliant on improvement of a stable expanding in levels of net homestead salary during a booked advance reimbursement period to meet extra term debt principal payments.

In their study, for instance, Mashenene and Rumanyika (2014) found out that lack of capital, as well as managerial skills, are the main challenges affecting the MSMEs in Tanzania. Therefore, this study recommended that the government and the financial institutions come up with the strategies of lending credits to the MSMEs as a way of reducing the financial challenges facing them considering their critical role not only in eradication of poverty but also the creation of job opportunities and boost on economic growth.

2.4.3 Local Studies

Kaijage and Elly (2014) conducted an examination on the decision among debt and value facing SMMEs by exploring the impact of different company qualities on the structure of capital of microfinance foundations accepting deposits as a unique group of SMMEs in Kenya. Using discretionary data from cash related reports of 7 out of 9 approved DTMs in Kenya for the period running from 2008 to 2012, the assessment used ordinary least squares (OLS) fixed - impact relapse models. The structure of capital was assessed by commitment esteem extent while company characteristics considered included: size of firm, liquidity, profitability and development, as well as substantial quality of advantages and instability of profits. The investigation uncovered that size and development decidedly impact, in a huge way, the structure of capital. Moreover, liquidity, benefit, as well as substantial quality of advantages contrarily affected the structure of capital.

Mwarari (2013) inspected the variables affecting posting of SMEs in the protections advertise as a wellspring of extension capital. The investigation inspected twenty respondents in Nairobi and utilized both auxiliary and essential information gathered utilizing poll to complete the examination. The investigation uncovered that entrance to data impact posting of SMEs in the NSE to most prominent degree and vouched for decrease of posting prerequisites like the base resources and commitments for SMEs, rebuilding of guidelines to make it moderate for SMEs and lessen the base speculation of Treasury Bills. Speculation has the value of cultivating individuals" and enterprises" improvement and endurance over the long haul.

A research study by Keter (2013) on business conduct of MSMEs showed that notwithstanding utilization of formal banking and other formal money related administrations, for example, M-PESA which has progressively essentially since 2006, speculation by MSMEs stays a significant test in Kenya. With table-banking MSMEs are able to get advances for startup and development of businesses. Plus, absence of speculation by individuals having a place with the lower quadrant of monetary stratification is a significant requirement to the nation's financial/economic development.

2.5 Conceptual Framework

The study focused on the influence of table-banking on performance of MSMEs in Kiambu County.

Independent variables   **Dependent variables**

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┌─────────────────────────┐
│  Factors driving Table- │
│        banking          │──────────┐
│  Mobilization of savings│          │      ┌──────────────────────────────┐
│     Credit access       │          │      │     MSMEs Performance          │
└─────────────────────────┘          └─────►│  Annual revenue                │
                                            │  Business value                │
                                            │  Gross profits                 │
                                            │  Assets                        │
                                            │  Liabilities                   │
                                            └──────────────────────────────┘
┌─────────────────────────┐
│     Determinants of     │          ┌──────────────────────────────┐
│  performance of MSMEs   │──────────┘│      Effects on Livelihoods    │
│    Market linkages      │           │  Family income                 │
│     Social capital      │           │  Adequate food for the family  │
│    Capacity building    │           │  Improving household nutrition │
└─────────────────────────┘           │  Taking care of medical needs  │
                                       │  Sending children to school    │
                                       │  Housing & household assets    │
                                       │  Domestic conflict/violence reduction │
                                       └──────────────────────────────┘
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Figure 2.2: The Conceptual framework

From the figure above, the study majorly focused on the effect of the four independent variable on performance of enterprises belonging to members of table-banking groups. The four independent variables are; credit access, linkages to markets, and capacity building and social capital for the enterprises.

2.6 Chapter Summary and the Knowledge Gap

The chapter has covered the analysis of information and materials that are substantial to the research topic. It has been made clear that access to financial credit and soft loans are necessary for the performance of MSMEs. In many developing countries such as Kenya, MSMEs have

been facing various challenges despite their critical role of eradication of poverty, job creation and contributing to economic growth. Among the key challenges, affecting this sector is the lack of credit and loan access from formal financial institutions. All the same, entrepreneurs have been able to overcome this challenge by shifting to informal financial options, particular table banking. To a large extent, table banking has positively impacted this sector. For instance, there is the benefit of enhancing mobilization of savings, facilitating managerial training and access to credit and loans among others.

Table 2.1: Summary of Literature Review

Author of study	Focus of Study	Methodology	Findings	Focus of current study
Watson & Wilson (2002)	Pecking order model		At the point when extra financing is essential, SMEs want to utilize held profit over obligation and that obligation is favored over an issue of new offers to outsiders.	How regularly do the individuals from Table financial gatherings acquire to back their organizations, getting limits, interests on loans
Beck et al. (2006)	How to distinguish deterrents to firm performance and growth		Little firms report essentially higher financing deterrents than medium firms, and the two groups of firms report higher financing obstacles than huge firms	Challenges/ barriers faced by table banking groups
Masanjala and Tsoka (2007	Minimal long term impact, as estimated by increments in family unit resources		Principal installment on term debt is paid from net homestead salary consequently are exceptionally reliant on upgrade of a stable expanding in levels of net ranch pay during a planned credit reimbursement period to meet extra term debt principal installments.	What is the overall influence of table-banking on the livelihoods of group members
Kaijage and Elly (2014)	Decision among debt and value that MSMEs face by researching the impact of different business qualities on the resources structure of deposit-	Secondary information from budgetary information of 7 of 9 authorized DTMs in Kenya between 2008 and 2012, the	Size and development emphatically impact, in a huge way, the capital structure	The number of employees in the business over a duration of time (to measure growth/expansion)

	taking microfinance establishments (DTMs)	examination applied ordinary least squares (OLS) fixed - impact relapse models		
Mwarari (2013)	Elements impacting posting of MSMEs in the securities markets as a wellspring of development capital	Twenty respondents in Nairobi and used both secondary and principal data collected by use of questionnaire method to perform the research	The investigation uncovered that entrance to data impact posting of SMEs in the NSE to most prominent degree and vouched for decrease of posting necessities like the base resources and commitments for SMEs	Measure of the performance i.e. profits, share capital
Keter (2013)	Investment behaviour of SMEs		Investments by SMEs stays a significant test in Kenya regardless of the utilization of formal banking and other recognized money related facilities	Source of financing of MSMEs

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section covers the methodology/methods employed in the research. It was covered in terms of various key subtopics that include the study design, population of the study, sampling design and techniques, methods of collecting information, pilot test, data synthesis/analysis and presentation as well as research ethics.

3.2 Research Design

This research study utilized a descriptive survey research design which is a form of qualitative design. The design permits the investigator to define a phenomenon of the population being studied and this makes it a suitable design for the present study because it allowed the research author to describe the phenomenon under the investigation, which is the impact of table banking. To address the study goal which was to investigate the influence of table-banking on MSMEs performance in Kiambu County, however, ex post facto design which does not allow for manipulating of variables were employed (Meyers et al., 2016).

3.3 Target Population

Scholars define the target populace as the group of people or objects on which the evaluation is set to concentrate on (Woods, Pollack, and Binson 2015). Considering the primary objective of this research study, therefore, the target population were all entrepreneurs in table banking groups that are also practicing table banking financing option in Kiambu County, Kenya.

In regard to the study, the target population constituted of registered SME's in Kiambu County, Kenya. The entire target population comprised of 2750 registered SME's (Kiambu County, 2014).

