

**MICRO FINANCING AS A STRATEGIC APPROACH TO NEW
VENTURE SUPPORT AND GROWTH IN MICRO FINANCE
INSTITUTIONS IN NAIROBI COUNTY**

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DECLARATION

I, **Anne Wangeci Maina** declare that this research project is my original work and has never been submitted to any other University for assessment or award of a degree, diploma or certificate.

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SUPERVISOR'S APPROVAL

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DEDICATION

This research study is dedicated to my dear mum Rosemary Maina for her constant support and encouragement. I honour you for your unwavering belief in my capabilities especially throughout this research study.

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ABBREVIATIONS AND ACRONYMS

AMFI	Association of Micro Finance Institutions
CBK	Central Bank of Kenya
CEO	Chief Executive Officers
MFI	Micro-Finance Institutions
MSE	Micro and Small Enterprises
NGO	Non-Governmental Organizations
SME	Small and Medium Enterprises

ABSTRACT

Microfinance ensures the provision of financial services to the low income households, micro and small enterprises, and in turn provides an enormous potential to support the economic activities of the poor and thus contribute to poverty alleviation. It has been estimated that formal microfinance bank only serves less than one million clients in a country where over 60% of the country population of 40 million lives below poverty line. The objectives of this study were to: establish the extent to which MFI in Kenya have adopted microfinance as a strategic approach and to determine the role of microfinance in new venture support and growth in Kenya. This study was carried out through a cross-sectional descriptive survey. The population of interest in this study consisted of all the MFIs in Nairobi County. There were 59 MFIs in Kenya as per the registered list of Association of Micro Finance Institutions 2012. Given that the number was small, a census survey was recommended. This study used a questionnaire to collect primary data for the study. The respondents of the study were the Chief Executive Officers (CEOs) of the MFIs. The data was then analyzed using descriptive statistics to summarize the pattern of findings. This involved the use of frequencies, percentages and means. Percentages were used to summarize and reflect the relative weight of micro financing as a strategic approach to new ventures support and growth. Mean was used to determine the magnitude of the weight a particular condition was given. The analyzed data was presented in tables and graphs. The findings of this study show that new venture support and growth through training and the supportive regulatory framework have a direct and significant relationship with MFIs set products for new ventures which ensure their growth. The study recommends that MFIs should design product packages that support new ventures engagement in more profitable, but nontraditional economic activities by bundling credit with additional services or by helping new ventures connect with agencies or groups where they can obtain support that will foster new venture growth.

Keywords: Credit facilities, Levels of income, Collateral, Interest rates, Economic growth and development, Micro and small enterprises.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Micro financing is a type of banking service that is provided to low income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self sufficient by providing a means of savings money, borrowing money and insurance. Micro financing is not a new concept. Small microcredit operations have existed since the mid 1700s (Gray, 2006). Although most modern microfinance institutions operate in developing countries, the rate of payment default for loans is surprisingly low- more than 90% of loans is repaid. Like conventional banking operations, microfinance institutions must charge their lenders interest on loans.

The foundation of systems theory is that all the components of an organization are interrelated, and that changing one variable might impact many others, or if one sub-system fails, the whole system is put in jeopardy. Contingency theory is an outcome of systems design. (Scherer and Perlman, 2012) states that in contingency theory; there is no one best way to organize and any way of organizing is not equally effective. This runs counter to the optimizing notions of many rational theorists. Karnani (2007) adds that in contingency theory the best way to organize depends on the nature of the environment to which the organization relates.

Organization theory main object of interest is the organization. It assumes that organizations have goals, hierarchy, rules and definitions of membership.

Organizational theory is concerned with how internal organizational structure works to motivate participants and produce outcomes consistent with the goals of those who control the organization. It is also interested in how the world external to an organization affects what goes on inside a particular organization Gray (2006). As the microfinance industry continues to mature, there is a danger that it will drift toward a more secure client base. It is critical that microfinance organizations continue to focus on those with the greatest needs, those who have been displaced, those in rural areas, the most marginalized people.

Microfinance can help create a world in which the underserved have fair access to economic opportunities and the hope to move beyond poverty. Microfinance services support the idea that low-income individuals are capable of lifting themselves out of poverty if given access to financial services. Therefore, microfinance has emerged as that sub sector of the financial system which provides financial services to the micro economy, comprising of the rural and urban population, small scale farmers, micro entrepreneurs, women and the poor Osmani (2009). This micro finance sector comprises local financial institutions, which may be formal, semiformal or informal. This study will focus on all the 59 MFIs that are registered in Kenya as per December 2012.

1.1.1 The Concept of Strategy

Strategy is creating fit among a company's activities. The success of a strategy depends on doing many things well, not just a few, and integrating among them. If there is no fit among activities, then there is no distinctive strategy and little sustainability.

Green and Cohen (2005) defines strategic approach as the game plan management has for positioning the institution in its chosen market arena, competing successfully, pleasing customers and achieving a good performance. Finnegan (2002) defines strategic approach as the commercial logic of a business that outlines why a firm can have a competitive advantage. Malaya (2006) explains that strategy is what a company does and how it actually positions itself commercially.

Strategy is the comprehensive collection of ongoing activities and processes that organizations use to systematically coordinate and align resources and actions with mission, vision and strategy throughout an organization. Thus, managers are concerned with reconciling the business of the organization with the allocation of resources. This allocation process is concerned with the general purposes of an organization, whether it is part of the grand plan, the overall objectives or a strategy designed to keep the organization in business. Microfinance is but one strategy battling an immense problem; of supporting growth of new ventures, other strategies include grants that can be used to help overcome the social isolation, lack of productive skills, and low self-confidence of the extreme poor, and to prepare them for eventual use of microcredit (Mudiri, 2003).

1.1.2 Microfinancing Approach

Micro financing is a type of banking service that is provided to low income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self sufficient by providing a means of savings money, borrowing money and insurance. Micro financing is not a new concept. Small microcredit operations have existed since the mid 1700s (Gray, 2006).

Although most modern microfinance institutions operate in developing countries, the rate of payment default for loans is surprisingly low- more than 90% of loans is repaid. Like conventional banking operations, microfinance institutions must charge their lenders interest on loans.

While interest rates are generally lower than those offered by normal banks, some opponents of this concept condemn microfinance operations for making profits off the poor. The World Bank estimates that there are more than 500 million people who have directly or indirectly benefitted from microfinance related operations. Overall, 2005 saw private lending to MFIs jump from 513 million to 981 million dollars (Nelson and Mburugu, 2011). In 2012 the World Bank estimated that approximately 1 billion people live on less than one dollar per day and out of about 3 billion, only about 300m poor people are considered suitable for microfinance services.

1.1.3 New Ventures Support and Growth

Training helps to improve individual, teams, and corporate performance, in terms of output quality, speed and overall productivity. It improves operational flexibility by extending the range of skills possessed by entrepreneurs. Attract high quality employees by offering the trainees learning and development opportunities, increasing their level of competence and enhancing their skills thus enabling them to gain higher reward and progress within the organization (Lengewa, 2003). The barriers to small-scale firm's growth include, among others, the risk and business owner response to risk, demand for products, economies of scale, and entrepreneurship alertness to opportunity, innovativeness and creativity, access to resources capital, government policy, inappropriate technology, limited market and credit accessibility.

