AN INVESTIGATION INTO THE FACTORS INFLUENCING FINANCIAL SUSTAINABILITY OF WOMEN OWNED SMEs IN KENYA: A CASE OF MACHAKOS COUNTY

BY

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DECLARATION

This Research Project report is my original work and has not been submitted for a degree or any other award in any other institution.

Sign...Date...

PENINNAH MBITHE MBUVA

(L50/70119/2013)

This Research Project report has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This Research Project report is dedicated to my husband Geoffrey Mbuva and my children Sarah Mbuva and Timothy Baraka Mbuva for their moral support.

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ABBREVIATIONS AND ACRONYMS

C-WES	**:**	Constituency Women Enterprise Scheme.
EPROM	**:**	Entrepreneurial Programming and Research on Mobile Phones
ERSWEC	**:**	Economic Recovery Strategy for Wealth and Employment Creation
FIKA	**:**	Financial Knowledge for Africa
GDP	**:**	Gross Domestic Product
GoK	**:**	Government Of Kenya
ILO	**:**	International Labour Organization
KCB	**:**	Kenya Commercial Bank
MDG	**:**	3rd Millennium Development Goal
MFI	**:**	Microfinance Institutions
MPNDV	**:**	Ministry of Planning, National Development & Vision 2030
NGOs	**:**	Non-Governmental Organizations
NSE	**:**	Nairobi Securities Exchange
OECD	**:**	Organization for Economic Cooperation and Development
POF	**:**	Order Theory or Framework
ROSCAS	**:**	Rotating Savings and Credit Associations.
SACCOS	**:**	Savings and Credit Cooperative Societies.
SMEs	**:**	Small and Medium Organizations
SPSS	**:**	Statistical programme for Social Sciences
US	**:**	United States
USAID	**:**	United States-AID
WEF	**:**	Women Enterprise Fund

ABSTRACT

The purpose of this study was to identify the various factors influencing women owned SMEs financial sustainability in Machakos County and come up with valuable recommendations on how to ensure financial sustainability prevailed amongst women owned SMEs in Machakos County. The objectives of the study were: to establish the influence of government loans accessibility on women owned SMEs financial sustainability, to establish the influence of financial innovativeness on women owned SME's Financial Sustainability, to establish the influence of the capital structure on women owned SMEs Financial Sustainability and to establish the influence of financial management on women owned SME Financial Sustainability. The study was carried out in the eight constituencies of Machakos County namely; Machakos Town, Mavoko, Kathiani, Mwala, Matungulu, Kangundo, Yatta and Masinga. The study used descriptive survey research design. A sample of 383 members was selected from a population of 5311 women owning SMEs businesses using stratified random sampling method. A semi-structured questionnaire was used for data collection. The questionnaire was validated by the supervisor, lecturers and colleagues from the University. Cronbach's alpha method was used to affirm the reliability of the instrument. The questionnaire was found to be reliable with a reliability index of 80.5% the collected data was edited coded and analyzed using Statistical package for Social Sciences (SPSS) Version 17.0. The results of the study were presented in tables and percentages. The study established that government loan accessibility, financial innovativeness, capital structure and financial management influence financial sustainability of women owned SMEs in Machakos County. The study concluded that, on government loan accessibility, women entrepreneurs had positive attitude towards government loan policies, procedures and repayment terms. On Financial Innovativeness it was found that entrepreneurship and bookkeeping skills enhanced financial sustainability of women owned SMEs. On Capital structure, it was concluded that debt financing was preferable to equity capital and the cost of borrowing (interest) influenced financial suitability on women owned SMEs. Lastly, on Financial management; financial management skills, management style (management supporting workers with innovative talents) and attendance of entrepreneurship training, business seminar and forums enhanced financial sustainability of women owned SMEs. The researcher's recommendation was that, government and its agencies should generally extent its efforts towards women affiliated sectors to promote even and quick economic development.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and other spin-off business linkages (Common wealth secretariat, 2002). (Siwadi and Mhangami, 2011) adds that it is undeniable that women entrepreneurs are the major actors in that sector and contributors to economic development and are becoming increasingly visible in the local economies of the developing counties. The Kenyan government recognizes that women entrepreneurs have not been on an equal footing when it comes to their access to opportunities and assets but it has yet to effectively address the barriers facing women in business (Athanne, 2011).

The Organization for Economic Cooperation and Development (OECD, 2004) notes that women entrepreneurs have untapped source of economic growth, create new jobs for themselves and others, provide society with different solutions to management, organizations and business problems and exploit entrepreneurial opportunities‟ . Despite encouraging remarks about capacities of women enterprises to boost local economy (USAID, 2001) briefs indicate that women owned and operated micro enterprises grow less rapidly and are likely to close sooner than male counterparts. However, promoting women's economic and political empowerment has gained greater attention over the last three decades (Yeshiareg Defene, 2007). For example, several interventions are being carried out by a number of stakeholders to ensure that the sector plays its role fully. Both the Government and the private sector (including the NGOs) are engaged in various efforts to empower the entrepreneurs in particular women, to grow their enterprises such as formation of Women Enterprise Fund (WEF) in Kenya. Women Enterprise Fund (WEF) was conceived by the Government of Kenya in 2006 and officially launched in 2007, (GoK, 2007)

The principal objective of the fund is economic empowerment of women. Women Enterprise Fund loans reach the target beneficiaries through the partner financial intermediaries and directly through Constituency Women Enterprise Scheme (C-WES). This fund is aimed to enable the government realize the 3rd Millennium Development Goal (MDG) on "gender equality and empowerment of women". In recognition of the critical role women play in socio-economic development, the WEF has been identified as a flagship project under the social pillar in the Vision 2030. It is expected that the fund will play a catalytic role in mainstreaming women in the formal financial services sector and experience financial sustainability.

Kenya has also made great strides in the realization of democracy, despite myriad challenges facing the country. In an initiative to support the youth and women and make them financially independent, the Jubilee Government launched Uwezo Fund that is yet to sufficiently take off despite the hype surrounding the fund. Being one of the promises under the Jubilee manifesto during the 2013 campaigns, Government has been put to task to fulfill its mandate by disbursing the Ksh 6 billion Uwezo fund to the youth and women (GoK, 2007). The aim of Uwezo fund is to provide youth and women access to grants and interest-free loans, as well as mentorship opportunities to enable them take advantage of up to 30% of Government procurement preference for youth, women and persons with disabilities through its Capacity Building Programme (GoK, 2007). Each eligible group can be awarded from Ksh500, 000 to Ksh3 million per project depending on how qualified their project proposal will be.

Additionally the government has also intervened through use of its own financial institutions such as bank(s) to channel funds to women owned projects. For example, Kenya Commercial Bank (KCB) applied for a loan guarantee to reduce collateral requirements (previously set at more than 100 percent of the loan value) for select SMEs and to focus on building its understanding of individual SME businesses, their cash flow, and select economic sectors (USAID, 2006b, pp. 8-9; M. Rostal, personal communication, July 2009).To date, the KCB $3.95-million loans has guaranteed 216 SME loans totaling $3 million. KCB has developed and introduced two new loan products in the market that are backed by the guarantee: Biashara Working Loans, which target SMEs, and Grace Loans, targeted to women-owned businesses. The aim of the government is to ensure that women owned projects such as SMEs have financial sustainability.

1.2 Statement of the Problem

In Kenya, over sixty percent of small businesses are estimated to fail each year (Kenya National Bureau of Statistics, 2007). (Mead, 1998) observes that the health of the economy as a whole has a strong relationship with the financial health and nature of SMEs. However, despite government efforts in Kenya to promote women owned SMEs activity such as extending low rated loans; lenient loan terms and conditions of repayments; setting of special financial vehicles such as WEF and UWEZO funds among other endeavors, past records for SMEs are characterized by failures or early closures due to financial distress and not much progress seems to have been achieved, judging by the performance of the informal sector.

A study by (Stevenson and St-Onge, 2005a) on women enterprises in Kenya also identified, specific factors that limit their growth and development are largely around financing. For example women are very often unable to meet loan conditions, specifically collateral requirements. This is primarily due to cultural barriers that restrict women from owning fixed assets such as land and buildings. Secondly many financial institutions lack confidence in projects owned by women and women are also perceived to be risk averse in approaching banks to finance their small projects. In addition, small loans are costly for financial institutions to put on the books and administer. Also in his study, (St-Onge, 2005) found that women are seen to lack management skills, and some women have relatively low levels of education and technical skills, lack the ability to approach a financial institution and to develop a proposal for financing (business plans) and do not have the same opportunities for full-time waged employment, and therefore have more limited capacity for savings accumulation than men. Therefore this study investigated on the key factors influencing financial sustainability of women owned SMEs in Machakos County between year 2009 to 2013.

1.3 Purpose of the Study

The general objective of this study was to investigate into the key factors influencing financial sustainability of women owned SMEs in Kenya: a case of Machakos County. That is, investigating on how government loan accessibility, financial innovativeness, capital structure and financial management influence financial sustainability on women owned SMEs.

1.4 Research objectives

The Specific objectives were;

i) To establish influence of government loans accessibility on women owned SMEs financial sustainability in Machakos County.

ii) To establish the influence of financial innovativeness on women owned SME's Financial Sustainability in Machakos County.
iii) To establish the influence of the capital structure on women owned SMEs Financial Sustainability in Machakos County.
iv) To establish the influence of financial management on women owned SME Financial Sustainability in Machakos County.

1.5 Research Questions

This research was guided by the following research questions

i) How does government loan accessibility influence women owned SMEs financial sustainability in Machakos County.?
ii) How does financial innovativeness influence women owned SME's Financial Sustainability in Machakos County.?
iii) How does capital structure influence women owned SMEs Financial Sustainability in Machakos County.?
iv) How does financial management influence woman owned SME Financial Sustainability in Machakos County.?

1.6 Significance of the study

The findings of this study will be used by government to get the insight of real financial weakness with women entrepreneurs on issues of financial management as compared to their counterparts and therefore review its women loan policy.

The findings will also contribute reliable knowledge for vision 2030 stakeholders so as to know which areas of management of SMEs need improvement so as to increase women efficiency in productivity issues and hence impact to economic growth positively by avoiding no value addition activities in the informal sector.