The population distribution is highlighted below;

Table 3.1: Target Population

MSME Sector	Number	Percentage
General merchants & kiosks	760	28%
Medium & small retails	628	23%
Agricultural producers & processor	480	17%
Transport business	436	16%
Hawkers & other informal traders	312	11%
Lodging hotels & restaurants	134	5%
Total	**2750**	**100%**

Source: Kiambu County, 2014

3.4 Sampling Procedures

Considering the research design employed included a combination of random and purposive sampling techniques were adopted. Purposive sampling has the advantage of helping the research to save on time and money while random sampling has the advantage of reducing bias hence the reason for selecting the combination of the two (Sharma, 2017). To calculate the actual sample size to be included in the study, Fisher's formula for determining sample size was employed (Rutterford, Taljaard, Dixon, Copas, and Eldridge, 2015).

$$n= \frac{Z^2.\rho.q.D}{d^2} = \frac{(1.96)^2 x(0.5)x(0.5).1}{0.05^2} = 384$$

Whereby:

n = Sample Size

Z = 1.96 for 95% assurance level

ρ = the degree of occasion of marvel of interest (which is 0.5 where the figure is dark)

q = The degree of non-occasion (which is 1-p =0.5)

D = Design sway (set at 1 for a homogenous masses)

d = Margin of vulnerability/error or level of significance (ordinarily set inside ± 0.05or 5%)

3.5 Methods of Data Collection

It is clear that this study involved the use of primary information that was gathered from a sample of entrepreneurs in table banking groups that are also practicing table banking financing option in Kiambu County, Kenya. With this understanding, therefore, the questionnaire was utilized for data collection or rather as the research instrument. In particular, a structured questionnaire which consisted of both closed and open-ended questions was used. The questionnaire had different sections to collect general socioeconomic, demographic information, the role of financing in MSMEs, perceived impact and suitability of table banking. The questionnaire was administered to the respondents by the researcher through the assistance of trained interviewers.

3.6 Pilot Test

In this study, the pilot test was done to check whether the research design is working well and to ascertain that all the questions included in the questionnaire have the ability to collect all the relevant data without restricting respondents. The pilot test was done on purposively selected sub-sample of women entrepreneurs that are also active members of table banking groups in Ruiru Constituency, Kiambu County.

3.7 Validity and Reliability of the Research

For the data collection tool was affirmed as valid, variables of the study had to be relevant to the identified research gaps (Nardi, 2018). With this prior knowledge, therefore, the research author will submit the structured open-ended questionnaire to the supervisor after the pilot test for further guidance and correction. After discussing the questionnaire with the supervisor, all the necessary editing have been done accordingly thus ensuring the validity.

Reliability of the research talks about to the extent to which the adopted data collection tool can provide similar results in a sequence of repeated trials (Leung, 2015). It can simply mean evaluating the internal consistency of the research instrument that had been adopted (Nardi, 2018). It is through a pilot test that the reliability of this study was assured. This is the case because during pilot testing the research was able to note possible errors and thereafter do the

editing accordingly thus making data collection tool employed reliable. The process was repeated severally to ensure the highest reliability possible.

3.8 Assumptions of Regression Model

Diagnostic tests in regression were used to assess the model suppositions and examine whether there are perceptions with a huge, undue effect on the analysis.

3.8.1 Normality Tests

The normality of the data had been checked by using the Skewness-Kurtosis (Jarque-Bera) test for typicality where the invalid speculation under this test is that the dispersion of the information isn't essentially not quite the same as that of an ordinary dissemination. In the event that the p-value is under 0.05, the invalid of normal distribution at the 5% level had been dismissed. In any case that factors are seen not as regularly disseminated, the transformation of information to common logarithms rather than outright qualities will be undertaken.

3.8.2 Multicollinearity

Multicollinearity had been tried in the examination utilizing relationship grid where the cut-off point for serious Multicollinearity is at 0.8 (Gujarati, 2003; Cooper and Schindler, 2008). Variance inflation factor was also be used to measure multicollinearity since it is more conclusive than Pearson correlation coefficients. The assumption for multicollinearity states that, at the point when the VIF esteem lies somewhere in the range of 1 and 10, at that point there is no multicollinearity. Multicollinearity prompts huge standard blunders that influence the exactness and precision results.

3.9 Data Analysis and Presentation

Analysis of data is an important research practice that entailed inspecting, inspecting, cleaning, transforming and modeling the gather data to identify the most relevant information that can inform not only the decision-making but also the conclusion about the phenomenon being studied. While data presentation is the process or practice of organizing the analyzed data into bar charts, tables, pie charts, histograms and graphs among others for purposes of informing both statistical and logical conclusions. In this research, the data gathered was inspected, cleaned and

coded and thereafter entered in the SPSS for examination. Clear insights and inferential measurements were utilized to examine the quantitative information. Descriptive statistics, in particular, involved measuring the relative frequencies, central tendency, frequency distribution tables, and variability whereas the inferential statistics included the linear regression. The examined information was presented by use of tables and diagrams.

Regression Model

Regression analysis was used to relate the determinants of performance of MSMEs measured using various independent variables (i.e. savings mobilization, access to loans/credit, market linkages and capacity building) and the reliant variable (MSMEs growth). The equation for the regression took the following form:

$$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4+\varepsilon$$

Y – Performance of MSMEs

X_1= Social Capital

X_2 = Access to credit

X_3 = Entrepreneurship development

X_4 = Pooled investments

β_0 = Intercept

β_1 =Coefficients for predication of Y

β_2 = Coefficients for predication of Y

β_3 = Coefficients for predication of Y

β_4 = Coefficients for predication of Y

ε - (Stochastic unsettling influence) is the mistake term clarifying the fluctuation because of different elements not represented

The investigation utilized Pearson correlation analysis to gauge whether there was a straight connection between table banking and execution of MSMEs. This connection coefficient decides the nature and hugeness of such relationship assuming any. Examination and fluctuation (ANOVA) and t-test were utilized to gauge the hugeness of the model and model's coefficients. These tests were two followed and tried at 95% noteworthiness level ($\alpha \leq .05$).

3.10 Ethical Considerations

Observing research ethics was important for every study, especially those involving human beings (Gearon and Parsons, 2019). It was by observing research ethics before, during and after the study that researchers, respondents, awarding bodies as well as the concerned bodies of authority are able to benefits optimally (Walliman, 2017). With this prior knowledge, therefore, various research ethics were considered during this research. Foremost, the researcher informed and sought permission from the university through the responsible department or authority. It is by so doing that the researcher was granted permission and introductory letter. In the field, the researcher handed over the introductory letter to the County Government of Kiambu through the concerned representatives. By so doing, the go-ahead was given after which the researcher then organize a meeting with the selected respondents. During this first meeting, the research author lead a session of introduction during which confidentiality was assured. It is by assuring confidentiality that the researcher was able to get honest responses from the participants.

CHAPTER FOUR

PRESENTATION OF STUDY FINDINGS

4.1. Introduction

This section demonstrates the outcomes of research study. The investigation was planned for surveying the impact of table depending on the exhibition of miniaturized scale, little and medium ventures in Kiambu County. The discoveries were sorted out as indicated by the goals. To begin with, the statistic data of respondents was exhibited trailed by table financial gathering qualities, and afterward the data reacting to every one of the particular goals.

Table 4.1: Reliability Test

	Item-Total Statistics			
	Scale Mean (if Deleted)	Scale Variance (if Deleted)	Total Correlation	Alpha value
MSME performance	10.45	2.184	.641	.652
Social capital	10.48	2.420	.488	.707
Access to credit	10.36	2.603	.494	.713
Capacity building	10.72	2.044	.423	.755
Market linkages	10.81	2.093	.587	.667

Source: Survey Data, 2019

This result shows that all the variables were reliable to estimate the model and acceptable for the analysis.

4.2.   Response Rate

A sample of 384 entrepreneurs practicing table banking was selected of which 381 responded, giving a response percentage of 99%. Such a response rate is more than sufficient to give imperative data to the goals of the investigation.

4.3. Respondents' Demographic Information

4.3.1.   Age of Respondents

Figure 4.1 below illustrates the respondents' distribution by their age.