Micro finance institutions are set up with a main agenda of financing or availing funds for investments to the informal sector. Micro finance is mainly the availing of financial services to self-employed individuals (Dorothy and Paul, 2002). Microfinance monitoring is impacted by the interaction of many forces. These forces can include the rapid development and implementation of technological advancements, globalization of markets and competition, and aggressive and sometimes risky competitive strategies. Microfinance products and services are aimed at serving economically active micro entrepreneurs underserved by the formal financial system who are seeking to transform their livelihoods. To achieve this, microfinance institutions offers their products through the co-guarantee system, where 3-5 entrepreneurs co-guarantee each other's loans.

1.1.4 Micro Finance Institutions in Kenya

A Microfinance Institution (MFI) is an organization that provides microfinance services. MFIs range from small non-profit organizations to large commercial banks. The number of MFIs in Kenya has increased from 5 founders in 1999 to 59 paid up institutions as per AMFI list of December 2012. The microfinance sector in Kenya began in the late 1960s with a few NGOs that set up pilot programs providing donor funded credit services. Some of these organizations have evolved over time to become commercialized, self-sustaining and hugely profitable institutions with over 100,000 clients. Microfinance is also rapidly becoming Kenya's most accessible and affordable financial service.

Recent developments in the microfinance industry both in Kenya and elsewhere have involved the transformation of MFIs into banks or other forms of regulated institutions.

Greater emphasis is on the potential of formal financial institutions such as banks to move “down-market”, and experiment with other types of financial providers such as postal and savings banks, along with renewed interest in the role of credit unions (Pratt, 2006). Micro and Small-Scale Enterprises (SMEs) have generated a demand for credit and savings services that has resulted in the formation of over 100 microfinance organizations, half of which are non-governmental organizations (NGOs) practicing some form of micro lending across Kenya (AMFIs, 2012).

1.1.5 Micro Finance Institutions in Nairobi County

Most, if not all MFI's have their head quarters in Nairobi making the number of MFI's in Nairobi to be 59. A Microfinance Institution (MFI) is an organization that provides microfinance services. MFIs range from small non-profit organizations to large commercial banks. MFIs have developed over the last few decades. Initially, governments and donors focused on providing subsidized agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. Next, micro-enterprise credit concentrated on providing loans to poor women to invest in tiny businesses, enabling them to accumulate assets and raise household income and welfare.

These experiments resulted in the emergence of nongovernmental organizations that provided financial services for the poor. Many of these institutions have transformed themselves into formal financial institutions in order to access and lend client savings, thus enhancing their outreach.

Despite the success of life-transforming microfinance services, this industry is not close to meeting the financial demands. The need for promoting growth in MFIs will play a pivotal role in deepening financial markets and enhancing access to financial services and products by majority of the Kenyans.

1.2 Research Problem

Microfinance ensures the provision of financial services to the low-income households and micro and small enterprises, and in turn provides an enormous potential to support the economic activities of the poor and thus contribute to poverty alleviation. Widespread experiences and research have shown the importance of savings and credit facilities for the poor and MSEs. This puts emphasis on the sound development of microfinance institutions as vital ingredients for investment, employment and economic growth.

Despite this, however, the number of beneficiaries of microfinance services is an insignificant proportion of the people in need of microfinance services. It has been estimated that formal microfinance bank only serves less than one million clients in a country where over 60% of the country population of 40 million lives below poverty line (Dorothy and Paul, 2002). It is therefore necessary to improve the role micro financing plays as a strategic approach to new ventures support and growth in Kenya.

A Microfinance Institution (MFI) is an organization that provides microfinance services. MFIs range from small non-profit organizations to large commercial banks. MFIs have developed over the last few decades. Initially, governments focused on providing subsidized agricultural credit to small and farmers, in hopes of raising productivity.

These experiments resulted in the emergence of nongovernmental organizations that provided financial services for the poor. Many of these institutions have transformed themselves into formal financial institutions in order to access and lend client savings, thus enhancing their outreach. Despite the success of life-transforming microfinance services, this industry is not close to meeting the financial demands. The need for promoting growth in MFIs will play a pivotal role in deepening financial markets and enhancing access to financial services and products by majority of the Kenyans.

Various studies have been conducted by different researchers on micro financing. Mushi (1997) examined the role of credit in generating entrepreneurial activities in Kenya. The study found out that MFIs have the ability to expand but there is a problem with funding. Maed (1998) carried out a study on trade-off between reaching the very poor and having substantial impact on household income. The study found out those programs that targeted lower-income households had a greater impact on household income. Osmani (2009) in his research on microfinance and poverty in Bolivia, assessed the impact of microfinance on poverty, and found out that micro finance helps in alleviating poverty. Nichols (2004) conducted a study on the impact of microfinance upon the lives of the poor in the rural China and found that the participation of poor in MFI programs had led to positive impact in their lives. While the above studies have adduced evidence on the various aspects of micro financing, none of the studies has explored the aspect of micro financing as a strategic approach to new ventures support and growth in Kenya and specifically in Nairobi County hence a knowledge gap exists that this study seeks to narrow. Is micro financing a strategic approach to new ventures support and growth in Kenya?

1.3 Research Objectives

The objectives of this study were:

- i. To determine the role of microfinance in new venture support and growth in Kenya
- ii. To establish the extent to which MFI in Kenya have adopted microfinance as a strategic approach to new venture support and growth in Kenya.

1.4 Value of the Study

The study has created more awareness on the need for elaborate Microfinance Institutions (MFIs) in Kenya and specifically to the fact that MFI's play a critical role in new ventures support and growth. In line with the researchers' belief, there exists a broad clientele that has not been reached and proper strategies can be implemented to take advantage of the market potential. Microfinance is Kenya's most accessible and affordable financial service. However, the Microfinance industry in Kenya is still budding and requires various interventions to increase outreach and attain sustainability. The study has assisted in ensuring that the MFIs in Kenya recognize the importance of selecting appropriate credit models in increasing outreach, ensuring sustainability, increasing programme cost-effective and improving programme design.

The study has helped them to come up with substantive possible alternative policy interventions which might help to address problems and challenges which curb new ventures support and growth in Kenya. The study has also helped in identifying the barriers to small-scale firm's growth.

The study has contributed to the wider body of academic knowledge through publishing of the results of its key findings as well as opening up areas of further research. For policy makers, the study has provided guidelines on emerging issues in micro financing and the role played by MFI in the support and growth of new ventures. The study has also explored other strategies that promote new ventures support and growth as well as identify ways of increasing compliance of the microfinance institution regulations with the aim of minimizing default cases.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature on strategic approaches along theoretical and conceptual empirical dimensions. The chapter explores the concept of strategy, the theoretical foundation of strategy and the role of micro finance institutions in new venture support and growth in Kenya.