The financial institutions will benefit from the outcome of this research for they will be able to know how to tailor make their financial products to suit women clientele and hence assist in improving the women's SME financial sustainability which will reduce rate of loan default.

The women entrepreneurs will also acquire new knowledge on the key factors which may contribute to their financial failure and take the appropriate measures to mitigate this risks.

The finding will be important to academicians and researchers as basis for further researches. The study will provide the background information to research organizations and scholars who would want to carry out further research in this area. The study will facilitate individual researchers to identify gaps in the current research and carry out research in those areas.

1.7 Limitations

The study had the limitation of time and resources to reach the whole population. This limitation was overcome by carrying out sampling to identify a manageable sample, notifying the respondents in advance and building a consensus on an appropriate date and time to administer the questionnaire. The researcher recruited and trained research assistants to overcome the issue of time constraints.

The researcher faced a challenge of unwilling respondents; this problem was addressed by the researcher assuring all respondents that information obtained was to be treated with professionalism and confidentiality and was to be used only for the purpose of the study.

Limitation of Language and literacy. The questionnaires were in English and there were some respondents who could not understand it. To overcome this limitation the researcher and the research assistant were available to assist the concerned respondents.

1.8 Delimitations of the study

The study was conducted in Machakos County. Machakos County is an administrative County in the eastern part of Kenya. The County has 8 constituencies which are; Machakos Town, Masinga, Yatta, Kangundo, Matungulu, Kathiani, Mavoko and Mwala. The County covers 6,208 square Kms and has a population of 1,098,584 as per 2009 census(Male 49 %,Female – 51 %); with an age distribution of 0 to 14 years at 39%, 15 to 64 years 56% and 5% above 65 years-break down this age distribution more (0-14, 15-29, 30-64 and over 64). Its capital town Machakos is cosmopolitan and is located 64 kilometers southeast of Nairobi.

This study grew out of an interest to research on the key factors that influence the women owned SME financial sustainability. That is, investigating on how government loan accessibility, financial innovativeness, capital structure and financial management influence financial sustainability on women owned SMEs.

To study financial sustainability variable of SMEs in Kenya, the researcher used Machakos County as the locale, the researcher targeted those businesses that are in major towns in Machakos County. Timeline was also a constraint especially in data collection. To overcome this barrier, the researcher engaged research assistants to ensure data is collected in two weeks time so as to beat the set deadlines. Also the questionnaires posed a threat of language interpretation for they were in English language and this was of less use to women entrepreneurs who are illiterate. To solve this matter an interpreter was used where need arose.

1.9 Basic assumptions of the study

The researcher collected data using the questionnaires and the assumption was that all the respondents were cooperative to give all required data for this study. The stratified random sampling approach was unbiased and therefore the results of this research were reliable.

The researcher assumed that the data collection instrument to be used had validity and was to measure the desired constructs. The researcher sought for an expert opinion on the data collection instrument from his supervisor and other lecturers in the department and subjected the approved data collection instrument to a test- retest method to a pilot group in Machakos town constituency.

1.10 Definition of terms used in the study

Financial Sustainability: This is an aspect of the small Medium enterprise which is characterized by sound financial abilities such as venturing in new products when the opportunity arises, business being able to meet its financial obligation when it falls due to avoid bankruptcy and continuous average positive cash flows

Women Owned SME: Those small firms that have an average of two to fifty employees and asset value between half to a million Kenya shillings and are formed by women who are the key decision makers.

Government loans: Financial support from the government that target the women and/or women and youth with a characteristic of being cheap and lenient terms and conditions

Financial management: The ability or skills to manage SME's cash to optimally utilize investment opportunities and also minimizing operating costs of the SME business

Financial Innovativeness: Creating new forms of financing that were not previously used. Companies partake in financial innovation in order to obtain financing at a rate that is lower than that demanded by the market. Much of the incentive behind financial innovation is the possible tax savings through loopholes.

Capital structure: This refers to how SME owners combine sources of finance such as own savings and borrowed capital to ensure that returns from the business operations is more than cost of borrowing.

UWEZO fund: It is a fund that was assigned to finance women and youth by the current Kenyan government which initially planned to finance a presidential run-off in 2013 general elections. The word UWEZO is a Kiswahili word meaning being "able"

WEF fund: A fund established by the government of Kenya to finance women oriented SMEs, introduced in 2007

Financial management skills: Skills for planning, organizing, directing and controlling of finance resources for a business concern such as SME

Financial literacy: Is the ability to understand how money works in the world: how someone manages to earn or make it, how that person manages it, how he/she invests it (turn it into more). More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources.

Government loan accessibility: Actualization of issuing government funds to the targeted group

1.11 Organization of the study

This research project is organized into five chapters: Chapter one which is the introductory chapter deals with the introduction, problem statement, purpose of the study, objectives of the study, the research questions, significance of the study, limitations and delimitations of the study, basic

assumptions of the study, definition of significant terms and the organization of the study. Chapter two contains the review of related literature on financial sustainability of women owned SMEs and the factors influencing it, namely; government loan accessibility, financial innovativeness, capital structure and financial management. In chapter three, Research Methodology is presented. It comprises Research design, Target population, Sampling procedure, Methods of data collection, Validity of the instruments used, Reliability of the research findings and data analysis techniques.
This chapter presents the findings of the study which was analyzed, interpreted and discussed under thematic and sub thematic areas in line with study objectives. The thematic areas were demographic characteristics and the key factors influencing financial sustainability of women owned SMEs in Kenya: a case of Machakos County. Chapter five presents the key findings presented in chapter four, conclusions drawn based on such findings, recommendations there-to and areas of further research.

1.12 Summary

The small and medium enterprise is one of the key players in economic development in most countries, both developed and developing. This chapter reveals the government's diversified interventions to uplift the performance or full participation of the women owned SMEs in economic growth which has been through different channels such as fulfillment of millennium goals. The chapter laid down the background of women owned SMEs and the factors that have influenced this segment of the economy.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter highlights the key factors that influence directly or indirectly financial sustainability of women owned SMEs in Kenya. It gives a literature review on those related factors that influence financial sustainability of SMEs, such as government loan accessibility, financial innovativeness, capital structure and financial management.

2.2 SMES in Kenya

Medium enterprises constitute a category difficult to demarcate vis-à-vis the "small" and "big" business categories. The SME industry in Kenya is characterized by the employment of between 50 to 200 employees and capital assets of a substantial amount of about Ksh. 2 million (excluding property). There is no standard definition of SME in Kenya. Lenders definitions vary, but typically they define SMEs as businesses with six to 50 employees or with annual revenues less than 50 million Kenyan shillings. Regardless of the quantitative definition, it is agreed by virtually all stakeholders in this market that SMEs in Kenya are the “missing middle”. Their size and credit demand have outgrown the capacity of microfinance institutions, which offer small, short loans via group-lending methodologies, while the capacity of the SME risk profile combined with the lenders‘ lack of sophisticated risk assessment techniques makes many of them appear undesirable as credit customers for business banking.

The link between microcredit and financial sustainability of SMEs, though repeatedly emphasized by donors and practitioners in conferences and summits, is a controversial area of empirical research. (Mizan, 1993) finds significant and positive effects of participation in Grameen Bank program on entrepreneurs’ decision making within the household. However, (Montgomery, 2005) finds that participation in Khushali Bank's 5 microcredit program in Pakistan does not increase the degree of enterprises financial sustainability while (Salman, 2008) suggest that at least in the urban slums, the link between microcredit and enterprises financial sustainability is not as strong as perceived by the donor agencies and microcredit practitioners. However all studies find that for the majority of borrowers income increases are small, and in some cases negative. According to

(Kiraka, R. 2009) most SMEs in Kenya are faced with a lot of challenges starting and maintaining businesses in a highly competitive environment in Kenya.

Availability of credit remains a daunting challenge with most business expressing their dissatisfaction with financial institutions in making credit available to do business. Lack of information on where to access professional and financial services was a major impediment for growth, among those questioned in a recent survey. Despite availability of products offered by financial and microfinance institutions, the targeted recipients were not informed on where to get them and how to meet the requirements. They however said the assistance should come in form of provision of capital and loans to small enterprises as well as access to credit facilities and training. The interest rates on credit facilities offered to SMEs are too high compared to the market rates and that the loan repayment period was short.

2.3 Women Entrepreneurs in Kenya

According to (Central Bureau of Statistics,1999), National Micro and Small Enterprise Baseline Survey (the most comprehensive Kenyan survey on the sector), there were 612,848 women entrepreneurs (MSEs) in Kenya, 47.7 per cent of the total, a percentage that closely mirrors their share of the labour force (46.7 per cent). Women were more likely to be operating in the trade sector (75 per cent), and were more dominate than men in leather and textiles (accounting for 67 per cent of total MSEs in that sector), retail (accounting for 56 per cent of total MSEs in that sector), entertainment (accounting for 55 per cent of total MSEs in that sector) and other manufacturing (accounting for 68 per cent of the total MSEs in that sector) With regard to their demographic distribution, about 80% of women entrepreneurs are in the 20 – 39 years age bracket, with the 40 – 49 age bracket representing about 18.5% of the entrepreneurs. Over 56% of the women entrepreneurs are married, and about 32% are single.

A significant number of women entrepreneurs are also educated up to secondary school level (about 36%), while 34% have primary level education. Only about 3% are university graduates (ILO, 2008). Women are less likely than men to employ others in their enterprises. The average number of employees in a female-owned MSE is 1.54 versus 2.1 for male-owned MSEs. In MSEs owned by women, about 86 per cent of the workers are the owner operators; only four per cent of their workers are hired; the remainder is made up of either family members or apprentices. The

Government of Kenya reports that there were 2.8 million MSEs in 2002, contributing to employment of 5.1 million people. If the proportion of women operators remained the same as it was in 1999 at 47.7 per cent, the estimated number of women MSEs in 2002 would be 1.3 million. If the employment share of their enterprises remained at 40 per cent, this means women could be generating as many as 2 million jobs for Kenyans (including themselves) (Stevenson & St-Onge, 2005).

(Stevenson & St-Onge, 2005) profile Kenyan women entrepreneurs into four categories. The first category is that of the Jua Kali micro-enterpriser. The women who own these often unregistered enterprises in the informal economy, have little education (less than secondary level), and are constrained by lack of entrepreneurial and business knowhow, access to credit, and awareness of markets and market opportunities. They constitute about 96.7 percent of all SMEs owned by women. The second category is comprised of women with micro enterprises (6-10 employees) and these constitute 2.6 percent of the enterprises. The third category is the small enterprises (over 10 employees), that constitute 0.7 percent of enterprises.