Figure 4.1: Age of respondents
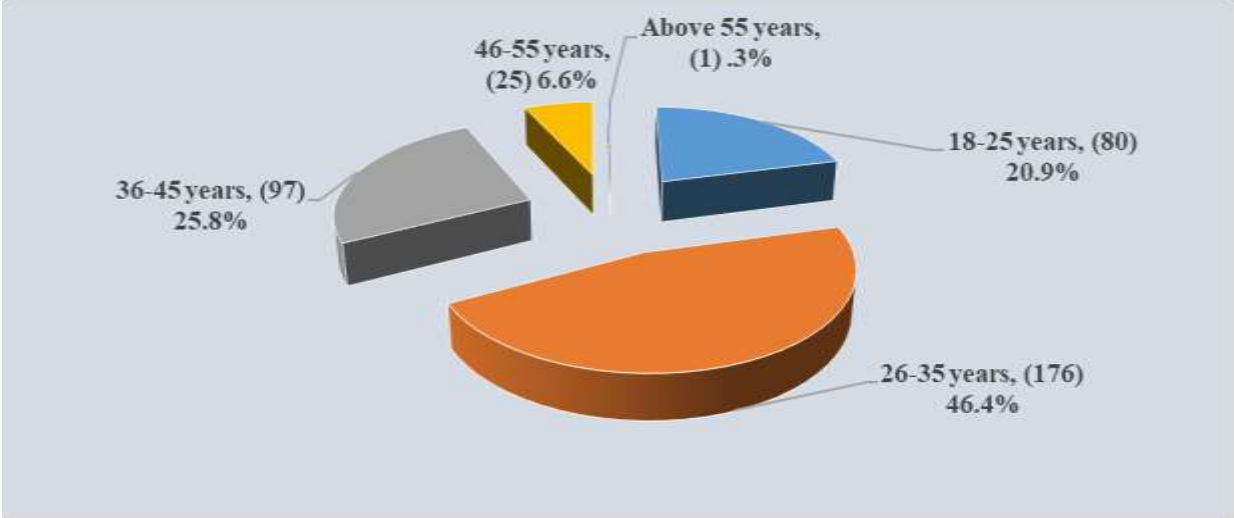
Source: Survey Data, 2019

Practically half (46.4%) of the respondents were somewhere in the range of 26 and 35 years of age, 25.8% were matured somewhere in the range of 36 to 45 years whereas just a single participant (0.3%) was over 55 years of age. In aggregate the main part of study participants (71%) were of middle age ranging from 26 to 45 years old which focuses to the way most entrepreneurs have a place with that age bracket.

4.3.2. Level of Education

The figure below displays the respondents' education level.

Figure 4.2: Level of education

Highest level of education

No education, 3.4%

Tertiary, 26%

Primary, 19.7%

Secondary, 50.9%
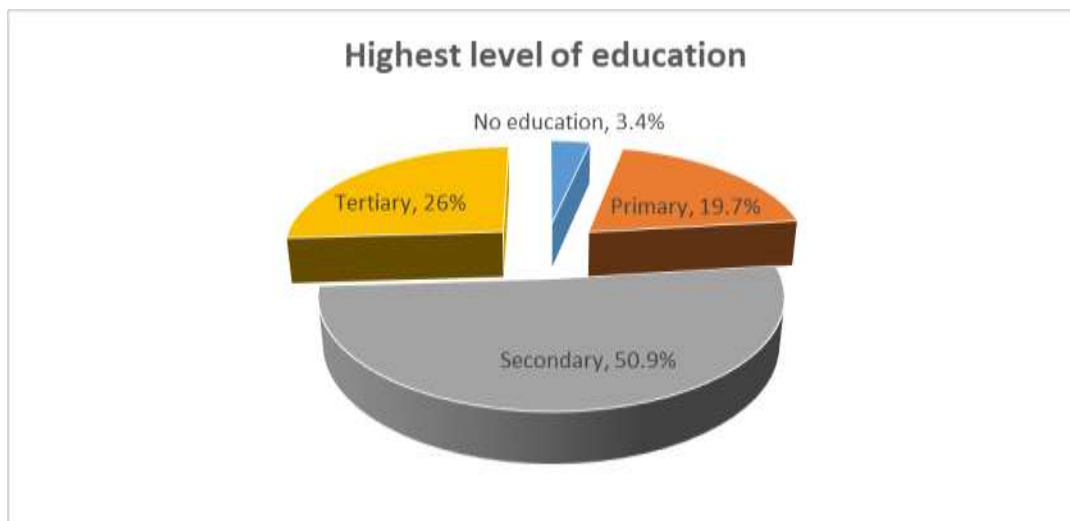
Source: Survey data, 2019.

Majority of the study participants demonstrated having accomplished the basic schooling levels while just 3.3% reported no training at all by any stretch of the imagination. This implies the vast proportion of the participants were learned and comprehended the inquiries posed in this examination.

4.3.3. Goods and Services traded by the businesses

Goods and service offered by micro, small and medium enterprises include green groceries, vending vegetables, fruits and other food stuffs, baking, hawking, boutiques selling recycled garments and trimmings, fine arts, selling oats, charcoal, beautifiers and sweet shops. Different respondents worked in retail kiosks (stands), digital bistros, barber shops/salons and organizations for money related administrations, for example, M-pesa.

4.3.4. Sources of Incomes

Figure 4.3 below presents questions on whether the respondents had different wellsprings of salary other than their businesses, the proportions of incomes provided by the businesses and whether they are the main providers for their family units.

Figure 4.3: Whether respondents have another source of income besides their business
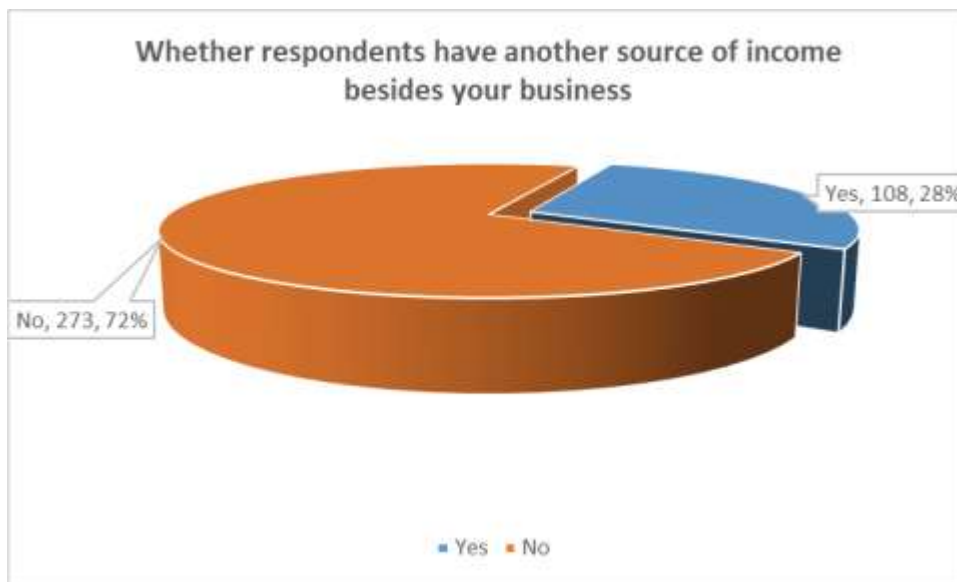
Source: Survey Data, 2019.

Greater part (72%) revealed that they had no different wellsprings of salary as they painfully depended on their organizations for business as appeared by Figure 4.3 Only somewhat in excess of a quarter (28%) of the respondents detailed that they also depended on incomes from other sources.