2.2 Theoretical Foundation

This section analyses theories used as the foundation of this research study. This section also helps to place this research within the perspective of other studies in the same discipline. The theoretical framework provides support for the proposed study by presenting known relationships among variables and setting limits or boundaries for the proposed study. The study will be anchored under system theory, contingency theory and organization theory as presented below.

2.2.1 Systems Theory

The foundation of systems theory is that all the components of an organization are interrelated, and that changing one variable might impact many others, or if one sub-system fails, the whole system is put in jeopardy. Organizations are viewed as open systems, continually interacting with their environment. They are always in a state of dynamic equilibrium as they adapt to environmental changes. Organizations consist of various components or sub-systems which must function together for the whole system to work (Schumpeter, 2005).

For instance, small businesses must have the capacity to formulate, implement and evaluate their strategies to operate effectively .Systems theory helps managers to look at their organizations more broadly, taking into account all the units that make up the entire organization. The concept of consensus management and decision making in small organizations rely on systems theory to ensure that there is proper coordination of all units of the firm. System theory enables organizations to make plans and deploy systems that will enable them to cope up with the hostile and turbulent environment in which they operate.

This is a transdisciplinary study of the abstract organization of phenomena, independent of their substance, type, or spatial or temporal scale of existence. It investigates both the principles common to all complex entities, and the usually mathematical models which can be used to describe them. An organization can adopt systems such as decentralization as the design of the organization structure and budget evaluation style in order to control and monitor costs in the organization. Another central theme of systems theory is that nonlinear relationships might exist between variables. Small changes in one variable can cause huge changes in another, and large changes in a variable might have only a nominal effect on another. The concept of nonlinearity adds enormous complexity to our understanding of organizations. In fact, one of the most salient arguments against systems theory is that the complexity introduced by nonlinearity makes it difficult or impossible to fully understand the relationships between variables.

2.2.2 Contingency Theory

Contingency theory is an outcome of systems design. (Scherer and Perlman, 2012) states that in contingency theory; there is no one best way to organize and any way of organizing is not equally effective. This runs counter to the optimizing notions of many rational theorists. Karnani (2007) adds that in contingency theory the best way to organize depends on the nature of the environment to which the organization relates. Contingency theory is guided by the general orienting hypothesis that organizations whose internal features best match the demands of their environments will achieve the best adaptation. The contingency approach to organizational design tailors the design of the company to the sources of environmental uncertainties faced by the organization.

The point is to design an organizational structure that can handle uncertainties in the environment effectively and efficiently. Different subunits within an organization may confront different external demands. To cope with these various environments, organization create specialized subunits with differing structural features for example, differing levels of formalization, centralized vs. decentralized, and differing planning time horizons. The more varied the types of environments confronted by an organization, the more differentiated its structure needs to be. Contingency theory is a behavioral theory that claims that there is no single best way to design organizational structures. The best way of organizing e.g. a company, is, however, contingent upon the internal and external situation of the company.

2.2.3 Organization Theory

Organization theory main object of interest is the organization. It assumes that organizations have goals, hierarchy, rules and definitions of membership. Organizational theory is concerned with how internal organizational structure works to motivate participants and produce outcomes consistent with the goals of those who control the organization. It is also interested in how the world external to an organization affects what goes on inside a particular organization Gray (2006). Also, it is concerned with how the internal organization and the external world affect the organizational survival. Because of the complexity and pluralism of organizations, managers are expected to make use of multiple perspectives in the analyses of decisions and plans their organizations make each and every day.

Organization theory also helps managers see situations in different ways and this is crucial for understanding, analyzing and managing the complexities of organization life which in turn ensures steady growth Karnani (2007). The modern perspective of organization theory focuses on the organization as independent objective entity that takes a positive approach to generating knowledge. This approach focuses on how to increase efficiency, effectiveness and achieve other objectives through application of theories relating to structure and controls Pollin (2007). The theory focuses on of organizational designs and organizational structures, relationship of organizations with their external environment, and the behavior of managers and technocrats within organizations. It suggests ways in which an organization can cope with rapid change.

2.3 The Concept of Strategy

There are various definitions of what strategy is and what it is not. The concept of strategy has evolved over almost two decades as managers have been learning to play by a new set of rules. This is because, companies must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. They must outsource aggressively to gain efficiencies and they must nurture a few core competencies in the race to stay ahead of rivals (Nelson and Johnson, 1997).

Strategy is creating fit among a company's activities. The success of a strategy depends on doing many things well- not just a few- and integrating among them. If there is no fit among activities, there is no distinctive strategy and little sustainability. McCormick (2008) explores the process by which strategies form within organizations. They compare intended strategies (strategies that come from a planning process) with realized strategies (what the organization actually did). They provide a framework to study the difference between these two concepts through a continuum where at one end lie the completely planned strategy and at the other end lie the completely emergent strategy.

In the planned strategy, intentions are very clear and directly translated into actions. In emergent strategies, decisions emerge from bargaining, change and positive feedback. An example is the strategy based on consensus (Karnani, 2007). In the middle of these two extremes lie what authors call the ideological and umbrella strategies. Instead of saying that any one type of strategy is better than the other, the authors claim that what is best depends on the nature of the organization.

2.4 Micro Financing

Micro financing is a type of banking service that is provided to low income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self sufficient by providing a means of savings money, borrowing money and insurance. Micro financing is not a new concept. Small microcredit operations have existed since the mid 1700s (Charmes, 1990). Although most modern microfinance institutions operate in developing countries, the rate of payment default for loans is surprisingly low; more than 90% of loans are repaid. Like conventional banking operations, microfinance institutions must charge their lenders interest on loans. While interest rates are generally lower than those offered by normal banks, some opponents of this concept condemn microfinance operations for making profits off the poor. The World Bank estimates that there are more than 500 million people who have directly or indirectly benefitted from microfinance related operations.

Micro finance is the provision of financial services such as loans, savings, insurance, and training to people living in poverty. It is one of the great success stories in the developing world in the last 30 years and is widely recognized as a just and sustainable solution in alleviating global poverty (Osmani, 2009). Over the years, the microfinance sector has expanded its financial service offerings to better meet client needs. Along with providing more flexible loan products and business and personal development training, MFIs offers savings and insurance to help clients effectively navigate the daily hardships they face. Without these services, clients are continually at risk of slipping back into poverty because of unforeseen circumstances.

2.5 New Ventures Support and Growth Strategies

This section will look at the various ways in which MFI promote new ventures support and growth. It covers the use of training, financing, monitoring and networking. Training helps to improve individual, teams, and corporate performance, in terms of output quality, speed and overall productivity. It improves operational flexibility by extending the range of skills possessed by entrepreneurs.

