

**INFLUENCE OF MANAGEMENT FACTORS ON
PERFORMANCE OF BUSINESSES OPERATED BY GROUPS IN
PUMWANI INFORMAL SETTLEMENTS IN NAIROBI COUNTY,
KENYA**

BY

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Requirements for the Award of the Degree of Masters of Arts in
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DECLARATION

This research project report is my original work and has not been presented for any award of any degree in any other university.

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DEDICATION

Special dedication to my husband Paul Githinji and my son Brian Gachihi for the entire support, love and understanding I have received from them during the entire period of my study.

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TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS AND ACRONYMS	xii
ABSTRACT	xiii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Statement of the problem	5
1.3 Purpose of the Study	7
1.4 Research Objectives	8
1.5 Research Questions	8
1.6 Significance of the Study	9
1.7 Limitations of the Study	10
1.8 Delimitations of the Study	10
1.9 Basic assumptions of the study	10
1.10 Definition of Significant Terms Used in the Study	11
1.11 Organization of the Study	12

CHAPTER TWO: LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Financial Management and Performance of businesses operated by Entrepreneurship Groups	13
2.3 Capacity Building and Performance of businesses operated by Entrepreneurship Groups	16
2.4 Monitoring and Evaluation Practices and Performance of businesses operated by Entrepreneurship Groups	20
2.5 Stakeholders Management and Performance of businesses operated by Entrepreneurship Groups	23
2.6 Performance of Entrepreneurship Groups	26
2.7 Theoretical Framework.....	28
2.7.1 Social Innovation Theory	28
2.8 Conceptual Framework	30
2.9 Explanation of relationship of variables in the Conceptual Framework	32
2.10 Gaps in Literature	33
2.11 Summary of Literature Review	33
 CHAPTER THREE: RESEARCH METHODOLOGY	 34
3.1 Introduction	34
3.2 Research Design	34
3.3 Target Population	34
3.4 Sample size and Sampling Procedures	35
3.5 Research instruments	37
3.5.1 Pilot Testing of the Instruments	38

3.5.2 Validity of the Research Instrument	38
3.5.3 Reliability of the Research Instrument	38
3.6 Data Collection Procedures	39
3.7 Data Analysis Techniques	40
3.8 Ethical Considerations	40
3.9 Operationalization of Variables	41
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION,	
INTERPRETATION AND DISCUSSION	42
4.1 Introduction	42
4.2 Questionnaire Return Rate	42
4.3 Demographic characteristics of the Respondents	43
4.3.1 Gender of the Respondents	43
4.3.2 Distribution of respondents by age	44
4.3.3 Marital Status of the Respondents	45
4.3.4 Level of Education of the Respondents	45
4.3.5 Years of Active Membership in Group	46
4.3.6 Increase in Monthly Income and entrepreneurship groups	47
4.3.7 Increase in Monthly Savings as a result of involvement in entrepreneurship groups	49
4.3.8 Types of training received by the respondents.	50
4.3.9 Financial management and performance of businesses operated by entrepreneurship groups	52
4.3.10 Capacity Building and performance of businesses operated by entrepreneurship groups	53

4.3.11 Monitoring and Evaluation and performance of businesses operated by entrepreneurship groups.	54
4.3.12 Stakeholder Management and performance of businesses operated by entrepreneurship groups	56

CHAPTER FIVE: SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	58
5.1 Introduction	58
5.2 Summary of the findings of the study	58
5.2.1 Demographic characteristics of the respondents	58
5.2.2 Financial management and performance of businesses operated by entrepreneurship groups.	59
5.2.2 Capacity Building and Performance of businesses operated by Entrepreneurship groups	59
5.2.3 Monitoring and Evaluation and Performance of businesses operated by Entrepreneurship groups	60
5.2.4 Stakeholder Management and Performance of businesses operated by Entrepreneurship groups	60
5.3 Discussion of the findings	61
5.3.1 Financial management and performance of businesses operated by entrepreneurship groups	61
5.3.2 Capacity building and performance of businesses operated by entrepreneurship groups	62
5.3.3 Monitoring and evaluation and performance of businesses operated by entrepreneurship groups	63