Table 4.2: Contribution of enterprise to household income

	N	Mean	Std. Deviation
Level of contribution	108	2.56	0.777

	Frequency	Percent
Gives immaterial piece of the all-out pay (under 25%)	6	5.6
Gives less than 50% of the absolute pay (around 25 – 40%)	48	44.4
Gives about a portion of the all-out salary (45 – 55%)	41	38
Gives the greater part of absolute pay (around 60 – 80%)	13	12

Source: Survey Data, 2019

Amongst 29.6% of the respondent who had different income sources, 44.4% detailed that their present businesses contributes under half (<50%) of the total salary (around 25 – 40%), whereas 38.0 percent demonstrated that the organizations give about a portion of the absolute pay (45 – 55%), while a little extent of the study respondents (5.6%) educated that their organizations give an insignificant portion of the total incomes (under 25%) of the total family earnings. Besides, about portion of the respondents detailed that they are the principle providers for their families.

The respondents were further asked the period where they had been individuals from the table-banking groups whose input is displayed by Figure 4.4. It was seen that, practically 50% of the respondents had been in the table-banking groups for between 2 to 5 years; 33% were in the groups for at least half an year to 2 years whilst only just 5.1% had joined the groups under a half year from the time of this investigation.

Figure 4.4: Duration of group membership
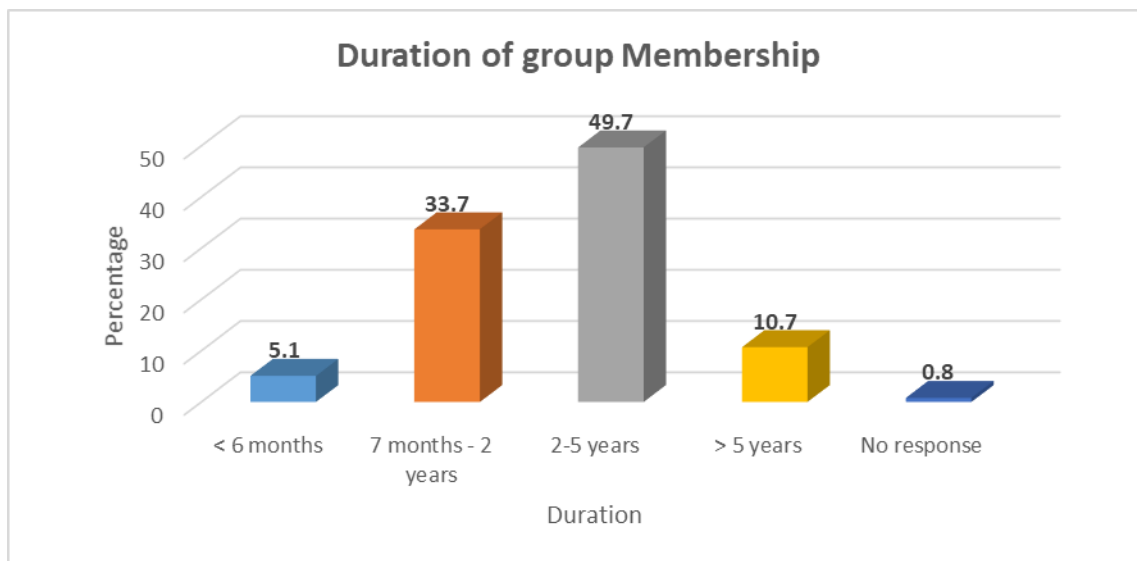
Source: Survey Data, 2019

Table 4.3: Group Characteristics

	n	Average	Std. Deviation
Whether the group has a bank account?	378	1.14	0.350
Whether respondent ever got loan from the group?	379	1.31	0.463

Source: Survey Data, 2019.

Larger part of the respondents revealed that the groups they have a place with had a business ledger (with a mean score of 1.14 where 1= yes and 2=no). Besides, the greater part of the respondents answered to have ever gotten to credits from their table financial gatherings with a mean score of 1.31 (where; 1= yes and 2=no).

Figure 4.5: Frequency of Holding Meetings
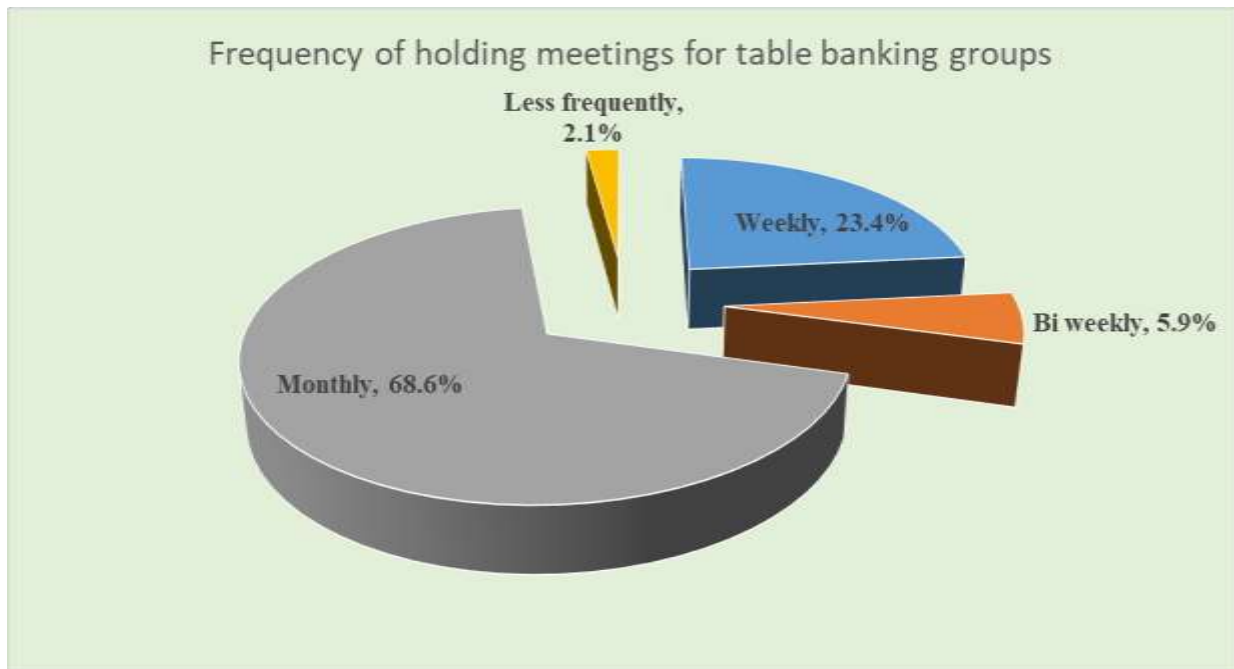
Source: Survey Data, 2019

The vast majority of the study participants (68.6%) revealed that the table-banking groups they belong to meet once a month while just a small section of the groups (2.1%) met not as much regularly (less frequently) as appeared in Figure 4.5.