2.5.1 Training Strategy

Training helps to improve individual, teams, and corporate performance, in terms of output quality, speed and overall productivity. It improves operational flexibility by extending the range of skills possessed by entrepreneurs. Attract high quality employees by offering the trainees learning and development opportunities, increasing their level of competence and enhancing their skills thus enabling them to gain higher reward and progress within the organization (Lengewa, 2003). It also increases the commitment level of entrepreneurs by encouraging them to identify with the mission, vision and the objective of the businesses.

Entrepreneur training helps them to manage change by increasing understanding of the reason for change and providing people with the knowledge and skills that they need to adjust to new situations. According to (AfDB/OECD, 2005) training has the following benefits; greater productivity and quality of end products less scrap or spoiled work; adoptability to new method, less need for close supervision, fewer accidents, greater job satisfaction showing itself in lower labor turnover and less absenteeism.

Training promotes the competitiveness of entrepreneurs by upgrading the managerial skills of entrepreneurs, training their executives and workers and consequently improving entrepreneurs' management and organization (Lusby, 2004). Among the positive aspects of training mentioned by entrepreneurs are increased sales turnovers, an increase in employment, entry on new (export) markets and a strengthened company structure. According to Mead (1998), the main objective of training is to help owners of entrepreneurs acquire new technical and business skills or improve their current skills. It is generally provided to groups, although one-to-one training is at times practiced. Another important objective of training is to teach the entrepreneur to analyze and find solutions to problems, and to identify where to obtain specialized assistance. This second objective of training should ultimately reduce the need for the owner of the enterprise to obtain the services of a consultant (Mouton and Marais, 1990).

2.5.2 Financing Support Strategy

Micro finance institutions are set up with a main agenda of financing or availing funds for investments to the informal sector. Micro finance is mainly the availing of financial services to self-employed individuals (Dorothy and Paul, 2002). The main function, therefore, of the MFIs is to generate wealth by availing funds for investments to the informal sector commonly known as the Juakali. MFIs became prominent between 1980 and 1996 (Mudiri, 2003). They mainly concentrated on lending small amounts of money to individuals and groups using basic loan appraisal techniques and a variety of special techniques to motivate repayments. They recognized that despite the lack of collateral, the poor were capable of repaying loans if provided with appropriate incentives such as access to additional loans at a pre-determined date i.e. the timeliness of loans.

Financing support activities include formulating proposals for developing equity and loan guarantee funds and fiscal incentives for the development of venture capital and loan guarantee schemes for SMEs. Other activities include conducting financing diagnostic feasibility studies and business plans for SME creation and business upgrading. MFIs have limited outreach to entrepreneurs due to limited financial resources. They reach 3.5% of the country's poor (Chijoriga, 2000).

Huntington (1992) observed that majority of MFIs have developed and implemented diversified financial services delivery systems which included decentralized credit payments and collections through retail outlets. Despite the increase in MFIs, only 1.95% of poor households were reached by MFIs, as at the end of 2002, based on the 2002 government estimate of 15 Million poor households. This coverage of 1.95% suggests a wide room for further growth in client outreach (Rukwaro, 2010). The barriers to small-scale firm's growth include, among others, the risk and business owner response to risk, demand for products, economies of scale, and entrepreneurship alertness to opportunity, innovativeness and creativity, access to resources capital, government policy, inappropriate technology, limited market and credit accessibility.

2.5.3 Monitoring Strategy

Microfinance monitoring is impacted by the interaction of many forces. These forces can include the rapid development and implementation of technological advancements, globalization of markets and competition, and aggressive and sometimes risky competitive strategies.

Couple this with an unprecedented worldwide shift favoring privatization, competitive markets, and increased levels of free and international trade and you have the basis for a chaotic operating environment. Each of these forces, when combined into a system, represent the basic ingredients of a complex system whose behavior and evolution may be explained by the laws of chaos (Fouche, 1993).

Reviewing several aspects of monitoring, it is easy to see how a chaotic system could become commonplace. For example, when forecasting customer demand, each customer interprets key variables of importance to them and makes a buying decision. The complexity begins with the difficulty associated with understanding and predicting the decision making process of each customer. However, forecasting and demand planning becomes exponentially more complex when the buying behaviors of many customers, each with a unique decision set, are aggregated together.

Developing countries need to engage their private sector more in the provisions of microfinance. According to Rukwaro (2010) in industrialized countries, the provision of microfinance monitoring is largely the job of the private sector, and is manifest in many forms. In relation to monitoring, equipment manufacturers compete with each other in order to increase their share of the entrepreneur market. They constantly develop equipment that is more advanced and use aggressive advertising to attract entrepreneurs.

The equipment is made available through a wide network of dealers, who also provide monitoring services. Leasing of equipment is also available to interested entrepreneurs who may fear that equipment may quickly become obsolete.

Innovators develop more advanced production technologies and sell their patents to larger firms for their commercialization. Entrepreneurs subscribe to a wide range of monitoring services from microfinance institutions which provide information on the latest market trends. They visit specialized fairs and exhibitions where they can get first-hand information on developments in their trade. Thus, it can be seen that many of the most important aspects of monitoring are dealt with by the private sector (Gray, 2006).

2.5.4 Networking Strategy

Entrepreneurs need to develop a system that can assist them in accessing all the necessary information in the market. A study by (Dorothy and Paul, 2002) asserts that personal and community-based networks are all necessary to mobilize resources and hence leading to greater sales by business owners in all micro and small enterprises, although the nature and extent of the activity varies at different stages of business development. According to Rukwaro (2010), business linkage intervention is a direct response to market constraint which was identified in the study as a principal factor inhibiting the growth of entrepreneurs.

The market constraint is identified in the study were highly competitive markets for undifferentiated products, too few customers and low margins/profitability. Fouche (1993) asserts that the justification for this microfinance business linkage intervention is that entrepreneurs do not usually have the necessary skills for simple market research, and they may not be tempted to investigate new markets if they feel that they cannot expand production. Mead (1998) applied different statistical techniques on survey data to investigate variables that increase the probability of export of a small enterprise.

The study showed that business linkages such as networks, joint ventures and subsidiaries play an important role in increasing the probability to export of small enterprises. In addition to that, access to information, access to capital and the level of education increase the probability of a small enterprise to be an exporter.

2.6 Summary of Knowledge Gaps

The results of empirical evidence indicate that the poorest can benefit from microfinance from both an economic and socio well-being point-of-view, and that this can be done without jeopardizing the financial sustainability of the micro-financial institutions Scherer (2012). Developing countries need to engage their private sector more in the provisions of microfinance. According to McCormick (2008), the provision of microfinance monitoring is largely the job of the private sector in industrialized countries, and is manifest in many forms. There is a knowledge gap with regard to micro financing as a strategic approach to new ventures support and growth. The knowledge on how MFIs will ensure the desired growth will be important as it would enlighten the MFIs management as well as other stakeholders in the industry on the approaches to take. Mead (1998) carried out a study on trade-off between reaching the very poor and having substantial impact on household income. Nichols (2004) used a case study approach to investigate the impact of microfinance upon the lives of the poor in the rural China and found that the participation of poor in MFI program had led to positive impact in their life. Chijoriga (2000) evaluated the performance and financial sustainability of MFIs in Tanzania, in terms of the overall institutional and organizational strength, client outreach, and operational and financial performance.