The women own micro and small enterprises have a minimum of secondary education, previous experience as an employee in a public or private sector enterprise, and a supportive husband who may be directly or indirectly involved in the business. Their businesses are generally registered and operate from legitimate business premises. The fourth category is made up of women with university education, who came from entrepreneurial family backgrounds, have experience in managerial positions in the corporate world, access to financial means and supportive husbands. They constitute less than 0.1 percent of all women-owned enterprises.

2.4 Women owned SME financial sustainability

The World Bank defines financial self-sustainability as the process of increasing the capacity of institutions or groups to make choices and to transform those choices into desired actions and outcomes (Montgomery, 2005). Central to this process are actions which both build individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets. In order to ensure financial viability, sustainability needs to be central in the planning and day-to-day operation of the SME. Indeed, financial sustainability can be considered as an important dimension as it is a condition for achieving sustainability of other project components (Salman, 2008). It is achieved if the revenues of the SME are greater than the expenditures. However, financial sustainability is an output of the sustainability of other components at the same time.

Financial sustainability is a key factor for SME sustainability, as it is a condition for achieving sustainability of other components and the survival of the SME (Todd, 2006). Moreover, financial sustainability is based on a given minimum purchasing power and sufficient density of potential SME customers. In addition to budgeting, bookkeeping, and strict financial discipline, SME should establish financial controlling mechanisms keeping them informed of the status of planned vs. actual expenditures, earnings, and cash flows.

2.4.1 MSEs access to financial support services in Kenya

Support services to SMEs cover both financial and non-financial interventions provided to enhance the development and sustainability of the sector. According to (Central Bureau of Statistics, 1999), there were an estimated 260 organizations (private and public, national and international) with support programmes. In an attempt to understand the scope of these organizations, the 1999 MSE Survey enquired into the different types of assistance received by MSE operators. The operators cited both formal and informal assistance, and financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the MSE's credit (69.1 per cent) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS). This was in line with other findings that only 4 per cent of accessed credit was obtained from formal financial channels, such as NGOs, micro-finance schemes, commercial banks and Savings and Credit Cooperative Societies (SACCOS). At the same time, there were about 150 organizations with credit programmes for MSEs in Kenya; of these 130 were NGOs. These organizations serve all regions in the country although most of them are located in urban areas.

2.4.2 Government credit accessibility and women owned SMEs financial sustainability

In Kenya, the government initiated the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) in 2003 whose intention was to turn around the ailing Kenyan economy. The strategy registered some success, with over one million jobs created in the period between 2003 and

2007, and the Gross Domestic Product (GDP) growth rate rising from 0.6% per annum in 2002 to 7% in 2007. Following this development, the government launched Kenya Vision 2030, which is the country's economic blueprint covering the period 2008 to 2030. It aims at making Kenya a newly industrialized "middle income country providing high quality of life for all its citizens by the year 2030." The vision will be implemented in 5-year phases starting with 2008-2012.

The vision is based on three pillars: the economic pillar, the social pillar and the political pillar (Ministry of Planning, National Development & Vision 2030 [MPNDV2030], 2007).

Among the key initiatives planned for the first phase (2008-2012) of the economic pillar specific to SMEs are: (i) building 'producer business groups' which will be based in the rural areas and will feed different urban centres; (ii) creation of two economic clusters (around sugar and paper); (iii) creation of five MSME industrial parks; (iii) one-stop-shop for SMEs and (iv) streamline the microfinance sector that mainly provides financial services to MSMEs (MPNDV2030, 2007). In addition, in 2007 the Kenya government initiated the Youth Enterprise Fund, a two billion Kenya Shillings initiative (US$25million), whose aim is to provide start-up capital to small enterprises whose owners are below 30 years of age. A similar Fund was set up to support women entrepreneurs – the Women Enterprise Fund. These Funds are managed through microfinance institutions and continue to receive government support. Circumstantial evidence suggests that some success has been registered, but no empirical study has been conducted yet to assess their effectiveness.

2.4.3 The Women Enterprise Fund

The Women Enterprise Fund (the Fund) was established through Legal Notice No. 147 Government Financial Management (Women Enterprise Fund) Regulations, 2007, had begun its operations in December 2007. It has five mandates as provided in the establishing legal notice. These are: Providing loans to women using the two channels, namely, microfinance institutions (MFIs) and the Ministry of Gender, Children and Social Development under the Constituency Women Enterprise Scheme (CWES); Attracting and facilitating investment in micro, small and medium enterprises oriented infrastructure such as business markets or business incubators that will be beneficial to women enterprises; Supporting women oriented micro, small and medium enterprises to develop linkages with large enterprises; Facilitation of marketing of products and services of women enterprises in both domestic and international markets; Supporting capacity building of the beneficiaries of the Fund and their institutions (Government of Kenya, 2009).

The vision of the Fund is to socially and economically empower Kenyan women entrepreneurs for economic development, and its mission is to mobilize resources and offer access to affordable credit and business support services to women entrepreneurs. The core values of the Fund are:

Integrity, Teamwork, Innovation, Courage and Respect for Diversity (Government of Kenya, 2009). In order to achieve its mandate, the Fund set up ten objectives (Government of Kenya, 2009). These are: To increase the loan portfolio from Kshs.682 million to Kshs.4 billion by the year 2012; To grow the Fund from Kshs.1.215 billion to Kshs.3 billion by the year 2012; To increase the number of women entrepreneur borrowers from 92,000 to over 600,000 by 2012;To link at least 60 women micro, small and medium enterprises in each province with large enterprises by 2012; To enhance and strengthen the knowledge, skills and capacity of women entrepreneurs; To facilitate marketing of products and services of women enterprises in local and international markets; To facilitate development of supportive infrastructure for women enterprises; To strengthen institutional capacity of the Fund; To enhance advocacy and publicity of the Fund; To enhance efficiency in the operations and processes of the Fund. An establishment of the Fund is a step towards ensuring resources reach excluded women. It is also a testimony of the Kenya government’s commitment to the realization of the 3rd Millennium Development Goal (MDG) on women empowerment and gender equity. Successful execution of the Fund’s mandate is supposed to address the existing hurdles women face in venturing and growing sustainable enterprises (Government of Kenya, 2009).

2.4.4 Financial innovativeness and women owned SMEs financial sustainability

SMEs tend to be large in number, accounting for about 90 percent of all enterprises in many African countries and over 80 percent of new jobs in a given country (Reinecke, 2002). With their large number comes increased competition, and continuous technological breakthroughs and rapidly changing customer requirements demand strong market orientation if SMEs are to be successful (Shiu & Walker, 2007). Yet, market saturation is a major problem for SMEs related to a lack of access to higher value markets and a lack of innovation. Many entrepreneurs, particularly women, are located in low value markets where there are few barriers to entry. This leads to saturated markets and little room for growth. Without innovation through new product development and access to higher value markets, the potential for success for SMEs is low (Kantor 2001). According to (Lin and Chen, 2007), innovation is a dominant factor for a firm's competitiveness within this environment. It fuels organizational growth, drives future success and is the engine that allows businesses to sustain their viability in a global economy. Firms must be able to create and commercialize a stream of new products and processes that extend the technology frontier, while at the same time keeping a step or two ahead of their rivals. Every organization therefore needs one core competency: innovation (Sheu, 2007).

Consequently, the pressures on all business enterprises to continuously innovate, so as to enable themselves to develop and launch new products and services, are greater than ever. The successful development and launch of new products and services is fundamentally important to the survival and success of business enterprises, irrespective of their size (Wynarczyk, 1997). However, their readiness and capacity to develop innovative products and services can be impeded by a common lack of financial strength as well as technical and managerial skills (Gray, 2006; Shiu & Walker, 2007). Therefore, interventions need to be considered in terms of technological innovations to support new product and services offering, appropriate financial packages to fund the development of such innovations and managerial skills to commercialize the innovations.

2.4.5 Financial management skills and women owned SMEs financial sustainability

Financial literacy theory argues that the behavior of people with a high level of financial literacy might depend on the prevalence of the two thinking styles according to dual-process theories: intuition and cognition. Dual-process theories (Evans, 2008) embrace the idea that decisions can be driven by both intuitive and cognitive processes.

Dual process theories have been studied and applied to many different fields, e.g., reasoning and social cognition (Evans, 2008). Financial literacy remains an interesting issue in both developed and developing economies, and has elicited much interest in the recent past with the rapid change in the finance landscape.

(Atkinson and Messy,2005) define financial literacy as the combination of consumers'/investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial sustainability (Miller, Godfrey, Levesque & Stark, 2009). Financial literacy helps in empowering and educating investors so that they are knowledgeable about finance in a way that is relevant to their business and enables them to use this knowledge to evaluate products and make informed decisions. It is widely expected that greater financial knowledge would help overcome recent difficulties in advanced credit markets. Financial literacy prepares investors for tough financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance. Financial literacy facilitates the decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction. It also provides greater control of one's financial future, more effective use of financial products and services, and reduced vulnerability to overzealous retailers or fraudulent schemes. Facing an educated lot, financial regulators are forced to improve the efficiency and quality of financial services. This is because financially literate investors create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Investors on their part are able to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, so as to make optimal decisions (Miller, Godfrey, Levesque & Stark, 2009). (Greenspan, 2002) argues that financial literacy helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions.

Proper application of that knowledge helps investors to meet their financial obligations through wise planning, and resource allocation so as to derive maximum utility. (Hilgert, 2003) asserts that financial knowledge appears to be directly correlated with self-beneficial financial behavior. (Equity bank, 2012) in an article dubbed Equity Bank steps up its Kshs 1 Billion bid to boost financial literacy has details on a project carried out by Equity Group Foundation in conjunction with The MasterCard Foundation that was started to impart personal and business finance skills to more than 1million Kenyans particularly the youth. The training project dubbed Financial Knowledge for Africa (FIKA) exposes participants to basic economic concepts and helps them to gain an understanding of how to use a range of financial services - such as savings, insurance and credit products. The program builds their financial capacity through a comprehensive12-week financial education program - covering budgeting, savings, debt management, financial negotiations and banking services. This programme pioneered by Equity Group Foundation is aimed at ensuring that the community appreciates the dynamics of finances particularly now that immense resources are being channeled to youth, women and even SMEs.