Figure 4.6: Records Kept by Groups practicing Table Banking
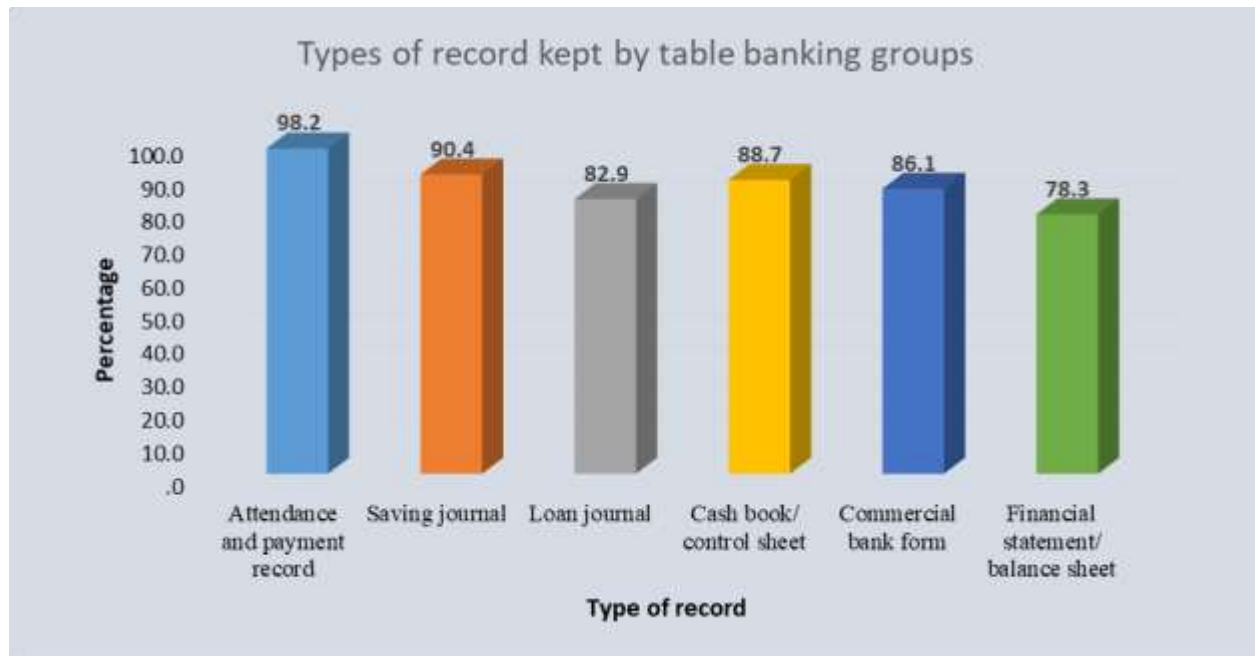
Source: Survey Data, 2019

Dominant part of the table financial gatherings kept different records for their exercises and tasks as appeared in Figure 4.6.

4.4. Determinants of MSMEs Performance

The performance of MSMEs is dictated by different factors, for example, credit access, showcase linkages, social capital as well as skills enhancement. The factors were estimated utilizing a likert size of 1-3 where 1= disagree, 2= nonpartisan and 3= agree). The outcomes were introduced utilizing proportions of focal inclination (mean) and measure of dispersion (standard deviation).

In terms of social capital, the factors explored include the formation of new friendships, enhancement of current friendships, friendly co-guarantorship and assistance in solving conflicts. The results revealed that most of the respondents reported that as a result of joining table banking groups, they formed new friendships (M=2.58, SD=0.655), enhanced current friendships (M=2.56, SD=0.665), and that it was easy for members to guarantee others in a friendly manner (M=2.74, SD=0.619). This enhanced their ability to acquire loans for businesses. Membership to

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table banking groups had also helped the respondents in resolving conflicts (M=2.37, SD=0.831) and this encouraged harmonious living among neighborhoods.

Similarly, membership to table banking group had made it easy to access saving platforms (M=2.86, SD=0.466)) and this in-turn enhanced access to credit. Moreover, respondents reported that they were not required to have collateral when taking loans (M=2.65, SD=0.675), that accessing loans for investments became easy (M=2.85, SD=0.398), and that members were able to acquire loans with very low interest rates (M=2.82, SD=0.448).

Table 4.4: Determinants of MSMEs Performance

		N	Mean	Std. Deviation
Social capital	The idea of guaranteeing each other is well disposed	377	2.74	0.619
	I have shaped new friendships	381	2.58	0.655
	I have upgraded current friendships	380	2.56	0.665
	Assistance in resolving conflicts	369	2.37	0.831
Access to credit	Low interest rates on borrowing	378	2.82	0.448
	Ease of accessing savings	377	2.86	0.466
	Simplicity of getting to investment funds	378	2.85	0.398
	No collateral required when I need to take a loan	378	2.65	0.675
Capacity building	Availability of business advice from group members	374	2.60	0.714
	Availability of information about new technology, products	372	2.41	0.804
	Access to training opportunities	378	2.16	0.902
	Availability of training opportunities on business management	375	2.12	0.905
Market linkages	Ability to expand my business	374	2.86	0.415
	Ability to move enterprise to a more reachable location	372	2.08	0.871
	Been able to negotiate for better prices with suppliers	375	1.95	0.904

Source: Survey Data, 2019

In addition, a large proportion of respondents reported that their capacities had been built and that they were more enlightened and skilled to run their businesses. In this regard, most of the respondents reported that they were able to get training opportunities from the group especially on issues like entrepreneurship training (M=2.16, SD=0.902), get training opportunities on business management (M=2.12, SD=0.905), ability to acquire business advice and information from group members (M=2.60, SD=0.714) and ability to get information about emerging technology and products (M=2.41, SD=0.804).

In terms of market linkages, a sizeable proportion of respondents reported that negotiating for better prices for commodities with suppliers was enhanced (M=1.95, SD=0.904), some were able to move their businesses to more accessible locations (M=2.08, SD=0.871) and as a result, majority were able to grow and expand their businesses (M=2.86, SD=0.415).

Table 4.5: The Criteria used for accessing credit

	N	Mean	Std. Deviation
Character (strength – great record of paying bills)	375	2.88	0.415
Capacity (ability to acquire loan)	376	2.86	0.450
Conditions (principal amount, duration of loan and interest rate)	374	2.37	0.815
Capital (the value of business assets minus liabilities by the member)	375	2.28	0.798
Collateral (Availability of items that can be used to pay the loan in event of nonpayment)	374	2.22	0.800

Source: Survey data, 2019

The majority of the table-banking groups used the 5 Cs procedures when determining eligibility of their individual members for loans/advances. Practically the entirety of the groups consistently organized assessing the character of individual individuals taking a gander at their records of taking care of tabs (M=2.88, SD=0.415) just as their capacity to procure advance (M=2.86, SD=0.450) before giving out the credits. Also, the greater part (of the gatherings constantly considered terms and states of the advance, for example, financing cost and measure of head, while a few gatherings further thought about the total assets of the credit candidate (the estimation of advantages less liabilities), and others generally had at the top of the priority list the collateral displayed for the advance/loan which incorporate resources, for example, family unit assets which can reimburse the loan in the event of default as appeared in Table 4.5.

4.5. The Impact of Table Banking on Performance of MSMEs

The study target one was geared to examine the influence of table-banking on the performance of MSMEs in Kenya. The impacts of table banking were surveyed utilizing variations in performance and achievements of the ventures upon enrollment to table-banking groups. Table 4.6 gives information on performance.

Table 4.6: Micro, Small and Medium Enterprises (MSMEs) Performance

		Mean	N	Std. Deviation
Pair 1	Monthly turnover in KES after joining table banking group	27845.27	243	17616.784
	Monthly turnover in KES before joining table banking group	17508.23	243	16067.328
Pair 2	Worth of stock in KES after joining table banking group	84550.00	300	204276.268
	Worth of stock in KES before joining table banking group	45164.83	300	88207.349
Pair 3	No. of workers subsequent to joining table banking group	1.36	277	1.827
	No. of workers before joining table-banking group	0.52	277	1.075
Pair 4	Total weekly profits subsequent joining table-banking group	10021.23	292	14983.951
	Total weekly profits before joining table-banking group	5061.23	292	6131.362
Pair 5	Value of business assets subsequent to joining table-banking group	490480.77	104	1555006.796
	Value of business assets before joining table-banking group	310831.73	104	945742.803
Pair 6	Value of Liabilities subsequent to joining table-banking group	9566.09	115	20090.938
	Value of Liabilities before joining table-banking group	12408.70	115	15417.520

Source: Survey Data, 2019.

The average monthly turnover of sales for the businesses before the owners joined table-banking was Kshs 17,508 (SD = 16,067.328) whereas the average turnover of sales after they had joined the groups was Kshs 27,845 (SD = 17,616.784), resulting to an increase in sales turnover by Kshs 10,337. In addition, the value of stock grew from Kshs 45, 164 (SD=88207.349) before becoming members of table-banking group to Kshs 84,550 (SD=204276.268) after joining table banking and realizing a 39,386 growth.