In Kenya several studies have been carried out on microfinance institutions service. A research conducted on MFI service by Mushi (1997) who examined the role of credit in generating entrepreneurial activities. The study found out that MFIs have the ability to expand but there is a problem with funding. However, studies carried out did not address micro financing as a strategic approach to new ventures and growth in Kenya and specifically in Nairobi County.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that the researcher used to answer the research questions. It includes the research design, the population, data collection and data analysis of the research study.

3.2 Research Design

This study was carried out through a cross-sectional descriptive survey. The major purpose of descriptive research is description of the affairs as it exists in present. The descriptive research design was chosen because it was used to closely examine data, determine and report information within a specific context.

Surveys allow the collection of large amount of data from a sizeable population in a cost effective way which can be analysed quantitatively using descriptive and inferential statistics. The main objective of the study was to seek answers to specific questions from a large number of respondents as to the extent in which micro financing is a strategic approach to new ventures support and growth in Kenya.

3.3 Population of the study

The population of interest in this study consisted of all the MFI's in Nairobi County. There are 59 MFIs in Kenya as per the registered list of Association of Micro Finance Institutions 2012 and all of them have their headquarters in Nairobi. Given that the number is small, a census survey was recommended.

A census is the procedure of systematically acquiring and recording information about the members of a given population. It is a regularly occurring and official count of a particular population.

A census collects information from every unit in a population. As a result, data is truly representative of the whole population. A census survey was chosen because of its level of accuracy. Since the respondents involved in census surveys are the members of a given population, the survey data collected was more reliable and accurate than the data collected from sampling surveys.

3.4 Data Collection

This study made use of primary data collection techniques. A structured questionnaire was used to collect quantitative information from the MFIs listed by the Association of Micro Finance Institutions. Questionnaires commonly used to obtain important information about the population. Each item in the questionnaire was developed to address a specific objective, research question to fit the research problem best.

Questionnaires were found to be more convenient as most CEOs of MFIs are busy persons and it was predicted that they would not have time to give oral interviews. The questionnaires were administered by way of mail and drop and pick method. The respondents of the study were the Chief Executive Officers (CEOs) of the MFIs. The CEOs were used as the main respondents in this study since they hold the mandate of ensuring that the MFIs are run optimally.

3.5 Data Analysis

Once the completed questionnaires were received from the respondents, numerical codes were assigned to the various close ended responses and checked for any errors and omissions. The data was then analyzed using descriptive statistics to summarize the pattern of findings. This involved the use of frequencies, percentages and means.

Frequencies distribution was used to examine the distribution of responses to each of the conditions. Percentages were used to summarize and reflect the relative weight of micro financing as a strategic approach to new ventures support and growth. The means were used to determine the magnitude of the weight a particular condition will be given. The analyzed data was presented in tables and graphs.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents an analysis of the research data using various statistical techniques and presents the research findings and an interpretation of the same. The study used questionnaires to collect data for analysis. The questionnaires were framed in a simple manner to enable quick and easy response and also deliver the fundamental information that the study was seeking. The returned questionnaires were first edited for completeness and then coded before being subjected to statistical manipulation and evaluation using statistical tools. The data was analyzed and presented in the form of tables. A cross sectional census survey of the 59 MFI as per December 2012 was conducted. The questionnaire was mainly emailed to the respondents and followed up by frequent telephone calls but in a few instances they were dropped and picked later.

4.2 Demographic Information

Out of the 59 companies that were contacted, 43 gave positive feedback while 16 of these companies did not respond. This yielded a response rate of 73% which was considered adequate for data analysis.

The following summary gives an analysis of the demographic information of the respondents in terms of gender, age, and level of education, number of years worked in the organization and the number of employees in the company.

Table 4.1.1: Respondents Gender

Gender	Frequency	Percentage
Male	24	56
Female	19	44
Total	43	100

Source: Research Data (2013)

Table 4.2.1 indicates that 56% of the respondents were male while 44 % were female. It was established that irrespective of the gender of the CEO, there was adoption of micro financing as a strategic approach to new ventures support and growth in Nairobi County.

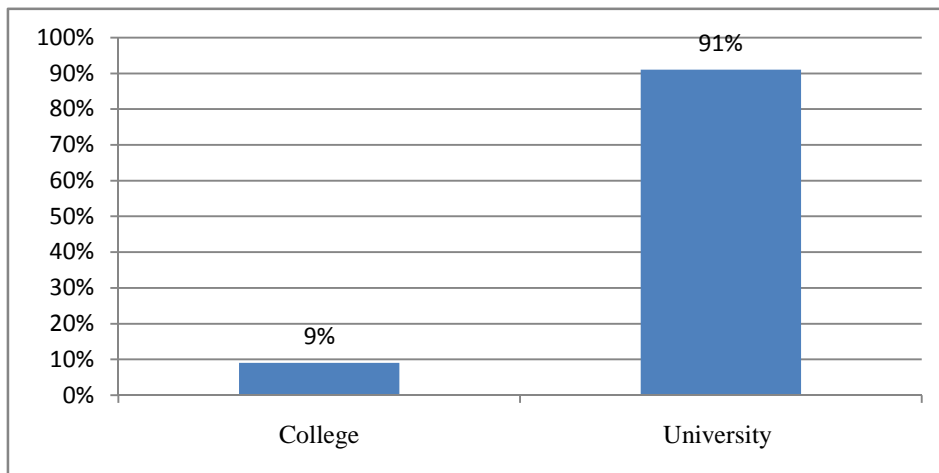
Table 4.2.2: Respondents Age

Age	Frequency	Percentage
21-25 years	1	2
26- 30yrs	3	7
30-35 yrs	11	26
36- 40 years	17	40
40- 50 years	8	19
Above 50 years	3	7
Total	43	100

Source: Research data (2013)

Table 4.2.2 indicates that 2% of the respondents were between the age of 21-25 years, 7% were between the age of 26- 30yrs, 26% were between the age of 30-35 years, 40% who were the majority were between the age of 36- 40 years, 19% were between the age of 40- 50 years, and 7% were above the age of 50 years.