2.4.6 Capital structure and women owned SMEs financial sustainability

Capital is a critical resource for all firms, the supply of which is uncertain. This uncertainty enables the suppliers of finance to exert control over the firm (Gachoki F., 2005) as quoted in (Rahul, 1996). A firm’s capital structure is a mix of debt and equity. In equity capital, the investors are partners in a company or firm while debt capital involves acquisition of extra capital from sources outside the firm, like creditors and loans. The financial manager must strive to obtain the best financing mix or the optimum capital structure for his or her firm. The firm’s capital structure is considered optimum when the market value of shares is maximized (Pandey, 1990).In the SME situation, it means that the capital should be structured in a way that maximizes the return, usually in a form of profits to the enterprise. Any other structure that brings fewer returns will therefore be interpreted as not being optimal or being inefficient. The firm’s capital structure can be made optimum through among other things; minimizing the use of debt as a means of financing SMEs since often these debts are acquired by the firm at a cost in the form of interest paid on the debt. As much as the use of debt may increase the return on equity funds, but it always increases financial risk as well. Therefore, it implies that micro-enterprises should be encouraged to result in acquisition of capital from sources which have least risk to the firm (Pandey, 1990).

There are many financial decisions that a firm makes in its daily operations. However, one of the important financial decisions facing them often involves the choice between debt and equity capital. The mix of debt and equity is known as the firm’s capital structure (Pandey, 1990). There have been many debates centered on whether there is an optimal capital structure for an individual firm or whether the proportion of debt usage is irrelevant to the individual firm's value (Gay, Louis and

Wallace, 1994). There exist several methods through which firms can be able to raise funds required to undertake its operations. However, the question on how much of debt and how much of equity a firm should maintain in order to optimize has been left unanswered in many scholars' minds. (Roy and Ming Fang, 2000) quote (Jensen, 1986) emphasizing that the creation of a capital structure can influence the governance structure of a firm, which in turn, can influence the ability of a firm to make strategic choices. (Roy and Ming Fang, 2000) state that an appropriate capital structure is a critical decision for any business organization, and that the decision is important because of the need to maximize returns to various organizational constituencies and also because of the impact such a decision has on organization's ability to deal with its competitive environment.

(Jensen, 1986) as quoted in (Roy and Ming Fang, 2000) observe that in order for small and micro-enterprises to maintain their competitive capabilities, goals and objectives, reduce risks and continue with their existence, they need adequate knowledge about capital structure. He further notes that, they should direct their special attention to those factors that are likely to influence the governance structure of a firm to make strategic choices.

2.4.7 Financial management and women owned SMEs financial sustainability

Financial literacy theory argues that the behavior of people with a high level of financial literacy might depend on the prevalence of the two thinking styles according to dual-process theories: intuition and cognition. Dual-process theories (Evans, 2008) embrace the idea that decisions can be driven by both intuitive and cognitive processes.

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(Atkinson and Messy, 2005) define financial literacy as the combination of consumers'/investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial sustainability (Miller, 2009). Financial literacy helps in empowering and educating investors so that they are knowledgeable about finance in a way that is relevant to their business and enables them to use this knowledge to evaluate products and make informed decisions. It is widely expected that greater financial knowledge would help overcome recent difficulties in advanced credit markets. Financial literacy prepares investors for tough financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance. Financial literacy facilitates the decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction. It also provides greater control of one's financial future, more effective use of financial products and services, and reduced vulnerability to overzealous retailers or fraudulent schemes. Facing an educated lot, financial regulators are forced to improve the efficiency and quality of financial services.

This is because financially literate investors create competitive pressures on financial institutions to offer more appropriately priced and transparent services, by comparing options, asking the right questions, and negotiating more effectively. Investors on their part are able to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, pay-
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2.5 Theoretical framework

There are several relevant SME financial sustainability theories that govern this study, namely; Agency Theory, Signaling Theory and The Pecking-Order Theory or Framework (POF).

Agency theory deals with the people who own a business enterprise and all others who have interests in it, for example managers, banks, creditors, family members, and employees. The agency theory postulates that the day to day running of a business enterprise is carried out by managers as agents who have been engaged by the owners of the business as principals who are also known as shareholders. The theory is on the notion of the principle of 'two-sided transactions' which holds that any financial transactions involve two parties, both acting in their own best interests, but with different expectations. Problems usually identified with agency theory may include: one, Information asymmetry- a situation in which agents have information on the financial circumstances and prospects of the enterprise that is not known to principals (Emery,1991).

Secondly, Moral hazard-a situation in which agents deliberately take advantage of information asymmetry to redistribute wealth to themselves in an unseen manner which is ultimately to the detriment of principals. Nevertheless, the theory provides useful knowledge into many matters in SMEs financial management and shows considerable avenues as to how SMEs financial management should be practiced and perceived. It also enables academic and practitioners to pursue strategies that could help sustain the growth of SMEs.

Signaling Theory rests on the transfer and interpretation of information at hand about a business enterprise to the capital market, and the impounding of the resulting perceptions into the terms on which finance is made available to the enterprise. In other words, flows of funds between an enterprise and the capital market are dependent on the flow of information between them. (Emery,1991). For example management's decision to make an acquisition or divest; repurchase outstanding shares; as well as decisions by outsiders like for example an institutional investor deciding to withhold a certain amount of equity or debt finance. The emerging evidence on the relevance of signaling theory to small enterprise financial management is mixed. Until recently, there has been no substantial and reliable empirical evidence that signaling theory accurately represents particular situations in SME financial management, or that it adds insights that are not provided by modern theory (Emery,1991).

(Keasey,1992) writes that of the ability of small enterprises to signal their value to potential investors, only the signal of the disclosure of an earnings forecast were found to be positively and significantly related to enterprise value amongst the following: percentage of equity retained by owners, the net proceeds raised by an equity issue, the choice of financial advisor to an issue (presuming that a more reputable accountant, banker or auditor may cause greater faith to be placed in the prospectus for the float), and the level of under pricing of an issue. Signaling theory is now considered to be more insightful for some aspects of small enterprise financial management than others (Emery 1991).

Pecking order Theory, is a finance theory which suggests that management prefers to finance first from retained earnings, then with debt, followed by hybrid forms of finance such as convertible loans, and last of all by using externally issued equity; with bankruptcy costs, agency costs, and information asymmetries playing little role in affecting the capital structure policy. A research study carried out by (Norton,1991b) found out that 75% of the small enterprises used seemed to make financial structure decisions within a hierarchical or pecking order framework. (Holmes 1991) admitted that POF is consistent with small business sectors because they are owner-managed and do not want to dilute their ownership. Owner-managed businesses usually prefer retained profits because they want to maintain the control of assets and business operations.The three theories are relevant in explaining the aspect of financial sustainability of SMEs in Machakos County. The Agency theory relate to management style variable, Signaling theory relate to competitive edge advantage that a firm has over the rest of its competitor and the Pecking-Order Theory gives an SME directives on how to build the capital structure of the business.

2.6 Conceptual Framework

The Conceptual framework is an illustration of the relationships between the variables identified for the study. It shows the relationship between the independent and the dependent variables. The dependent variable is financial sustainability of women owned SMEs. The independent variables are; government loan accessibility; financial innovativeness; capital structure and financial management. The intervening variables were social economic factors and the moderating.