So also, the number of workers in these business ventures increased from an average of one worker before becoming members of the groups to two workers after the business owners enrolled to table-banking. On a similar note, net week by week benefits multiplied from a normal of 5, 061 (SD = 6131.362) before joining table banking to Kshs10, 021 (SD = 14, 983.951) after they joined. Furthermore, the estimation of advantages possessed by respondents before joining table financial gatherings was Kshs 310, 831 (SD = 945,742.803) contrasted with the estimation of benefits in the wake of joining the gatherings that was recorded at Kshs 490, 480 (SD = 1,555,006.796). This suggests respondents had procured more resources in the wake of sparing with table-banking groups. Then again, the estimation of liabilities diminished from Kshs12,408 (SD = 15,417.520) before joining table banking to Kshs9,566 (SD = 20,090.938) subsequent to joining the groups as in Table 4.6.

Table 4.7: Paired Samples t-test Table

		Paired Differences			95% Confidence Interval of the Difference				Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df.	
Pair 1	Sales turnover subsequent to enrolling to table-banking - Sales turnover before enrolling to table-banking	10337.037	9927.366	636.841	9082.578	11591.496	16.232	242	0.000
Pair 2	Value of stock in KES subsequent to joining table-banking - Value of stock in KES before joining table-banking	39385.167	120218.122	6940.796	25726.17	53044.166	5.674	299	0.000
Pair 3	No. of workers subsequent to enrolling to table-banking group – No. of workers before enrolling to table-banking	0.838	0.981	0.059	0.721	0.954	14.207	276	0.000
Pair 4	Total weekly profits subsequent to enrolling to table-banking – Total weekly profits before enrolling to table-banking	4960.000	9463.632	553.817	3870.005	6049.995	8.956	291	0.000
Pair 5	Value of assets subsequent to enrolling to table-banking– Value of assets before enrolling to table-banking	179649.038	644348.037	63183.523	54339.422	304958.655	2.843	103	0.005
Pair 6	Value of liabilities subsequent to enrolling to table-banking– Value of liabilities before enrolling to table-banking	-2842.609	12747.281	1188.690	-5197.395	-487.823	-2.391	114	0.018

Source: Survey Data, 2019.

As prove on Table 4.7 above, there was a measurably huge distinction between the month to month deals gross revenue growth when enrolling to table-banking at 95% degree of precision. This displays a huge increment in the sales turnover by Kshs 10, 337 (t (242) = 16.23, p = 0.001). The estimation of stock likewise fundamentally expanded by Kshs39, 385(t (299) = 5.674, p = 0.001). Also, the quantity of workers grew by one employee demonstrating that table-banking groups have contributed immensely to business growth (p = 0.001). Net week after week benefits additionally had a positive variation as they altogether improved by Kshs 4, 960 because of inclusion in table-banking. This suggests business people have had expanded wellsprings of capital for their organizations that prompted better exhibitions. The estimation of benefits expanded by Kshs179, 649 subsequent to becoming members of table-banking groups. This backings a prior finding by the respondents that the greater part of them had expanded their venture capacities as far back as joining table financial gatherings. Then again, the estimation of liabilities diminished by Kshs 2, 843 despite the advances owed to the table-banking groups.

Table 4.8: Performance of MSMEs due to Table-Banking loans

	Mean difference for enterprises that acquired loans (KSH)	**T-value**	**d.f.**	**Significance Pr(T > t)**
Value of stock	39385.16	14.207**	299	0.000
Number of workers	0.838	8.956**	276	0.000
Value of profit	4960.000	2.843**	291	0.000
Assets value	179649.038	-2.391**	103	0.005
Liabilities value	-2842.609	14.207**	114	0.018

Source: Survey data, 2019.

** signifies statistically significant t-statistic at 1% level of significance.

Overall, entrepreneurs who had acquired credits from individual table-banking groups revealed witnessing an expansion in stock, net profits, resources and liabilities contrasted with organizations that never obtained.

Table 4.9 presents an assessment of Pearson relationship coefficient cross section between length of action of table-banking bunches similarly as respondent range of investment to table-banking gatherings and their business execution markers. The Pearson relationship is a parametric extent of alliance which ranges from - 1 to 1 with values progressively like 1 indicating strong association while those tending zero showing feeble connection between the variables of interest.

Table 4.9: Pearson correlation values

Variable	Stock value	No. of employees	Value of gross profit	Assets value	Liabilities value
Length of group operations	0.4537**	0.0872	0.4183**	-0.0741	0.2945**
Period of involvement in table banking groups	0.2784**	0.2371**	0.2713**	-0.0719	0.1134

Source: Survey Data, 2019.

** denotes statistically significant t-statistic at 1% level of significance

Findings demonstrate a positive measurably relationship (or solid relationship) between term of enrollment in table banking and stock worth, estimation of advantages and liabilities. This is to state, stock worth, resources and liabilities were probably going to be higher among individuals from more established table financial gatherings and the other way around. Also the period within which study participants had been individuals from groups practicing table banking had a huge positive relationship with estimation of stock, number of workers and estimation of gross benefit. This implies, business owners who had enrolled in groups practicing table banking for longer spans have undertakings with greater stock worth, a greater number of employees and higher gross benefits an incentive than the individuals who simply joined table banking.

4.6. Model Estimation
Table 4.10: Correlation

Correlations

	Social capital	Credit access	Skills building	Market linkages
MSME performance	0.507**	0.811**	0.256**	0.434**

**. Correlation is significant at the 0.01 level (2-tailed).
Source: Survey data, 2019.

From the findings, there was a positive association between the performance of MSMEs in Kiambu County. For example, social capital exhibited a positive correlation measured against performance of MSMEs (r=0.507, p<0.01). Access to credit, on the other hand, had a more strong correlation with performance of MSMEs with r=0.811. On the other hand, market linkages showed a moderate positive correlation with performance while capacity building had somewhat weaker correlation.

4.6.1. Model Fit

The model fit refers to how well the model explains the variations in the dependent variable (Gujarati, 2012). It evaluates whether the model is good, reliable and valid to be used for prediction. In this study, the R squared, Standard error of estimate (S.E.) and the F-test statistic were used respectively to evaluate the goodness, reliability and validity of the various models.

Table 4.11: Goodness of Fit Model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868[a]	.753	.751	.241
a. Variables: (Constant), Market linkages, Social capital , Access to credit, Capacity building				

Source: Survey data, 2019

Coefficient of Determination reveals how much the alteration in the reliant variable can be explained by the change in the autonomous factors or the degree of assortment in the non-autonomous variable that is elucidated by all the independent components. The coefficient for the most part lies somewhere in the range of 0 and 1 whereby 0 demonstrates a total absence of fit while 1 shows an ideal fit. Along these lines the closer it is to 1 the better the fit. A R-square estimation of 0.753 was built up and changed in accordance with 0.751. The balanced R squared is a superior measure for this situation since it is utilized to make correlation of a relapse model that has a similar ward variable yet extraordinary number of autonomous factors. This implies the autonomous factors could clarify 75.1% of the MSMEs execution while just 24.9% of MSMEs execution can be clarified by factors not considered in this examination.

ANOVA TABLEᵃ

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	65.957	4	16.489	284.078	.000ᵇ
Residual	21.593	372	.058		
Total	87.549	376			

a. Dependent Variable: MSME performance
b. Predictors: (Constant), Market linkages, Social capital , Access to credit, Capacity building

The ANOVA was utilized to check the general significance of the relapse/regression model. The invalid speculation for this test is that the free factors don't have logical power $(\beta1=\beta2=\beta3=\beta4=\beta5=0)$. The p-Value of 0.001 infers that the R squared is essentially more prominent than zero in this way our indicators can represent a lot of fluctuation in execution of Micro, little and medium undertakings. With a noteworthy p-esteem, we dismiss the invalid speculation and embrace the elective theory and reason that the indicators have informative power. Along these lines, the relapse model is critical (F $(4,376)$ = 284.078, p<0.001; R2 = 0.753).