5.3.4 Stakeholders management and performance of businesses operated by entrepreneurship groups	64
5.4 Conclusions	66
5.5 Recommendations	66
5.6 Suggested Areas of Further Studies	67
REFERENCES	68
APPENDICES	75
Appendix I: Letter of Transmittal	75
Appendix II: Research authorization letter	76
Appendix III: Research Permit	77
Appendix IV: Research Questionnaire	78

LIST OF TABLES

Table 3.1	Reliability	39
Table 3.2	Operationalization of Variables	41
Table 4.1	Response Rate	42
Table 4.2	Gender of the Respondents	43
Table 4.3	Distribution of respondents by age	44
Table 4.4	Marital Status of the Respondents	45
Table 4.5	Level of Education of the Respondents	46
Table 4.6	Years of Active Membership	47
Table 4.7	Increase in Monthly Income and entrepreneurship groups	48
Table 4.8	Magnitude of increase in Monthly Income	48
Table 4.9	Increase in Monthly Savings	49
Table 4.10	Magnitude of increase in Monthly Savings	50
Table 4.11	Types of training received	51
Table 4.12	Financial management and performance of businesses operated by entrepreneurship groups	52
Table 4.13	Capacity Building and performance of businesses operated by entrepreneurship groups	53
Table 4.14	Monitoring and Evaluation and performance of businesses operated by entrepreneurship groups	55
Table 4.15	Stakeholder Management and performance of businesses operated by entrepreneurship groups	56

LIST OF FIGURES

Figure 1: Conceptual Framework	31
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LIST OF ABBREVIATIONS AND ACRONYMS

BOP	Base of the Pyramid
EMES	European Research Network
GIIN	Global Impact Investing Network
IEG	Independent Evaluation Group
IGPs	Income Generating Projects
NACOSTI	National Commission for Science, Technology and Innovation
S.E	Social Entrepreneurship
SPSS	Statistical Package for Social Sciences
UN	United Nations
VPP	Venture Philanthropy Partners

ABSTRACT

The purpose of this research was to determine the influence of management factors on performance of entrepreneurship groups of Pumwani informal settlements in Nairobi County. This study focused on four major objectives: to determine the influence of financial management on performance of entrepreneurship groups of Pumwani informal settlements in Nairobi County, to determine the influence of capacity building on performance of entrepreneurship groups of Pumwani informal settlements in Nairobi County, to determine the influence of monitoring and evaluation practices on performance of entrepreneurship groups of Pumwani informal settlements in Nairobi County and finally to determine the influence of stakeholder management on performance of entrepreneurship groups of Pumwani informal settlements in Nairobi County. This study was quantitative in nature and employed a descriptive survey research design. The target population was 980 members of the 50 registered self-help groups within Pumwani. The study used simple random sampling to select 130 members in total to whom the questionnaire was administered. The study used primary data collected using a 5 point Likert scale questionnaire. Validity of research instrument was established through the help of the Supervisor who is an expert in the field. The supervisor scrutinized the items for relevance in relation to the topic under study. A pilot test was conducted to test the reliability of the research instrument. The quantitative data was analyzed using descriptive statistics by applying the Statistical Package for Social Science (SPSS version 20). The results were presented in form of tables. Based on the study findings the study concluded that financial management influences performance of entrepreneurship groups to a great extent with a mean of 4.1 and a standard deviation of 0.9. Capacity building also influences performance of entrepreneurship groups to a great extent with a mean of 4.4 and a standard deviation of 0.7. Monitoring and evaluation also influences performance of entrepreneurship groups to a great extent with a mean of 3.9 and a standard deviation of 1.0. Finally the study also concluded that stakeholder management influences performance of entrepreneurship groups with a mean of 3.3 and a standard deviation of 1.1. In conclusion, the study found that all the independent variables of the study which are financial management, capacity building, monitoring and evaluation and stakeholders' management influences groups' performance. The study recommends that proper nurturing on newly established entrepreneurship groups is critical to facilitate attainment of their performance objectives. The leadership of entrepreneurship groups should encourage more of the community members to join functional entrepreneurship groups as they have proven to have a positive significance to the economic status of the members. The study suggests that further research should also be undertaken to determine the effect of regulation on economic performance of entrepreneurship groups. The study also suggests that a study seeking to determine the measures that have been taken in a bid to improve the performance of entrepreneurship groups should be undertaken.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The concept of entrepreneurship in the context of business and economic ventures has been increasingly applied to the context of social problem solving. Social entrepreneurship is a process that can provide viable solutions to problems with the purpose to improve access to social services, health education and local labor exploitation, reducing all forms of discrimination by providing jobs to people in need (Borzaga & Defourney, 2004). Social entrepreneurship is addressed to social problems caused by the failure of public institutions in addressing social needs. Some definitions limit social entrepreneurship to nonprofit organizations (Lasprogata & Cotton, 2003), while others describe social entrepreneurship as for-profit companies operated by nonprofit organizations (Wallace, 2005). Still others equate social entrepreneurship to philanthropy (Ostrander, 2007), while some scholars embrace broader definitions that relate social entrepreneurship to individuals or organizations engaged in entrepreneurial activities with a social goal.