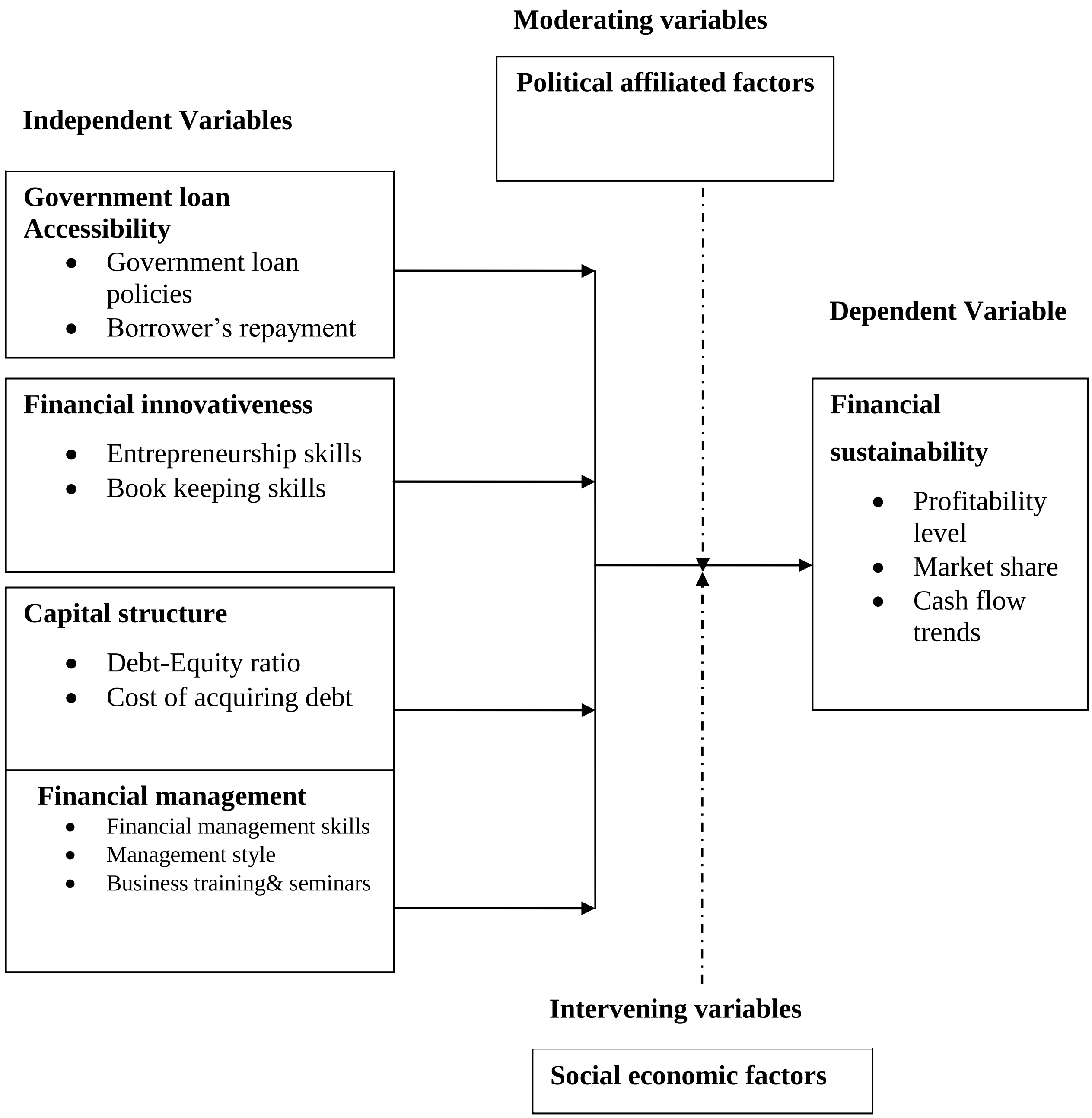

Figure 2.1: Conceptual Framework

Table 2.1 Knowledge Gap

SOURCE	SPECIFIC VARIABLE	FINDINGS	RESEARCH GAP
(Baseline Survey 1999)	The different types of assistance received by MSE operators.	The operators cited both formal and informal assistance, and financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the MSEs credit (69.1 per cent) came from informal savings and credit associations	This study aims at investigating the factors influencing the rate of accessibility to government credit facilities by women entrepreneurs
(Lin and Chen 2007)	Factors affecting firm's competitiveness within its environment.	It was concluded that a firm can have a competitive edge against other firms with innovation put in place.	This study aims at looking at role of financial innovativeness towards financial sustainability of women owned firms
(Jensen,1986) and Roy and Ming Fang, 2000)	Optimal capital structure of a small and medium enterprise	Observe that in order for small and micro-enterprises to maintain their competitive capabilities, goals and objectives, reduce risks and continue with their existence, they need adequate knowledge about capital structure.	To identify the relationship between capital structure decisions by women entrepreneurs and SME's Financial sustainability
(Atkinson and Messy 2005) and (Miller 2009)	The general role of financial management skills	it was concluded that, not many women entrepreneurs did not have business skills	To find out the contribution of women financial management skills literacy level towards women SME financial sustainability

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section discusses the methodology that was employed in carrying out the study. In this section the researcher has identified the procedures and techniques which were used in the collection, processing and analysis of data. Specifically the following subsections have been included; research design, target population, Sampling Design and Sample Size, data collection and data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

Research design is the plan and structure of investigation conceived as to obtain answers to research questions. For the purpose of this study, the researcher employed a survey research design. As a descriptive study is concerned with determining the frequency with which something occurs or the relationship between variables (Cooper and Schindler, 2003).

This approach was appropriate for this study, since the researcher intended to collect detailed information in order to describe the nature of the relationship between the various factors and women owned SMEs financial sustainability.

Descriptive statistics was applied to study the effects of between various factors and women owned SMEs financial sustainability. A both quantitative and qualitative approach to analyze the data were employed. A questionnaire was the main instrument of collecting data. This instrument was preferred because of its low cost even when the population is large, it is free from the biases of the interviewer, and SMEs have more time to give well thought answers (Mugenda and Mugenda, 1999). It also saves time on the part of the researcher. In this case the researcher was interested in investigating the factors influencing financial sustainability of women owned SMEs and so a causal study was deemed to be more appropriate.

3.3 Target Population

According to (Cooper and Schindler 2003), a population is the total collection of elements about which we wish to make some inferences. The idea is not far from (Mugenda and Mugenda, 1999) view as they define a population as the entire group of individuals, events or objects having a common observable characteristic. The target population consisted of 5,311 SMEs (Machakos County report, 2013) operating in Machakos Municipality. The SMEs in Machakos are heterogeneous and thus stratified sampling was used. The strata were the business categories from which the sample was selected.

3.4 Sampling Procedures

Sample size is a given number of members or cases from the accessible population which is carefully selected so as to be a representative of the whole population with the relevant characteristics. Stratified random sampling was applied to pick 383 SMEs that was used in the study. This number was considered appropriate due to time and cost constraints. The simple random sampling procedure was preferred because this concept allows unbiased sampling.

Table 3.1 Sample frame of women entrepreneur respondents

Name Of Town	Population	Sample Size	Percentage-%
Machakos Town	2155	100	26
Mavoko	956	60	16
Kathiani	443	32	9
Mwala	489	50	13
Matungulu	355	40	10
Kangundo	301	40	10
Yatta	267	30	8
Masinga	345	30	8
TOTAL	**5311**	**382**	**100**

3.5 Methods of Data collection

This study employed a self-administered questionnaire as a sole means of data collection from SMEs. The instrument was based on a five point Likert scale. The instrument was divided into two sections. The first section contained questions on demographic and the type of business one runs. The second section covered aspects of financial sustainability of SMEs.

Primary data was used in this study since many SMEs do not have complete and regularly maintained business records. Therefore, the study used ordinal, nominal and rational data to achieve the research objectives.

Primary data was gathered through structured questionnaires. In order to ensure uniformity in response and to encourage participation, the questionnaire was kept short and structured with mostly multiple-choice selections in a likert scale. The questionnaires were preferred in this study because most of the respondents of the study were most likely literate (or illiterate in rare cases) and quite able to answer questions asked adequately. According to (Mugenda and Mugenda, 2003), questionnaires are commonly used to obtain important information about a population under study. The researcher obtained an introductory letter from the University to collect data then personally delivered and where necessary sought help from research assistants to distribute the questionnaires to the respondents and had them filled in and then collect later. The drop and pick later method.

3.6 Validity of research instruments

According to (Paton, 2002) validity is quality attributed to proposition or measures to the degree to which they conform to established knowledge or truth. An attitude scale is considered valid, for example, to the degree to which its results conform to other measures of possession of the attitude.

Validity therefore refers to the extent to which an instrument can measure what it ought to measure. It therefore refers to the extent to which an instrument asks the right questions in terms of accuracy. (Mugenda and Mugenda, 1999) validity is the accuracy and meaningfulness of inferences, which are based on research results. The researcher discussed the items in the instrument with colleagues, the supervisors the lecturers from the University. These suggestions were used in making necessary changes to the instrument.

3.7 Reliability of research instruments

(Joppe, 2000) defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study. If the results of a study can be reproduced under a similar methodology, then the instrument is considered to be reliable. Reliability was tested using the Cronbach's alpha that was calculated from questionnaires from a pilot study. The instrument had a reliability coefficient of 0.805 and thus was reliable, the acceptable reliability coefficient is 0.7 and above (Nunnaly, 1978).

3.8 Methods of Data Analysis

According to (Bryman and Cramer,1997), data analysis sought to fulfill research objectives and provide answers to the research questions. The choice of analysis procedures depended on how well the techniques were suited to the study objectives and scale of measurement of the variable in question. The researcher used both qualitative and quantitative methods of data analysis. Qualitative analysis was used to analyze the perception and attitudes data (non-numerical data) that was collected from the study. Raw data collected was edited organized, into themes, grouped, interpreted, and presented in frequency tables.

Quantitative, data from the study was edited and analyzed using the Statistical Package for Social Sciences (SPSS) Computer software. All questionnaires were edited and responses coded before data entry into the computer for further analysis by use of the Statistical Package for Social Scientists (SPSS). Cross tabulation was the main method used for data analysis. After analysis, data was summarized and presented in form of frequency tables, percentages, and proportions.

Table 3.2: Operationalization Variables

Objective	Variable	Indicators	Measurement	Measurement Scale	Data Collection	Data analysis
To establish the factors influencing financial sustainability of women owned SMEs in Kenya	**Dependent**. Financial sustainability of women owned SMEs	-profitability -market share -Cash flow trends	-profit levels -size in (%) -cash-liability ratio -Monetary value	Ordinal	Survey	Descriptive
To establish influence of government loan accessibility to women owned SMEs financial sustainability	**Independent** Govt. Loan accessibility	-borrower's repayment attitude -Government loans policies	-lonee attitude -loan issuance procedures	Ordinal	Survey	Descriptive
To establish the influence of Financial innovativeness to women owned SME financial sustainability	Financial innovativeness	Financial management skills -Entrepreneurship skills -Bookkeeping skills	-academic qualification -no of tailor made products	Ordinal Nominal	Survey	Descriptive
To establish the influence of capital structure on women owned SMEs Financial Sustainability	Capital structure	Debt-Equity ratio Cost of debt	Debt/equity ratio	Nominal	Survey	Descriptive
To establish the influence of financial management on women owned SME Financial Sustainability	Financial Management	-Financial management skills -management style -business trainings& seminars	-methods of risk management -number of bank accounts	Ordinal Nominal	Survey	Descriptive

3.9 Ethical Issues

The researcher ensured that ethics was observed. This was achieved by the researcher seeking for approval and authority to carry out the research from the University of Nairobi and from the National Commission for Science, Technology and Innovation before embarking on the research. During the design of the questionnaire care was taken not to ask offensive or sensitive personal information from the respondents. This is the reason why the researcher did not ask for personal details like ones name so as to maintain integrity. The researcher made prior arrangements or booked appointments with the respondents to avoid inconveniencing them. The research explained to the respondents the nature and purpose of the research and that no financial benefits was to be received by the respondent for participation in the study. The researcher assured the respondents anonymity, that information given was to be treated professionally, confidentially and for the purpose of the study only.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study which was analyzed, interpreted and discussed under thematic and sub thematic areas in line with study objectives, namely; government loan accessibility; financial innovativeness, capital structure and financial management. The results are summarized in the following sub sections.

4.2 Response Return Rate

Out of the intended 383 respondents, only 282 returned fully completed questionnaires giving a response return rate of 73.6%. The response rate was excellent and representative and conforms to (Mugenda and Mugenda, 2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of over 70% is excellent. This was valid and reliable representation of the targeted population hence adequate for the study analysis.

Table 4.2: Response return rate

Name of Town	Sample size	Percent
Machakos Town	77	27
Mavoko	28	10
Kathiani	27	10
Mwala	39	14
Matungulu	33	12
Kangundo	32	11
Yatta	24	9
Masinga	22	7
TOTAL	**282**	**100**

4.3 Demographic information

The demographic detail entails the respondents' age, level of education, SME operational experience in years and specialized skills possessed. The study findings were presented as follows;

4.3.1 Age group

This part sought to establish the age of the respondents. The respondents were asked to indicate their age. The results are presented in Table 4.2.