4.6.2. Coefficients of Regression model

Coefficientsᵃ

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1 (Constant)	-.862	.110		-7.862	.000
Social capital	.290	.030	.277	9.739	.000
Access to credit	.919	.037	.707	25.103	.000
Capacity building	.032	.022	.044	1.444	.150
Market linkages	.057	.028	.065	2.023	.044

a. Dependent Variable: MSME performance

MSME performance = -0. 862 + 0. 290 SC + 0. 919 AC + 0.057ML
Where;
MSME performance – performance of MSMEs
SC –Social Capital
AC – Access to Credit
ML–Market Linkages

The results of linear regression discovered that all the independent variables had effects on MSMEs performance in Kiambu County. In this regard, Social capital and access to credit exhibited a significant effect on performance while capacity building and market linkages had marginal effects that are not significant.

4.7. Interpretation of results

From the regression analysis, three out of the four independent factors showed a noteworthy association with the dependent variable (performance). In such manner, social capital was seen as decidedly related where a unit increment in social capital would prompt a huge increment in performance of MSMEs by 0.29 focuses different elements kept consistent.

Likewise, a unit increment in access to credit by the business people would essentially build performance by 0.919 units every single other factor kept consistent. This was additionally comparable with advertise linkages where a unit increment in linkages to business sectors would essentially prompt an expansion in MSMEs performance by 0.57 units, different elements kept consistent.

The way that the free factors (social capital, access to acknowledge, showcase linkages just as limit building) could clarify 75.1% of the MSMEs performance, shows that exhibition is profoundly dictated by the factors considered.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

This section covers a discourse of discoveries of the examination composed by study goals. For each objective, key findings are presented and analyzed against conclusions of preceding studies in the same scope of research. Implications are drawn in terms of what comparative findings can mean for table banking financing of MSMEs in Kenya.

5.2. Discussion of Findings

It develops that exhibition of smaller scale, little and medium enterprises relies upon numerous variables. For example, Kiraka, Kobia and Katwalo (2012) confirmed that money related mediations by the state is helpful to exhibition of micro, small and medium businesses restrictive on bunch properties and activities of the intercession. Different determinants of business performance incorporate access to singular qualities, feasible markets, business the board abilities, nearness or nonappearance of assets redirection.

Based on the statistically significant paired t-tests, it is obvious that table-banking enhances performance of MSMEs however the degree of impact shifts by singular qualities of the entrepreneur and gathering properties. For example there was sure relationship between the adjustment in estimation of stock and span of activity such organizations possessed by ladies individuals from more seasoned table financial gatherings had higher increments in estimation of stock after gathering participation and the other way around ($r= 0.4527$, $p<0.01$). This result authenticates Koech and Namusonge (2015) who found that, singular traits of the business people, for example, inspiration and objectives, informal organizations and the executives' styles of management have an impact on the business growth of the MSMEs in Kenya. Haxhiu (2015) vouched for government strategy to help miniaturized scale, little and medium ventures to improve their business performance. Whereas policymakers in Kenya have tried to mainstream for gender orientation in industrial development by starting Access to Government Procurement Opportunities (AGPO), a strategy prerequisite to hold 30 percent of government acquirement to women, youth and people with disabilities, a hole lies in usage. It is questionable that if Kenya

somehow happened to guarantee that all acquisition by services, parastatals and government operators are liable to AGPO, ladies and youth possessed smaller scale and little ventures can develop floated on the capacity to get to back from table financial gatherings or even from formal budgetary endeavors as a gathering.

The exact outcomes showed existence of a solid positive correlation between social capital and MSMEs performance in Kiambu County. This implies the attachment and incorporation among bunch individuals enables the group to develop as far as benefits, piece of the pie and resources. This might be a result of the way that the ladies can impart to each other during the gathering gatherings and talk about on methods for improving their organizations. Additionally, when one has a request to supply items she doesn't have, she can get in touch with one of different individuals to supply the items. The examination additionally saw that length of participation in table banking and span of activity of groups practicing table banking affect performance of businesses (as far as stock worth, estimation of properties and liabilities) so extended terms of group activity and enrollment partner with better business execution.

Besides, there was additionally a solid positive association between credit access and execution of MSMEs in Kiambu County. This shows undertakings are a lot of reliant on advances as a wellspring of capital. Participation of table banking has improved access to modest credit and this has advanced development of MSMEs in the County. Disappointment of the gatherings to request pledges additionally implied that the credits were reasonable to all individuals. Further, the idea of co-guarantorship by bunch individuals upgraded access to credit consequently advancing development. Most of the respondents showed that preparation helped them in improving the presentation of their business all things considered. The way that greater part of the MSMEs proprietors had not been prepared on enterprise; they needed skill in deals and promoting, business arranging, money related administration and responsibility. This is probably going to clarify the horrible showing of the ladies claimed MSMEs in the profoundly focused area with high inundation of new contestants. Preparing and advancement technique helped in improving the exhibition of MSMEs all things considered.

5.3. Conclusion

Business people are required to join table-banking groups in order to empower them spare, increase business capital, to maintain a strategic distance from restrictive necessities and systems in formal money related organizations and put something aside for their different needs. The groups are gainful particularly for empowering simplicity of getting to investment funds and acknowledges, ease with which business visionaries can grow their organizations and further advance the idea of promising each other in a benevolent. Table banking groups have helped business people to get to moderate credit coupled by low loan fees on getting in addition to no requirement for insurance. These gatherings are restricted by absence of preparing openings, bunch struggle and trouble/trust among individuals just as awful obligations. It additionally developed that presentation of these undertakings relies upon numerous variables one of which is financing. Moreover, table-banking improves MSMEs performance however the degree of impact fluctuates by singular properties of the entrepreneur and group qualities. In addition, span of participation to table banking and length of activity of table financial gatherings affect execution of miniaturized scale, little and medium undertakings (as far as stock worth, estimation of advantages and liabilities) so longer terms of gathering activity and enrollment partner with better business execution.

In this manner, table banking group is an inventive model of financing miniaturized scale, little and medium undertakings in Kenya since it offers moderate and adaptable intends to reserve funds and credits hence empowering ladies to grow their independent companies. Whenever advanced, this idea can give earnings to proprietors, representatives accordingly improving numerous occupations. Fundamentally, table banking groups are appropriately made do with sufficient records for part participation, commitments and reimbursements. This training focuses to great supportability with the ramifications of giving a system through which potential improvement accomplices can contemplate activities of a gathering and assist scale with increasing for successors.

It tends to be presumed that ladies incline toward financing choices with direct tasks and are pushed to look for budgetary administrations in casual area, for example, groups practicing table banking by organization in formal money related establishments just as approach on purposes

behind obtaining credits (advance item definition). For groups practicing table banking, it appears that the common and most significant criteria for giving loans are the character of the borrower and their ability to repay the loan. There are other criteria, for example, the terms, conditions and length/duration of the credit, singular total assets and security are once in a while considered/assessed. By and large, table-banking enrollment improves business performance signifying a constructive outcome of table-banking on MSMEs and thus can be upgraded as a tool for advancement of business among specialists at the beginning periods. Groups practicing table banking that have been in existence for longer period have more remarkable benefits on smaller scale, little and medium undertakings implying that life span of gatherings can be utilized as a consideration basis by programs that intend to develop the MSMEs through groups practicing table banking.

5.4.   Study Recommendations

The study makes the subsequent proposals dependent on the findings. First, the study suggests that the business visionaries ought to oversee and run their informal organizations expertly to make them a wellspring of incredible help to their MSMEs as far as wellspring of capital and speculation thoughts.

The study further prescribes that the business visionaries ought to put resources into standard preparing on enterprise, the board abilities and promoting. Through this technique they will be furnished with basic abilities and addition skill in dealing with their MSMEs expertly and increment of the business aggressiveness in the market.