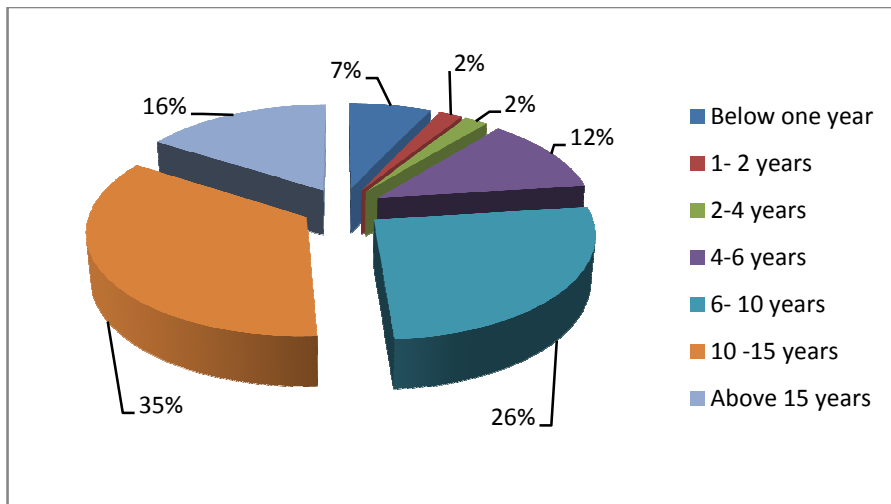
Figure 4.2.1: Respondents level of education



Source: Research data (2013)

Figure 4.2.1 indicates that 91% of the respondents were master graduates while 9% were college diploma graduates.

Figure 4.2.2: Number of years worked in the organization



Source: Research data (2013)

Figure 4.2.2 indicates that 35% of the respondents had worked for 10 to 15 years, 26% had worked for 6 to 10 years, 16% had worked for a period above 15 years, 12% had worked for worked in the MFIs for 4 to 6 years, 7% worked for less than 1 year in the MFIs, 2% had worked in the MFIs for a period of 1 to 2 years and 2 to 4 years respectively. This shows that those who took part in the study had vast information on the institutions under study.

Table 4.2.3: Number of Employees

Number of employees	Frequency	Percentage
Less than 50	23	54
50 – 100	7	16
Above 100	13	30
Total	43	100

Source: Research data (2013)

Table 4.2.3 indicates that 53% of the respondents had less than 50 employees working in their company, 16% had 50 to 100 employees, and 30% had employees above 100 in their organizations.

4.3 Extent of Adopting Microfinance as a Strategic Approach to new venture growth and support

The summary below gives an analysis on the extent to which MFI's have adopted microfinance as a strategic approach to new ventures growth and support.

Table 4.3.1: Extent of Adopting Micro financing as a strategic approach to new ventures growth and support

Response	Yes		No	
	Frequency	Percentage	Frequency	Percentage
Very great extent	9	29	2	17
Great extent	11	35	3	25
Moderate extent	5	16	5	42
Less extent	6	19	1	8
No extent	–	-	1	8
Total	31	100	12	100

Source: Research data (2013)

Table 4.3.1 indicates that 72 % of the respondents indicated that their MFIs have adopted micro financing as a strategic approach to new ventures growth and support while 28% have not. It was noted that 29% of the respondents had adopted micro financing as a strategic approach to new ventures growth and support to a very great extent, 35% to a great extent, 16 % to a moderate extent, and 19% to a less extent.

4.4 Role of Microfinance in New Venture Support and Growth in Kenya

This research study aimed at determining the role of microfinance in new venture support and growth in Kenya. The study indicated that microfinance assist new venture by training them on how to invest and also bring them to date on the new products offered. The MFIs also offer financial support in form of loans to the new ventures. The MFIs also encourage the new venture to save with them and join hands and interlink the new ventures with other entrepreneurs who have succeeded.

Table 4.4.1: Conditions for Service Accessibility For New Ventures Support and Growth

Response	Frequency	Percentage
Yes	29	67
No	14	33
Total	43	100

Source: Research data (2013)

Table 4.4.1 indicates that 67% of the respondents indicated that MFIs have conditions for service accessibility for the new venture while 33% did not have.

In support of their responses, those who indicated that their MFI have conditions for service accessibility for the new venture pointed out that their MFIs are methodology driven, in that they suite new ventures rather than being market driven because until recently they operated in markets with little competition and there was huge unmet demand for financial products. During this time, MFIs have offered highly standardized products with little variation or field-officer discretion to help keep costs low and maintain internal control as the institutions expanded to meet huge new ventures demand. Those who indicated that they don't have conditions for new ventures cited that they avoided to do so since majority didn't possess collaterals and if they have conditions set for new ventures the strategy could have been dropped due to lack of willing entrepreneurs who will shy away from approaching MFIs.

Table 4.4.2: MFIs Strategy in New Ventures Support and Growth

Strategy	Mean	Standard Deviation
Training Strategy	3.97	1.1147
Financing Strategy	4.11	1.0976
Monitoring Strategy	3.64	1.1928
Networking Strategy	4.09	0.9323
Total	15.81	4.3375
Average	4.0	1.0844

Source: Research data (2013)

Table 4.4.2 indicates that a mean score of 3.97 was obtained with respect to training as a strategy that MFIs adopted in new ventures support yielding a standard deviation figure of 1.1147. A mean score of 4.11 was obtained with respect to financing strategy yielding a standard deviation figure of 1.0976. With respect to monitoring strategy, a mean score of 3.64 was obtained yielding a standard deviation figure of 1.1928 while a mean score of 4.09 was obtained with respect to networking strategy yielding a standard deviation figure of 0.9323.

4.5 Constraints Faced by New Ventures

Competition, insecurity, debt collection, lack of working capital and power interruptions were the top five cited challenges facing businesses in Nairobi.

While the challenges facing small businesses do not include capacity concerns such as input availability or labor costs, frequent mention of political uncertainty, unfavorable laws, in addition to high taxes indicates that government and its regulations is a major obstacle to new ventures support and growth. The government has also failed to maintain law and order with respondents reporting insecurity as among the top five challenges facing new ventures.

Majority of respondents indicated that new ventures are faced with various challenges, which if not managed well can lead to business failure. It is the researchers' view that the seeds of future business performance are sown in the early stages of the business life and that understanding them has a predictive value. It is also clear that infant businesses need as much support and help in their early years when their motivation is high as well as in their maturity phases when their levels of innovations are low.

4.6 Summary of the Results

The study findings show that MFIs have adopted micro financing as a strategic approach to new ventures growth and support to a great extent in this they provide financial services such as loans, savings, insurance, and training to entrepreneurs.

The approach taken by Kenya MFIs is in line with a study done by Osmani (2009) which according to him it is one of the great success stories in the developing world in the last 30 years and is widely recognized as a just and sustainable solution in alleviating global poverty.

The study findings show that microfinance assist new venture by training them on how to invest and also bring them to date on the new products offered by MFIs.

The MFIs also offer financial support in form of loans to the new ventures. The MFIs also encourage the new venture to save with them and join hands and interlink the new ventures with other entrepreneurs who have succeeded. This findings correlate with Mudiri (2003) findings which indicate that over the years, the microfinance sector has expanded its financial service offerings to better meet client needs. Along with providing more flexible loan products and business and personal development training, MFIs offers savings and insurance to help clients effectively navigate the daily hardships they face. Without these services, clients are continually at risk of slipping back into poverty because of unforeseen circumstances.