According to Alvord, Brown, & Letts (2004) the concept of entrepreneurship has a long history in the business sector but when applied to social concerns, the concept takes on a variety of meanings. The first concept focuses on social entrepreneurship as combining commercial enterprises with social impacts. In this perspective, entrepreneurs have used business skills and knowledge to create enterprises that accomplish social purposes, in addition to being commercially viable (Emerson & Twerksy, 2006). Not-for-profit organizations may create commercial subsidiaries and use them to generate employment or revenue that serves their social purposes; for-

profit organizations may donate some of their profits or organize their activities to social goals. These initiatives use resources generated from successful activities to advance and sustain social activities. The second concept emphasizes social entrepreneurship as innovating for social impact. It focuses on innovations and social arrangements that have consequences for social problems, often with relatively little attention to economic viability by ordinary business criteria (Dees, 1998). Social entrepreneurs are focused on social problems. They create innovative initiatives, build new social arrangements, and mobilize resources in response to those problems rather than market criteria. Lastly, Social entrepreneurship is seen as a way to catalyze social transformations well beyond solutions to the initial problems. From this perspective, social entrepreneurship can produce small changes in the short term that reverberate through existing systems to catalyze large changes in the longer term (Ashoka Innovators, 2000).

In most Western European countries, third-sector organizations such as non-profit organizations, cooperatives and mutual societies were already playing a significant role in the provision of services well before the Second World War. Their importance became greater in the 1950s, with some emblematic initiatives set up to combat housing and poverty problems. Many of these organizations were inspired by a Christian charitable tradition, but another stream of inspiration stressed participation and mutual aid principles. In the late 1960s and 1970s, the quest for more democracy and equality in all spheres of life led to a blooming of civil society movements addressing major societal issues, both through advocacy and provision of services. In the late 1970s and early 1980s, the persistence of structural unemployment in many European countries, the need to reduce state budget deficits, the need for more active integration policies raised the question of how far the third sector could help to meet

these challenges. Indeed, social actors, such as social workers and associative militants, were facing lack of adequate public policy schemes to tackle the increasing exclusion of some groups (such as long-term unemployed people, low-qualified people, people with social problems) from the labour market or, more generally, from society. In such an overall context, the answers given to these emerging challenges by each country varied according to the specificities of the different European models (Defourney and Nyssens, 2008).

In Southern countries, such as Italy or Portugal, welfare spending in general is lower and the provision of social services financed by the state, in particular, is underdeveloped. Families are considered as the key actor in welfare provision. Historically, Church-related charitable organizations have also played a central role as providers of social services, but this responsibility has been controlled or limited by the state in the 20th century, especially during the fascist period, in order to control civil society. This explains why, in Italy, for example, in the 1970s, non-profit organizations were relatively few, and they were merely confined to advocacy activities (Borzaga, 2004). Countries as Spain and Italy are also characterized by a strong co-operative tradition.