Table 4.2: Age group

Age of the respondent	Frequency	Percent
Below 18	0	0
18-25	38	13.5
26-35	21	7.5
36-45	135	47.9
46-50	31	11
Above 50	57	20.1
TOTAL	**282**	**100**

The Table shows that the greatest percentage (47.9%) of the respondents were between 36-45 years and none had less than 18 years. The 47.9% category of respondents were mostly likely stable financially and had dominated in the SME business.

4.3.2 Level of Education

The study sought to establish the education level of the respondents. The study findings are shown in Table 4.3.

Table 4.2: Level of Education

Level of Education	Frequency	Percent
None	2	0.7
Primary	13	4.6
Secondary	123	43.6
Diploma	102	36.3
Undergraduate	32	11.3
Post Graduate	10	3.5
TOTAL	**282**	**100**

Out of all the respondents only 0.7% were illiterate, 4.6% were primary level certificate holders. Majority of the respondents 43.6% were secondary level Certificate holders. The study further established that 36.3% of the respondents were diploma certificate holders and 11.3% and 3.5% were undergraduates and post graduate certificate holders respectively. Therefore the majority of these women entrepreneurs had basic education and had a potential of acquiring new business ideas and skills for further growth of their businesses.

4.3.3 SME operation experience

The respondents were asked to indicate their SME operation experiences in years. The results are summarized in Table 4.4

Table 4.4: SME operation experience

Experience in Years	Frequency	Percent (%)
Less than 1 year	7	2.8
1-2 years	19	6.6
2-3 Years	26	9.2
3-4 Years	81	28.6
Over 5 Years	149	52.8

Two point eight percent of women entrepreneurs were found to have served in their businesses for a period of less than one year. 6.6% had 1-2 years of experience, 9.2% had 2-3 years of experience, 28.6% had 3-4 years and lastly 52.8% had more than 5 years. This is an indication that most of the SMEs were dominated by experienced entrepreneurs.

4.3.4 Specialized skills

The study sought to determine the specialized skills of the respondents. The results are summarized in Table 4.5.

Table 4.5 Specialized skills

	Frequency	Percent
Yes	79	28
No	203	72
Total	**282**	**100**

The study found that 72% of the respondents had no specialized skills and only 28% had specialized skills. This implies that the management of most of the organizations was a challenge to the owners due to insufficient managerial skills.

4.3.5 Women owned SME Financial Sustainability level

The study sought to determine whether women entrepreneurs had experienced financial stability before 2009 in their SMEs. The scale used was; strongly agree, agree, undecided, disagree and strongly disagree. The results are summarized in Table 4.6

Table 4.6: Women owned SME Financial Sustainability level

Statement	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	TOTAL
The profitability of my business has been good and I have managed to increase my stock without debt financing	19.5%	20.6%	19.5%	19.9%	20.5%	100
My number of customers have increased at a higher rate than previous years (before 2009)	20.2%	22%	18.2%	18.8%	20.9%	100
My business has been experiencing positive cash flow movement and I have been meeting my legal obligations in a timely manner	14.2%	18.1%	18.8%	19.5%	23.0%	100
A business budget is key in my business operations	17.4%	18.8%	23.4%	19.9%	20.6%	100
I have not experienced unfavorable deviations in my budget for my SME	19.5%	20.3%	20.9%	18.4%	20.9%	100

From the findings in Table 4.6, the respondents agreed with the statements; a business budget was key in their business operations, their business had experienced positive cash flow movement and had met their legal obligations in a timely manner as shown by outcome of between 14.2% and 18.8% in both cases. It is also notable that respondents were undecided by the following statements; they had not experienced unfavorable deviations in their budget for their SME (20.9%), their number of customers had increased at a higher rate than previous years (before 2009)(18.2%) and the profitability of their business had been good and managed to increase their stock without debt financing (19.5) as shown by the outcome in Table 4.6 This implied that before 2009 the women owned SMEs had no remarkable financial sustainability level

4.3.6 Factors influencing financial sustainability of women owned SMEs

The researcher sought to establish whether government loan accessibility, financial innovativeness, capital structure and financial management affected financial sustainability of women owned SMEs in Machakos County.

4.4 Government loan accessibility and women owned SME Financial Sustainability

The first objective of this study was to establish the influence of government loan accessibility on women owned SMEs in Machakos County. To achieve this objective, the government loan accessibility was studied under the following sub-variables, namely; government loan policies and borrowers' repayment attitude

4.4.1 Government policies

The respondents were asked to indicate their attitude towards government policies, procedures, terms and conditions on loan lending to women entrepreneurs in Machakos County. The respondents were to show their rating choice using 5-levels attitude scale; Very positive, Positive, Undecided , Negative and Very negative. The results are summarized in Table 4.7.

Table 4.7: Government loan policies

	Frequency	Percent
Very positive	74	26.2
Positive	68	24.1
Undecided	46	16.3
Negative	52	18.
Very negative	42	14.9
TOTAL	**282**	**100.0**

The results in the Table 4.7 show the respondents' attitude towards government policies, procedures, terms and conditions of loan lending to women entrepreneurs in Machakos County. It was noted that 26.2% of the respondents were very positive towards government loan policies, procedures, terms and conditions of loan lending to women entrepreneurs in Machakos County.

24.1% had a positive attitude, 16.3% were undecided, 18.4% had negative attitude and 14.9% had very negative towards government loan policies.

4.4.2 Borrowers repayment attitude

The respondents were asked to indicate their attitude towards repayment of government loans. The respondents were to show their rating choice using 5-levels attitude scale; Very positive, Positive, Undecided , Negative and Very negative. The results are summarized in Table 4.8.

Table 4.8: Women entrepreneur attitude towards Government loans repayment

	Frequency	Percent
Very positive	87	30.9
Positive	58	20.6
Undecided	49	17.4
Negative	47	16.7
Very negative	41	14.5
TOTAL	**282**	**100.0**

The results in Table 4.8 show the respondents attitude as a woman entrepreneur towards repayment of a government loan. From the Table, it can be noted that 30.9% of the respondents had a very positive attitude towards repayment of government loans,20.6% were positive 17.4%, undecided, 16.7% had negative and 15.2% very negative attitude toward government loan repayment. The outcome shows that more than 50% of the women entrepreneurs were for government loan. This is because most likely the repayment terms are friendly due to low interest rates and reasonably long loan repayment period.

In an attempt to understand the scope of these organizations, the 1999 MSE Survey enquired into the different types of assistance received by MSE operators. The operators cited both formal and informal assistance, and financial and non-financial assistance. In general, there seemed to be considerable support. The survey noted that the bulk of the MSE's credit (69.1 per cent) came from informal savings and credit associations, otherwise known as Rotating Savings and Credit Associations (ROSCAS). This was in line with other findings that only 4 per cent of accessed credit was obtained from formal financial channels, such as NGOs, micro-finance schemes, commercial banks and Savings and Credit Cooperative Societies (SACCOS). This also alludes with our findings that the women owned SMEs were necessitated by accessibility of government loan facilities.

4.5 Financial Innovativeness and women owned SME Financial Sustainability

The second objective was to establish the influence of financial innovativeness on women owned SMEs in Machakos County. The study focused on entrepreneurship and bookkeeping skills.

4.5.1 Entrepreneurship skills

The respondents were asked to indicate how applicable were their entrepreneurship skills to the financial survival of their business. They were to respond using the following scale; Above 75%, 50-75% and less 50%. The results are summarized in Table 4.9.

Table 4.9: Entrepreneurship skills

	Frequency	Percent
Above 75%	109	38.7
50-75%	88	31.2
Less than 50%	85	30.1
TOTAL	**282**	**100.0**

The results in Table 4.9 show the respondents' applicability of their entrepreneurship skills towards the financial survival of their business. 38.7%, of the respondents were above 75% level of applicability, 31.2% were for 50-75% level, 30.1% were for less than 50% levels. The highest percentage of 75% is an indication that an entrepreneurship skill enhances financial sustainability of the women owned SMEs.

4.5.2 Bookkeeping skills

The respondents were asked to indicate whether they had bookkeeping skills which effectively controlled revenue collections and expenditures of the SME. The respondents were to show their rating choice using 5-levels attitude scale; strongly agree, agree, Undecided, disagree and strongly disagree. The results are summarized in Table .4.10

Table 4.10: Bookkeeping skills

	Frequency	Percent
Strongly agree	98	34.8
Agree	77	27.3
Undecided	55	19.5
Disagree	27	9.6
Strongly disagree	25	8.9
Total	**282**	**100.0**

The results in the Table 4.10 show the respondents response on whether they applied bookkeeping skills which effectively control revenue collections and expenditures of the SME From the table above 34.8%, of the respondents strongly agreed that they relied on bookkeeping skills which contributed to their financial sustainability. 27.3% agreed, 19.5% were undecided, 9.6% disagreed and 8.9% strongly disagree with use of bookkeeping skills. This showed that bookkeeping was in place and played a major role. According to (Lin and Chen, 2007), innovation is a dominant factor for a firm's competitiveness within this environment. It fuels organizational growth, drives future success and is the engine that allows businesses to sustain their viability in a global economy. This supports our findings that financial sustainability was influenced by financial innovativeness.

4.6 Capital structure and women owned SME Financial Sustainability

The third objective was to establish the influence of capital structure on women owned SMEs in Machakos County. Capital structure, refers to how SME owners combine sources of finance such as own savings and borrowed capital to ensure that returns from the business operations is more than cost of borrowing

Under this study, capital structure was studied under equity capital or own contribution and the cost of borrowing capital. The response scale was; 100% support, 50% support, 25% support and 25% support

4.6.1 Equity capital

The respondents were asked to indicate the extent to which financing of their SME business was through equity capital as compared to debt capital. The reliable scale used was; 100% support, 50% support, 25% support, Below 25%. The results are summarized in Table 4.11.