4.7 Discussion

According to the study MFI practice microfinance as a strategic approach and they did so to a great extent. This was also the same with Nelson and Johnson (1997) findings who found that MFIs must outsource aggressively to gain efficiencies and they must nurture a few core competencies in the race to stay ahead of rivals. According to the study findings MFI have conditions for service accessibility for the new venture. The study found that MFIs offer financing support strategy to a great extent, they offer networking strategy to a great extent, they offer training strategy to a great extent and they offer monitoring strategy to a great extent. The findings related with Rukwaro (2010) study in that business linkage intervention is a direct response to market constraint which was identified in the study as a principal factor inhibiting the growth of entrepreneurs.

The findings also correlated with organization theory as stated by Pollin (2007) in that this approach focuses on how to increase efficiency, effectiveness and achieve other objectives through application of theories relating to structure and controls

The study revealed that entrepreneurial time in business increases access to micro financing. The findings of this study show that new venture support and growth through training and the supportive regulatory framework have a direct and significant relationship with MFI set products for new ventures which ensures their growth. The study also concludes that micro finance new venture products conditions influence new ventures in accessing MFI products, the result obtained in this study revealed that the chances of new ventures accessing MFI products with tough requirements is low. This was also in line with Karnani (2007) in contingency theory in that the best way to organize depends on the nature of the environment to which the organization relates.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to establish the extent to which MFI in Kenya have adopted microfinance as a strategic approach and to determine the role of microfinance in new venture support and growth in Kenya.

5.2 Summary

The study found the extent of adopting microfinance as a strategic approach was to a great extent. Majority of the respondents indicated that micro financing was a strategic approach to new ventures and growth in Kenya. Majority indicated that MFI practice microfinance as a strategic approach and they did so to a great extent. Majority indicated that MFIs in Nairobi County conducted impact assessment of new ventures. Majority of the respondents and majority indicated that they were conducted half yearly. Majority pointed out that MFIs have future plans for new ventures.

The study also found that MFI performed a number of roles in New Venture Support and Growth in Kenya. Majority of the microfinance assist new venture by training them on how to invest and also bring them to date on the new products offered by MFIs.

Majority of the respondents indicated that MFI have conditions for service accessibility for the new venture. The study found that MFIs offer financing support strategy to a great extent, they offer networking strategy to a great extent, they offer training strategy to a great extent and they offer monitoring strategy to a great extent.

The study revealed that entrepreneurial time in business increases access to micro financing. The findings of this study show that new venture support and growth through training and the supportive regulatory framework have a direct and significant relationship with MFI set products for new ventures which ensures their growth. The study also concludes that micro finance new venture products conditions influence new ventures in accessing MFI products, the result obtained in this study revealed that the chances of new ventures accessing MFI products with tough requirements is low.

5.3 Conclusion

The study concludes that MFI program has helped to develop socioeconomic status for new ventures, the results obtained in this study revealed that new venture access to MFI products is influenced by entrepreneurial skill, lending conditions and supportive regulatory framework as tested in this study and there are other variables out there that can influence new venture access to MFI products as it is explained in the variability.

The study finally concludes that supportive regulatory framework has an impact on new venture support and growth strategies as set by MFIs, when the financial regulating authorities set laws that favor to new venture support and growth access to MFI products, information asymmetry is minimized and social justice is ensured raising the number of new venture access to MFIs products.

Accounting for larger variability in this study, supportive regulatory framework is a significant factor and has a positive relationship to strategic approach to new venture support and growth. Therefore financial providers would focus on the training of new venture on available services on MFI products, this would lead attract more new venture and as a result MFI products will be more accessible and the new ventures will able to stand on their own feet bringing development in the county and the entire nation.

This study contributes to the literature on micro financing as a strategic approach to new venture support and growth in micro finance institutions in two ways; it has establish the extent to which MFI in Kenya have adopted microfinance as a strategic approach. Secondly it has evaluated the role of microfinance in new venture support and growth in Kenya. Competition, insecurity, debt collection, lack of working capital and power interruptions were the top five cited challenges facing businesses in Nairobi. The government has also failed to maintain law and order with respondents reporting insecurity among top five challenges.

5.4 Recommendations

The study recommends that MFIs need to understand and attend to their customers' evolving demands for new venture support and growth services or face customer desertion to more-responsive, market-driven competitors. A number of MFIs have gone out of their way to design market based products and services to reach out to critical mass and to remain in the market. Another key recommendation to the MFIs will be to develop suitable packages for the youth and indeed spearhead the ideology of a viable youth MFI.

Offer a menu of products for new venture support and growth that takes into account the diversity of new ventures needs and constraints, change the practice of new venture group lending system since members in a group cannot have the same thinking level, commitment and attitude as there are personal, encourage individual packages system according to new ventures interests and ability. Some new venture will be interested in packages conditions that match seasonal or annual business cycle, others will demand products with a long term horizon so that they can invest in physical assets yet others may want short term funds to purchase business supplies or address temporary consumption needs or health emergencies.

The study also recommends that MFI should design product packages that support new ventures engagement in more profitable, but nontraditional economic activities by bundling credit with additional services or by helping new ventures connect with agencies or groups where they can obtain support that will foster new venture growth services. Offer menu of savings programmers that take into account the diversity of new ventures mostly youths and women's needs and constraints. Some new ventures may prefer programs that makes savings compulsory where the amounts of saved and the timing of deposits are known and agreed. Others probably want more flexible packages that allow them to adjust the timing and amount of their savings to their consumption needs and investment opportunities and this will ensure new venture support and growth.

The study finally recommends that MFIS should review an organization's current requirement to save. Consider whether the existing charges and fees combined with any minimum initial deposit requirements are set at a level that all new ventures can afford.

There is also a need to review the borrowing procedures by reducing the burden of new ventures products application procedures by simplifying them. Also, it is important to consider ways in which branchless banking and IT developments can be leveraged to lower transaction costs and to address some of the obstacles new ventures face due to constraints in their mobility or in their social interactions. It is equally essential for the MFIs themselves to have strong skills and capacity in their areas of work to help reduce their risk appraisal. The financial sector to review and revise regulations in the financial sector to support microfinance institution ability to reach all new venture with products that are easy to understand and financially safe , that is, restrictions to mobilize savings and accept deposits limit and organizations outreach and that interest rate ceilings often lead to the creation of new and clear fees. Design products that are convenient and accessible, Locate services close to where all new ventures are and in places they can easily frequent, disseminate information and promotion materials in places or through channels new ventures can access and simplify procedures, make application requirements appropriate for new ventures literacy and numeracy level.

5.5 Limitations of the Study

The investigative nature of this study sparked misplaced suspicion. Respondents feared that the study intends to implicate individuals in a negative way. To this end, this suspicion offer resistance and lack of cooperation. The researcher however eliminated this paranoia by clarifying the objectives of the study.

Embarking on this type of project was capital-intensive in nature and there was a time limit, within which the project must be submitted. Therefore, funds and time-limit have been the major limitation to the output of this study.