The largest city in Brazil, Sao Paulo attracted millions of immigrants during an industrialization boom from the 1950s to the 1980s. This rapid growth resulted in a proliferation of informal settlements, many on precarious land with no services. The third largest city in South Africa, Ekurhuleni was created in 2000 from nine local authorities. The new municipality struggled to deal with the huge social and economic disparities that resulted from social planning during apartheid. Around 65 per cent of the city's population was living in informal settlements or townships (City Alliance, 2012). Impact investors are increasingly turning to emerging economies for a number

of reasons. Firstly, it is mainly in emerging markets that the 2.5 billion people who live on less than \$2.50 per day (a population collectively known as the 'Bottom of the Pyramid' or 'BoP' for short) is to be found, and hence where the need is greatest. World Bank statistics show that Sub-Saharan Africa and South Asia are the two regions with the greatest concentration of inhabitants living below the poverty line, with 50.9 percent and 40.3 percent of the respective populations living on less than \$1.25 a day.

In the developing world, one out of every three people living in cities lives in a slum. In 2001, 924 million people, or 31.6 per cent of the world's urban population, lived in slums. The majority of them were in the developing regions, accounting for 43 per cent of the urban population, in contrast to 6 per cent in more developed regions (UN Habitat, 2003). Slums have been portrayed as institutional failures in housing policy, housing finance, public utilities, local governance and secure tenure. Measures to address slums have therefore evolved around such thinking. Over the past five decades, authorities in African countries have adopted several strategies to tackle the problem of slums and informal settlements. These approaches include benign neglect; repressive options such as forced eviction and demolition; resettlement or relocation; slum upgrading programmes and most recently, the adoption of enabling strategies. These approaches have evolved over time, and many are still being implemented despite their failure to find lasting solutions to the formation and proliferation of slums and informal settlements (Amirah, 2013).

Uganda's urban growth rate has increased significantly in recent years as rural poverty and conflict in the northern part of the country have driven people to the cities. Secondary cities in particular are growing rapidly. While Uganda's secondary cities are still relatively small, the national government has recognized the importance

of proactively managing their growth to prevent them from developing into large, unplanned settlements. The Government of Uganda is seeking national and international assistance in managing the urbanization process, building the capacities of its local governments, and integrating the urban poor into towns and cities all over the country (Cities Alliance, 2012).

Informal settlements have a long history in Nairobi, Kenya dating from colonial period. The informal settlements were created by Kenyan's who came into the city in search of work and had to create informal residential settlements (Mutisya & Yarime 2011). Since emergence of informal settlements, Kenya has been facing an increasing growth of informal settlements.) According to UN habitat (2003), the experience in the slums shows a strong link that people living in poverty areas are trapped at their present. To date there are several initiatives that have been established to uplift the lives of communities living below the poverty line. The government has introduced funds such as Women Enterprise Fund and Youth Enterprise Fund aimed at enabling the informal settlements dwellers through access of capital to run small micro enterprises. The Slum upgrading project by the government and housing upgrading projects are very significant in improving the economic status of slum dwellers.

1.2 Statement of the problem

The world today is going through a major transformation, where technology is revolutionizing the way people communicate, work, create and ultimately how humans live. But despite our growing capacity to innovate and generate wealth in many fields, there is still a huge part of the world's population that is not benefiting from our advances. There are approximately four billion people living on two dollars a day or less; taking the economic pyramid as a reference, those people are called the

bottom of the pyramid – BOP (Prahalad, 2009). Similarly, Pumwani informal settlement has a strong history of poor social economic development as revealed by high incidence of poverty, food insecurity, poor health and education.

The success that nonprofits have demonstrated in addressing social issues has generated increased demand for their services. Government is increasingly turning to nonprofits as potential service providers and partners in tackling our most pressing social issues. We now recognize that most of these issues – such as hunger, homelessness or environmental conservation – will not be “solved” in our lifetime, and therefore will require strong organizations to continue to address them.