Because of the watched constructive outcome of table betting on execution of micro, small and medium businesses, the study suggests that the legislature through significant organizations and improvement accomplices should intend to reinforce table banking groups' life span through essential approaches and administrative structures.

## 5.5.	Research Limitations

The first drawback of the research study is that Kiambu is a vast county with many towns and in order to ensure representation, the researcher had to cover majority of the Sub-counties and this consumed a lot of resources in terms of time and money.

The other limitation was that the study excluded enterprises whose owners were not members of table banking despite them being the majority.

## 5.6.	Suggestions for further research

This research study investigated the influence of table-banking on the development and performance of MSMEs in Kiambu County. Since the elements are probably going to contrast from one area to the next, there is have to research how MSMEs in different places of the nation will in general profit by table banking so as to have a superior perspective on the impacts over the remainder of the nation.

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APPENDIX 1: CONSENT FORM

Respondent Consent Form

I, _____,
have had the study explained to me. I have understood all that I have read and have had
explained to me and had my questions answered satisfactorily. I understand that I can change my
mind at any stage.

Please tick the boxes that apply to you:

Participation in the research study

☐ I AGREE to take part in this research

☐ I DO NOT AGREE to take part in this research

Participant's   Signature: **Date:**
_____   _____/_____/_____
                                                       DD /   MM /   YEAR

Participant's   Name: **Time:** _____ /_____
_____
               (Please print name)   *HR / MN*

I, _____ (Name of person taking
consent) certify that I have followed the SOP for this study and have explained the study
information to the study participant named above, and that she has understood the nature and the
purpose of the study and consents to the participation in the study. She has been given
opportunity to ask questions which have been answered satisfactorily.

Investigator's   Signature: **Date:**
_____   _____/_____/_____
                                                       DD /   MM /   YEAR

Investigator's   Name: **Time:** _____ /_____
_____
               (Please print name)   *HR / MN*

APPENDIX II: QUESTIONNAIRE

Section A: Background information

Questionnaire No.

_____Location:_____

Name of the table banking group: _____ Size

(members):_____

Duration of operation of the table banking group? _____ years

Respondent duration of group membership: ☐< 6 months   ☐ 7months -2 years ☐>2-5 years

  ☐> 5 years

Products or services sold by the respondent in her

business:_____

Section B: Socio-demographic and economic information

1. Age of the respondent: .... years

   ☐18-25 years☐26-35 years☐36 -45 years☐46 -55 years☐ Above 55 years

2. Kindly specify the highest level of education you have attained

   ☐ No education   ☐ Primary   ☐ Secondary ☐Tertiary

3. Do you have another source of income?

   ☐ Yes   (specify): _____

   ☐No

4. Are you the main bread winner in your household?   ☐ Yes ☐ No

5. How many people depend on you for livelihood?

   ☐None   ☐1-3   ☐4-7   ☐8-10   ☐Over 10

6. Kindly estimate the aggregate household monthly income from all sources.

   KSh._____(Alternatively help respondent choose a range)

   (a). 10,000 or less

   (b). 10,001-20,000

(c). 20,001-30,000

(d). 30,001-40,000

(e). 40,001 - 50,000

(f). Above 50,000

7. What other savings and credit options do you have in this area? (Multiple Responses)

□1) None

□2) Money lenders

□3) Other savings group

□3) SACCO

□4) Commercial Bank

□5) MFI

□6) Other (specify)_____

Section C: Drivers of Table Banking Groups

	For questions 8 and 9 kindly rate the following responses on a scale of 1-5	(1) Highly disagree	(2) Disagree	(3) Neither Agree nor Disagree	(4) Agree	(5) Highly agree
8.	**What motivated formation of your group was …**					
a)	Need to save (pension, insurance)					
b)	Save for school fees (for children)					
c)	Peer pressure					
d)	To raise business capital					
e)	Save for social activity					
f)	Difficulties accessing finance from formal channels					
g)	Others (Please specify)					
9.	**Thinking about your group's achievements since you started, what are you especially proud of?**					
a)	Friendship					
b)	Savings ability					
c)	Investments					
d)	Wealth creation					
e)	Health and wellness					
f)	Children's education					
g)	Other(s)					

Section D: Advantages/Benefits of Table Banking to Entrepreneurs

10. What would you say is the main benefit you enjoy from being a member of your table banking group?

Kindly rate the following benefits	Highly disagree	Disagree	Neither Agree nor Disagree	Agree	Highly agree
No need for collateral when I need to take a loan					
The concept of guaranteeing each other is friendly					
Low interest rates on borrowing					
Ease of accessing saving					
Ease of access to loans for investments					
Access to training opportunities					
Other: (specify) ……..					

11. To what extent do you feel that the following socioeconomic well-being of members of the group as a whole has changed because of the group?

		Improved	Stayed the same	Worsened
a)	Family income			
b)	Providing adequate food for the family (three meals per day)			
c)	Improving household nutrition			
d)	Taking care of medical needs for the family			
e)	Sending your children to school			
f)	Starting and building small businesses			
g)	Housing & household assets			
h)	Participation in leadership			
i)	Domestic conflict/violence reduction			
j)	Accessing safe, clean water			

Section E:Challenges of Table Banking among Entrepreneurs

	On a scale of 1-5, kindly rate the following	Highly disagree	Disagree	Neither Agree nor Disagree	Agree	Highly agree
12	**What are some of the problems your group has faced in its existence?**					
a)	Lack of cooperation/trust among members					
b)	Weak leadership skills					
c)	Lack of training					
d)	Bad/ unpaid debts/default in payment					
e)	Misuse of group funds and diversion					
f)	Poor participation in group activities					
g)	Group conflict					
h)	Not moving in the same direction					
i)	Divisions in the group (forming cliques)					
j)	No long-term thinking (lack vision)					
k)	Not sharing information (lack of transparency)					
l)	Other(specify)					

Section F:Effects of Table Banking on Growth of Micro, Small & Medium Enterprises

13. Kindly estimate the following aspects (data) about your business before and after joining your table banking group

	Before joining Table Banking Group	After joining Table Banking Group
a) Annual turnover in KES		
b) Business worth in KES		
c) Number of employees		
d) Gross profits		
e) Assets		
f) Liabilities		

Section G: Table Banking Group Operations

14 How much contribution does each member make?_____ per month

15 Does the group have a commercial bank account?
   ☐ Yes
   ☐ No (Why?_____)

16 Have you ever accessed loan from your group?
   ☐ Yes
   ☐ No

17 If yes, what interest rate were you charged for the loan (convert per month)? _____

18 What is the criteria is adopted by your group for decision making on qualifying members for a loan?

	On a scale of 1-5, kindly rate the extent to which each of thefollowing criterion is applied in your group when members are borrowing a loan	Not Applied at all	Sometimes applied	Always applied
	Criteria for qualifying for a loan			
a)	Capacity (your ability a loan)			
b)	Capital(net worth — the value of your assets minus your liabilities)			
c)	Collateral (assets such as household goodswhichcan repay pay the debt in case of default)			
d)	Conditions (terms and conditions of the loan, such as its interest rate and amount of principal)			
e)	Character (stability- good record of paying your bills)			
f)	Other (specify)			

19 What penalty do members pay for defaulting?

_____

20 How often are meetings held? ☐Weekly ☐ Bi weekly ☐ Monthly ☐ Less frequently

21 How many members usually attend atypical meeting?_____

22 Which of the following records do you maintain as a group?

Type of record		Yes	No
i.	Attendance and payment record		
ii.	Saving journal		
iii.	Loan journal		
iv.	Cash book/control sheet		
v.	Financial statement/balance sheet		
vi.	Commercial bank form		
vii.	Other (specify		

23 Any other comments on table banking as a financing option for entrepreneurs?

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