Table 4.11: Equity Capital

	Frequency	Percent
100% support	54	19.1
50% support	78	27.7
25% support	98	34.8
Below 25%	52	18.4
TOTAL	**282**	**100.0**

The results in Table 4.11 show the extent to which financing of SME business with equity (own) capital had been done. It was noted that 19.1% of the respondents supported use of 100% equity made use of equity capital, 27.7% supported, 25% had 50% support of equity, 34.8% of the respondents were for 25% support, 18.4% were for below 25% support. From this report, it clearly shows that respondents would prefer debt financing for it was cheaper than equity.

4.6.2 The influence of Cost of acquiring debt (interest) on financial sustainability of SMEs

The respondents were asked to give their opinion on the influence of cost of acquiring debt on the financial sustainability of women owned MSEs in Machakos County. They were to employ a 5-point likert scale rating as from 1,2,3,4 and 5 as follows.

Scale:- 1=Strongly agree 2=Agree 3=Undecided 4=Disagree 5=Strongly disagree

Table 4.12: Cost of borrowing (interest)

Statement	1	2	3	4	5	TOTAL
The cost of borrowing (interest) will always determine the level of financial sustainability of SME	. 89	72	40	41	40	282
Percentage (%)	32	25	14	15	14	100

According to Table 4.12, 32% of the respondents strongly agreed that cost of borrowing influences financial sustainability of the SMEs. 25% agreed, 14% were undecided, 15% disagreed and 14% strongly disagreed on the influence of cost of borrowing on financial sustainability of women owned SMEs in Machakos County.

(Jensen,1986 and Roy and Ming Fang, 2000) studied on Optimal capital structure of a small and medium enterprise and observed that in order for small and medium enterprises to maintain their competitive capabilities, goals and objectives, reduce risks and continue with their existence, they need adequate knowledge about capital structure. This alludes with our findings that capital structure influenced financial sustainability of women owned SMEs. Debt financing was preferred to equity and the cost of borrowing (interest) influenced financial sustainability of women owned SMEs.

4.7: Financial Management and women owned SME Financial Sustainability

The fourth objective was to establish the influence of Financial Management on women owned SMEs financial sustainability in Machakos County.

Financial management is a general term which entails planning, organizing, directing and controlling finances. This was discussed under the following sub variables namely; Financial management skills, Management styles and Entrepreneurship trainings, business seminars and forums.

4.7.1 Financial management skills

The respondents were asked to indicate their opinion towards financial management skills contribution on financial sustainability of women owned SMEs. The scale used was; Nil, Very minimal, Minimal, High and Very high. The results are summarized in Table 4.13.

Table 4.13: Financial management skills

	Frequency	Percent
Nil	44	15.6
Very minimal	46	16.3
Minimal	53	18.8
High	59	20.9
Very high	80	28.4
Total	**282**	**100.0**

The results in Table 4.13 show the respondents' opinion on the contribution of financial management skills towards women owned SME financial sustainability as follows; 15.6% felt that financial management skills did not contribute to financial sustainability of their businesses. 16.3% were of the opinion that financial management skills had very minimal contribution towards financial sustainability of their SMEs, 18.3% minimal, 20.9% high and 28.4% very high contribution respectively. Therefore financial management skills enhance financial sustainability on women owned SMEs.

4.7.2 Management style

The respondents were asked to indicate the extent to which management style supported the excelling of workers with special innovative talents. The scale ranged as follows; 100% support, 50%, 25% and below 25% support. The results are summarized in Table 4.14.

Table 4.14: Management style

	Frequency	Percent
100% support	62	22.0
50% support	116	41.1
25% support	53	18.8
Below 25%	51	18.1
TOTAL	**282**	**100.0**

Table 4.14 show that 22.0% of the management supported at100% level the workers with special innovative talents. 41.1% supported at 50% level, 18.8% supported at 25% support and 18.1% supported at a level below 25%. This implies that 50% support was the majority, an indication that, on average women owned SME management supported workers with innovative talents which enhanced financial sustainability of their businesses.

4.7.3 Entrepreneurship trainings, seminars and forums

The respondents were asked to indicate how often they attended entrepreneurship trainings, business seminars and forums relevant to their SME management. The following scale guided the response of the question (Quite frequently, Frequently, Rarely and Hardly). The results were summarized in Table 4.15

Table 4.15: Entrepreneurship trainings, seminars and forums

	Frequency	**Percent**
Quite frequently	65	23.0
Frequently	68	24.1
Rarely	87	30.9
Hardly	62	22.0
Total	**282**	**100.0**

From Table 4.15, 23.0% showed that the respondents attended Entrepreneurship trainings, seminars and or forums quite frequently. 24.1% frequently, 30.9% rarely and 22.0% hardly. This clearly indicates that most of the respondents (30.9%) rarely attended Entrepreneurship trainings, seminars and forums, thus influencing the financial sustainability of their businesses.

(Atkinson and Messy,2005) in their study, define financial literacy as the combination of consumers'/investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial sustainability. This study concurs with findings that financial management influences financial sustainability on women owned SMEs. Employment of Financial Management skills, management supporting workers with innovative talents, attendance of entrepreneurship trainings, business seminars and forums enhanced financial sustainability of women owned SMEs.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study, conclusions, recommendations and areas of further study. The study investigated into the factors influencing financial sustainability on women owned SMEs in Machakos County. It focused on the eight constituencies in Machakos County namely; Machakos town, Mwala, Mavoko, Yatta, Kangundo, Masinga, Kathiani And Matungulu. It investigated into the influence of government loan accessibility to financial sustainability of women owned SMEs. The study also investigated into the influence of financial innovativeness on financial sustainability of women owned SMEs. The study sought to find out the influence of capital structure on financial sustainability of women owned SMEs and lastly, the study aimed at finding out the influence of financial management on financial sustainability on women owned SMEs.

5.2 Summary of the findings

This sub section gives a brief narration on findings pertaining the factors influencing the financial sustainability of women owned SMEs in Machakos County.

5.2.1 Government loan accessibility and women SME Financial Sustainability

The study investigated into the factors influencing financial sustainability on women owned SMEs in Machakos County. It sought to establish the influence of government loan accessibility on women owned SME financial sustainability. It was noted that 26.2% of the respondents were very positive towards government loan policies, procedures, terms and conditions of loan lending to women entrepreneurs in Machakos County. On borrowers repayment attitude; the outcome showed that more than 50% of the women entrepreneurs were for government loan. This is because their repayment terms are friendly due to low interest rates and reasonably long loan repayment period.

5.2.2 Financial Innovativeness and SME Financial Sustainability

. Applicability of entrepreneurship skills registered the highest percentage of 75%, an indication that it enhanced financial sustainability of the women owned SMEs. 34.8%, of the respondents strongly agreed that they relied on bookkeeping skills which contributed to their financial sustainability.

5.2.3 Capital structure

Thirty four point eight of the respondents were for 25% support implying that equity financing was not popular. Therefore it clearly showed that most of respondents would prefer debt financing for it was cheaper than equity. 32% of the respondents strongly agreed that cost of borrowing influences financial sustainability of the SMEs.

5.2.4 Financial Management

Finally the study sought to establish the influence of financial management on women owned SMEs financial sustainability. The results of the study showed that 20.9% highly agreed and 28.4% very high agreed on the contribution of financial management skills towards financial sustainability of women owned SMEs respectively.

Majority of the respondents (50%) support was an indication that, on average, women owned SME management supported workers with innovative talents which enhanced financial sustainability of their businesses. On Entrepreneurship trainings, Business seminars and forums (30.9%) rarely attended Entrepreneurship trainings, seminars and forums. Thus negatively influencing financial sustainability of their businesses.

5.3 Conclusion of the study

The study investigated the factors influencing the financial sustainability on women owed SME in Kenya. It specifically sought to establish the influence of government loan accessibility on women owned SMEs, establish the influence of financial innovativeness on women owned SMES. The study also investigated on the influence of capital structure on the financial sustainability on women owned SMEs and lastly it investigated on the influences of financial management on financial sustainability on women owned SMEs. The study concluded that, on Government loan accessibility and women SME Financial Sustainability, the women entrepreneurs had positive attitude towards government loan policies, procedures and repayment terms. The same conclusion was made by (Mizan, 1993) who found significant and positive effects of participation in Grameen Bank program on entrepreneurs decision making within the household. On Financial Innovativeness and SME Financial Sustainability, it was found that entrepreneurship and bookkeeping skills enhanced financial sustainability of women owned SMEs. This alludes to (Lin and Chen,2007), innovation is a dominant factor for a firm's competitiveness within this environment. It fuels organizational growth, drives future success and is the engine that allows businesses to sustain their viability in a global economy. (Sheu, 2007) added that "Every organization therefore needs one core competency: innovation"

Capital structure findings showed that debt financing was preferable to equity capital and the cost of borrowing (interest) influenced financial suitability on women owned SMEs. This is according to (Pandey, 1990) who in his study implied that micro-enterprises should be encouraged to result in acquisition of capital from sources which have least risk to the firm.

Lastly, Financial management, financial management skills, management style (management supporting workers with innovative talents) and attendance of entrepreneurship training, business seminar and forums enhanced financial sustainability of women owned SMEs. This conclusion is in tandem with (Greenspan, 2002) who argues that financial literacy helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions.

5.4 Recommendations of the study

The study investigated on the factors influencing financial sustainability of women owned SMEs in Kenya, a case of Machakos County. It is clear from the above study that government loan accessibility, financial innovativeness, capital structure and financial management influenced financial sustainability on the women owned SMEs. The following is therefore recommended by the researcher: The government should reduce its lending rates to attract more women clients and avoid credit risks amongst women borrowers. The government should collaborate with private agencies to come up with SME training programs to enhance management skills amongst women entrepreneurs. For realization of vision 2030, the stake holders should incorporate women entrepreneurs to enhance balanced economic growth.

The government should consider creating a certain percentage of women positions in those government ministries which are business oriented such as ministry of industrialization so as to give women an opportunity to give their contribution towards enhancement of entrepreneurship in Kenya. Private sectors and NGOs in collaboration with the government should be encouraged to come up with programs of inculcating women entrepreneurship culture through business conferences, exhibitions, foreign tours. Such forums will act as learning centers for women entrepreneurs. County governments should come up with marketing strategies for women entrepreneurs' end products so as to increase the market share of those products. This will increase their income hence empowering them economically.