5.6 Area for Further Research

Since the microfinance industry in Kenya is going through transitory phase, it is pertinent to study the nuances of this industry in detail. Therefore, there are a lot of opportunities in this area for studying various factors including external and environmental factors affecting new ventures growth and support strategy. Specifically, the future research can examine the impact of strategic orientation, role of governance and institutional culture and resources on the process of new product development in detail which might result into better understanding and generalization of knowledge for product development. This research also provides cues to go for in-depth analysis studying the impact of new venture development on the institutional systems and culture of MFIs. Besides, one possible direction for future research could be based on the rating of the importance of these factors influencing the new venture product development process.

The study has explored the micro financing as a strategic approach to new venture support and growth in micro finance institutions in Nairobi County. The micro finance sector in Kenya however is comprised of various other micro finance institutions located in other areas in Kenya which differ in their way of management and have different settings all together. This warrants the need for another study which would ensure generalization of the study findings for all the micro finance in Kenya and hence pave way for new policies.

The study therefore recommends another study be done with an aim to investigate micro financing as a strategic approach to new venture support and growth in micro finance institutions in Kenya. Further a study should also be carried out to investigate the factors influencing the micro financing strategic approach in Kenya.

5.7 Implications on Policy, Theory and Practice

The study suggests that the MFIs in Kenya recognizes the importance of selecting appropriate credit models in increasing outreach, ensuring sustainability, increasing programme cost-effectiveness and improving programme design. Also, it indicates that they should come up with substantive possible alternative policy interventions which might help to address problems and challenges which curb new ventures support and growth in Kenya. The study suggests ways of identifying the barriers to small-scale firm's growth.

The study points out on the need for elaborate Microfinance institutions (MFIs) in Kenya and specifically to the fact that MFI's play a critical role in new ventures support and growth. In line with the researchers' belief, there exists a broad clientele that has not been reached and proper strategies can be implemented to take advantage of the market potential. Microfinance is Kenya's most accessible and affordable financial service. However, the Microfinance industry in Kenya is still budding and requires various interventions to increase outreach and attain sustainability.

The study infers contribution to the wider body of academic knowledge through publishing of the results of its key findings as well as opening up areas of further research. For policy makers, the study gives guidelines on emerging issues in micro financing and the role played by MFI in the support and growth of new ventures. The study also explores other strategies that promote new ventures support and growth as well as identifies ways of increasing compliance of the microfinance institution regulations with the aim of minimizing default cases.

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APPENDICES

Appendix I: Letter of Introduction



UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059462
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE: 20-08-2013

TO WHOM IT MAY CONCERN

The bearer of this letter: ANNE WAKGECI NYABUTO

Registration No. D61/62054/2010

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

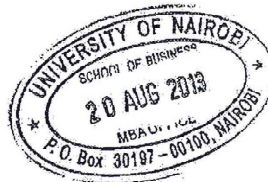
The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.



PATRICK NYABUTO

MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Appendix II: Research Questionnaire

A study on Micro financing as a strategic approach to new ventures support and growth in Kenya. A case of MFIs in Nairobi County

Section A: Demographics

1. Name of MFI

.....

2. Name of the respondent (Optional)

.....

3. Gender

Male Female

4. Age

Below 20years 21-25 years 26- 30yrs

30-35 yrs 36- 40 years 40- 50 years

Above 50 years

5. Level of education

College University other specify

.....

6. No of years worked in the organization

Below One Yr 1- 2 Yrs 2-4 Yrs

4-6 Yrs 6- 10 Yrs 10 -15 Yrs

Above 15 Yrs

7. What is the total number of employees in your department: Please tick one

Less than 50 50 – 100 Above 100

Section B: Extent of Adopting Microfinance as a Strategic Approach

8. Is micro financing a strategic approach to new ventures and growth in Kenya?

Yes No

Briefly support your answer

.....
.....
.....

9. Does your MFI practice microfinance as a strategic approach?

Yes No

To what extent

Very great extent Great extent

Moderate extent Little extent

No extent

10. How can you describe your MFI outreach and the market to SMEs?

.....
.....

11. Which product and services have you adopted to ensure the desired growth for new ventures?

.....
.....
.....

12. Does your MFI conduct impact assessment of new ventures?

Yes No

If yes how often

Monthly Quarterly Half yearly Annually

13. Do you have future plans for new ventures?

Yes No

Briefly support your answer

.....
.....
.....

Section C: Role of Microfinance in New Venture Support and Growth in Kenya

What is the role of microfinance in new venture support and growth in Kenya?

.....
.....
.....

14. Does your MFI have conditions for service accessibility for the new venture?

Yes [] No []

Briefly explain why

.....
.....
.....

15. To what extent has your MFI support the following in new venture support and growth? Use a scale of 1-5 where; 5 Very great extent, 4 Great extent, 3 Moderate extent, 2 Little extent, 1No extent

	1	2	3	4	5
Training Strategy					
Financing Support Strategy					
Monitoring Strategy					
Networking Strategy					

16. Which are the main constraints to new ventures and growth in Kenya?

.....
.....
.....

Thank you for taking your time to complete this questionnaire

Appendix III: List of Micro finance Institutions in Kenya

The below list comprises of the Micro Finance Institutions.

1. K-rep Bank Ltd
2. Equity Bank
3. Co-operative Bank
4. Kenya Post Office Savings Bank
5. Kenya Women Finance Trust-DTM
6. Rafiki Deposit taking Microfinance Ltd
7. Faulu Kenya DTM
8. SMEP DTM
9. Remu DTM Ltd
10. Uwezo DTM Ltd
11. Century DTM Ltd
12. Sumac Credit DTM Ltd
13. Blue Limited
14. K-rep Development Agency
15. Eclof Kenya
16. KADET
17. BIMAS
18. SISDO
19. Micro Africa Ltd
20. Opportunity Kenya
21. Yehu Microfinance Trust
22. Fusion Capital Ltd
23. Canyon Rural Credit Ltd
24. One Africa Capital Ltd
25. Jitegemea Credit Scheme
26. AAR Credit Services
27. Agakhan Foundation
28. Microcredit Programme
29. ADOK TIMO

30. Pamoja Women Development Programme
31. Juhudi Kilimo Co.Ltd
32. Musoni Kenya Ltd
33. Modyn Credit Ltd
34. Renewable Energy Technology Assistance Programme(RETAP)
35. Rupia Ltd
36. Taifa Options Microfinance
37. U&I Microfinance Ltd
38. Select Management Services Ltd
39. Greenland Fedha Ltd
40. Youth Initiatives – Kenya (YIKE)
41. Biashara Factors
42. Platinum Credit Limited
43. Ngao Credit Ltd
44. Indo Africa Finance
45. Springboard Capital
46. Mini Savings & Loans Ltd
47. KEEF-Kenya Entrepreneurship Empowerment Foundation
48. Women Enterprise Solutions
49. Focus Capital Limited
50. Samchi Credit Limited
51. Fountain Credit Services Ltd
52. CIC Insurance
53. Chartis insurance
54. Microensure Advisory Services
55. Itegemee Trust
56. OIKOCREDIT
57. MESPT
58. Women Enterprise Fund
59. Unaitas Sacco Society ltd.

Source: Association of Micro Finance Institutions as at December 2012