From casual analysis and observation, social groupings have gained currency as a model for solving both social and economic problems. The groupings have been developed in different models to suit environment within which they carry out their functions in. Within the rural and informal settlements they have been developed as merry go rounds or Ngumbatos while in more advanced groups like the middle class they have been modelled as investment groups or in Swahili chamas. In other parts of the world they have been advanced to become some of the best performing private banks like the Grameen bank of Bangladesh (Eade, 1997). However, though the groupings hold greater potential for achieving greater social economic development, their management have not been focused, leading to non-attainment of intended goals or complete failure thus disenfranchising the members and eating up the gains that have been made in developing goodwill for such entrepreneurial undertakings. However, great potential still exist in such models.

Nonprofits have an obligation to seek new and ever more effective ways of making tangible progress toward their missions, and this requires building organizational

capacity. In this context, two important questions arise; has social entrepreneurship failed? What management factors influence their ability to deliver social economic development? Social enterprises offer the promise of financially sustainable organizations that can respond to the world's most pressing problems. Yet for social enterprises to succeed, their leaders must effectively manage conflicting demands that arise from dual commitments to improving social welfare and achieving commercial viability.

Accessing credit particularly for starting an enterprise is one of the major constraints affecting women entrepreneurs. Women have often fewer opportunities than men to gain access to credit for various reasons, including lack of collateral and negative perceptions of female entrepreneurs by loan officers. In Kenya are almost invisible to formal financial institutions they receive less than 10% of commercial credit, (Phizacklea, 2003). This has led to the women mobilizing themselves to mobilize resources together which have resulted to establishment of more social entrepreneurship groups.

In this regard, the researcher sought to evaluate the management factors that influence performance of businesses operated by in the Pumwani informal settlements. The parameters that the study sought to review included; financial management, capacity building, monitoring and evaluation and stakeholder management.

1.3 Purpose of the Study

The purpose of the study was to examine the influence of management factors on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County.

1.4 Research Objectives

The study was guided by the following objectives:

- i. To determine the influence of financial management on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County.
- ii. To determine the influence of capacity building on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County.
- iii. To determine the influence of monitoring and evaluation practices on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County.
- iv. To determine the influence of stakeholder management practices on businesses operated by performance of entrepreneurs groups of Pumwani informal settlements in Nairobi County.

1.5 Research Questions

In carrying out the study, the researcher sought to answer the following research questions:

- i. How does financial management influence performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County?
- ii. What influence does capacity building have on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County?

- iii. To what extent do monitoring and evaluation practices influence performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County?
- iv. How does stakeholder management influence economic performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County?

1.6 Significance of the Study

The findings of the study may be important in helping promote performance of businesses operated by entrepreneurs in Pumwani informal settlements which may in turn help eradicate poverty and realize a key millennium development goal.

The study will also be of importance to policy makers in entrepreneurship groups that seek collaborative arrangements with their stakeholders. The finding of the study sheds some light towards policy formulation, management and its implementation. Department of the Social Services would also find the research findings useful so as to ensure that entrepreneurship groups are properly managed and run.

This study hopes to add to the existing literature on entrepreneurship and help to provide information on the management factors that influence the performance of entrepreneurship groups. The findings of the study advances knowledge on management factors of entrepreneurship groups and the outcome of their performance and therefore provides a base for further studies to be carried out in future by other researchers.

1.7 Limitations of the Study

This research was limited by four main constraints: a limited time frame to complete the project and thus the researcher took some time off from work to complete the research on targeted time. The limited amount of previous research in the field of entrepreneurship which was addressed by the researcher conducting desk top review. Lastly, financial constraint was also considered as a limitation thus the researcher employed sampling of the target population so as to reduce the scope as well as self-administer the research instrument instead of using research assistants.

1.8 Delimitations of the Study

Due to the limited timeframe of the research project and the newness and complexity of the problem studied, some delimitation was imposed in order to increase the quality of the work: Pumwani informal settlement was chosen to be a representative sample. The objective of the study narrowed down to focus on effects of management factors on performance of businesses operated by for entrepreneurship groups of Pumwani informal settlements.

1.9 Basic assumptions of the study

The study was based on the following assumptions:-

That management factors had a significant and measurable impact on the performance of businesses operated by entrepreneurship groups and continued to be significant throughout the study period.