5.5 Areas for further research

This study investigated on the factors influencing financial sustainability of women owned SMEs in Kenya, the researcher suggests that further studies be done on;

1. SMEs owned by men to find out whether the same factors influence such SMEs.

2. Factors influencing financial sustainability of listed SMEs in Nairobi Securities Exchange (NSE). This is because different counties have unique characteristics and diverse contextual realities that might affect growth of SMEs.

3. Challenges facing financial perfomance of youth related SMEs in Nairobi County

4. Challenges facing women entrepreneurs' business succession on financial sustainability

5. Factors influencing financial sustainability of family owned businesses in Kitui County.

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APPENDICES

APPENDIX I: Letter of transmittal of data collection instruments

Peninnah Mbithe Mbuva
P. o Box 136
MACHAKOS.

Dear Respondent,

RE: COLLECTION OF RESEARCH DATA:

I am a postgraduate student at the University of Nairobi Machakos extra mural sub-centre. In order to fulfill the requirements for the award of the degree of Master of Arts in Project Planning and Management, I am investigating on the factors influencing women owned SMEs financial sustainability.

You have been selected to be part of this study. I, hereby request for your assistance in filling the accompanying questionnaire by answering the questions honestly and completely. The information being sought is meant for research purposes only and will not be used against anyone. I guarantee confidential treatment of the information that you will provide.

Thanks in advance.

Yours sincerely,

Peninnah mbithe mbuva

Reg no, L50/70119/2013

Mobile Phone No. 0735780584

APPENDIX II: Questionnaire for Women Owning SME Businesses.

This questionnaire contains several sections and is designed to collect data on the factors influencing financial sustainability on women owned SMEs in Kenya; a case of Machakos County. Please use a tick (√) to select your preferred choice in the options given.

SECTION A: GENERAL INFORMATION OF RESPONDENT

Please indicate

1. Indicate your age group

(a) Below 18 Years ☐
(b) 18- 25 Years ☐
(c) 26-35 years ☐
(d) 36-45 years ☐
(e) 46-50 years ☐
(f) Above 50 years ☐

2. Level of Education and training attained?

a) None ☐
b) Primary Certificate ☐
c) Secondary certificat ☐
d) Diploma ☐
e) Bachelors Degree ☐
f) Masters Degree ☐

3. SME operation experience in years. ___________

4. Any **specialized skills** in Business Management?

Yes ☐
No ☐

SECTION B: Women owned SME Financial Sustainability level

The following items seek to find out if women entrepreneurs have experienced financial stability (ie financial sustainability) before 2009 in their SMEs; please tick the statement that agrees with the situation.

	STATEMENT	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
5	The profitability of my business has been good and I have managed to increase my stock without debt financing	1	2	3	4	5
6	My number of customers have increased at a higher rate than previous years (before 2009)	1	2	3	4	5
7	My business has been experiencing positive cash flow movement and I have been meeting my financial obligations in a timely manner	1	2	3	4	5
8	A business budget is key in my business operations	1	2	3	4	5
9	I have not experienced unfavorable deviations in my budget for my SME	1	2	3	4	5

SECTION C: Government Loan Accessibility on women owned SMEs

10. To the best of your knowledge, indicate your attitude towards government policies, procedures, terms and conditions of loan lending to women entrepreneurs in Machakos County

a) Very positive ☐

b) Positive ☐

c) Undecided ☐

d) Negative ☐

e) Very negative ☐

11. Indicate your attitude as a woman entrepreneur towards repayment of a government loan.

a) Very positive ☐
b) Positive ☐
c) Undecided ☐
d) Negative ☐
e) Very negative ☐

SECTION D: Financial Innovativeness and women owned SME Financial Sustainability

12. How applicable is your entrepreneurship skills to the financial survival of your business ?

a) Above 75% ☐
b) 50-50% ☐
c) less than 50% ☐

13. Do you have bookkeeping skills which effectively control revenue collections and expenditures of your SME?

a) Strongly agree ☐
b) Agree ☐
c) undecided ☐
d) disagree ☐
e) Strongly disagree ☐

SECTION E: Capital Structure

24. Indicate the extent to which financing of your SME business with equity (own) capital has been done as compared to debt capital

a. 100% support ☐
b. 50% support ☐
c. 25% support ☐
d. Below 25% ☐

15. The cost of borrowing (interest) will always determine the financial sustainability level of my SME

a) Strongly agree (5)
b) Agree (4)
c) Undecided (3)
d) Disagree (2)
e) Strongly disagree (1)

SECTION F: Financial Management

16. What is the contribution of the Financial management skills acquired towards financial sustainability of your business? Please tick.

a) Nil
b) Very minimal
c) Minimal
d) High
e) Very high

17. To what extent does your management style support excelling of those workers with special innovative talents?

a) 100% support
b) 50% support
c) 25% support
d) Below 25%

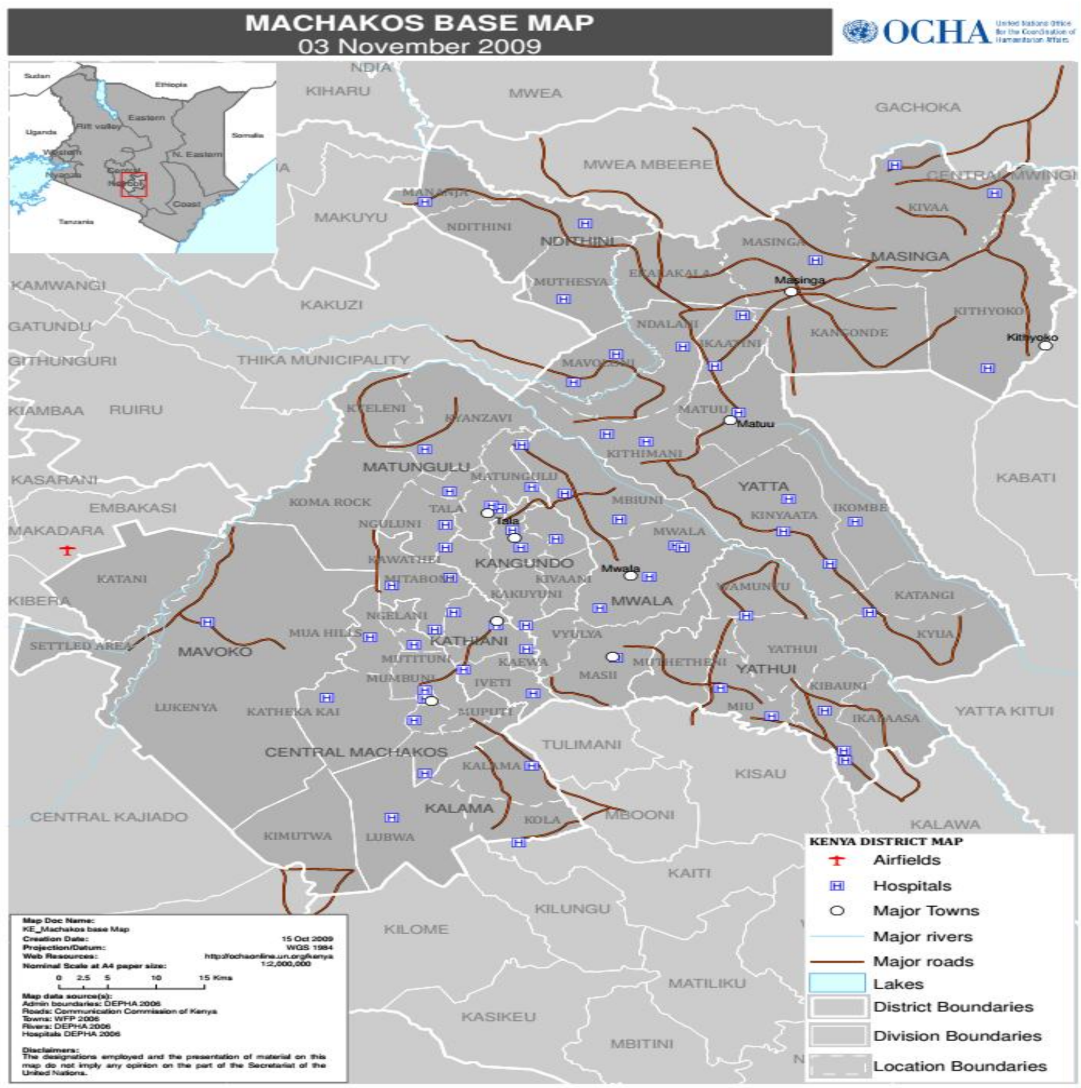
18. How often do you attend entrepreneurship trainings, seminars and or forums relevant to your SME management?

a) Quite frequently (no maximum)
b) Frequently (Once in a month)
c) Rarely (Sometimes once a term)
d) Hardly (Not discussed at all)

(End of the questionnaire)

Thank you very much for taking your time to fill this questionnaire

APPENDIX III: The Map of Machakos County



Source: https://kenya.humanitarianresponse.info/sites/kenya.../**machakos**.pdf. Retrieved 28thJune, 2014.

APPENDIX IV: Permit from National Commission for Science, Technology and Innovation

DECLARATION

This Research Project Proposal is my original work and has not been submitted for a degree or any other award in any other institution.

Sign...Date....3/07/2014..............

PENINNAH MBITHE MBUVA

(L50/70119/2014)

This Research Project Proposal has been submitted for examination with my approval as the University Supervisor.

Sign.......................................,..........Date....3/7/2014.....

DR. ANGELINE MULWA

RESIDENT LECTURER GEMC, LECTURER UON

KCB

Date: 12/07/2014

CREDIT ADVICE

CASH DEPOSIT

KCB MACHAKOS

Account AT KCB KIPANDE HOUSE

ACCOUNT DETAILS

A/C NO: 1104162547

REF: 005241970364

...M FOR SCI ,TECH AND INN...

Current Account-Corp Inst. Ban...

KENYA COMMERCIAL BANK LTD. TELLER No. 43 11 JUL 2014 MACHAKOS

We have credited your above account with 1,000.00 KES

Kenya Shillings ONE THOUSAND ONLY

CASH PAID IN BY: PENINNAH MBITHE MUSANGO

Signature :..........................

Transaction Number: TT14193W1Q42 at 09:06:03 On 12/07/2014

Thank you for banking with us. You were served by: ISAAC JEREMIAH ARESI

*** Advice not valid unless Transaction Number is shown ***

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