The researcher assumed that participants responded to the research instrument with honesty and anonymity and confidentiality was preserved and that the participants who are volunteers did not withdraw from the study at any given time.

1.10 Definition of Significant Terms Used in the Study

Capacity Building of entrepreneurship groups	Actions that build the capacity of entrepreneurship groups to improves their effectiveness
Financial Management of entrepreneurship groups	Financial management refers to the ability of social entrepreneurs managing their resources through proper record keeping, financial reporting and budgeting.
Management factors of entrepreneurship groups	Practices that should be undertaken to ensure smooth running of operations
Monitoring and evaluation of entrepreneurship groups	The systematic and objective assessment of: an on-going or completed project; program or policy and its design; implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability.
Investment of entrepreneurship groups	An activity in which a group engages in to make income.
Entrepreneurship groups	This are groups that are established by group of people with the aim of improving their social economic status
Performance of entrepreneurship groups	This is the placement of capital (into social enterprises and other structures) with the intent of creating benefits beyond financial return.

Stakeholder management of entrepreneurship groups The process by which an organization involves people who may be affected by the decisions it makes or can influence the implementation of its decisions.

1.11 Organization of the Study

The study report is organized into five chapters. Chapter One outlines the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, justification of the study, significance of the study, assumptions of the study, scope of the study, limitations and delimitation of the study and definition of significant terms used in the study and organization of the study.

Chapter Two gives an overview of the similar study findings that were done by various researchers before and it addresses the variables in each research question. A theoretical review and conceptual framework of the study is also provided.

Chapter Three lays out the research methodology that was used for the study to be undertaken. The chapter includes details on the research design, target population, sampling size and sampling procedures, data collection instruments, data analysis techniques, ethical considerations and operational definitions of the study variables.

Chapter Four provides details on data analysis, presentation and interpretation of the findings. Finally Chapter Five provides details of summary of findings, discussions conclusions, recommendations and also suggestions for further studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents relevant literature on management factors that influence performance of businesses operated by entrepreneurship groups. In order to meet this purpose this chapter reviewed related literature on variables such as financial management, capacity building, monitoring and evaluation practices and stakeholders' management. A theoretical framework and a conceptual framework is also developed.

2.2 Financial Management and Performance of businesses operated by Entrepreneurship Groups

Financial management refers to the ability of entrepreneurs managing their resources through proper record keeping, financial reporting and budgeting. Poverty is multi-dimensional concept which implies lack of income, resources and deprivation of the means of livelihood and vulnerability to economic shocks (Damas & Israt, 2004). In a world where government resources are limited to address the world's social problems, impact investment has offered a broad range of new alternative for channeling private capital to promote social benefit. Impact investments can deliver positive social outcomes by expanding access to basic services for people in need or through production processes that benefit society (Morgan, 2010). Raising households incomes can lead to more equal human development for females and males. The gender disparities are reduced as a result of economic opportunities expansion (Damas & Israt, 2004).

According to Khan and Jain (2007), financial management is concerned with solutions of three major problems that are related to financial operations with a focus on investment, financing and dividend decisions. Financial management is thus concerned with efficient use of an important economic resource namely capital. Profitability maximization then serves the basic criterion for financial management decisions. Financial planning usually start with the evaluation of the current financial position, one should be able to know where they financially stand, how much resources at their disposal and also knowing what they want to achieve. Financial goal setting is thus required (Sanga, 2009). Basis of financial planning, analysis and decision making is financial information which is needed to predict, compare and evaluate the projects earning ability. The financial information is contained in financial statement or accounting reports. This thus calls for social entrepreneurs to ensure proper financial management procedures are put in place (Pandey, 1997). Proper record keeping sustains and expands an organization and without it the business runs a risk of cash flow challenges and misses out opportunities to expand (Sanga, 2009).

In Slovenia, the social economy has historical roots in the cooperative movement. This is where cooperatives shared their income or profits between members and developed their own saving and lending financial institutions (Doherty, Foster, Mason, Meehan, Meehan, Rothroe & Royce, 2009). This is not different to the social entrepreneurship groups targeted for the research. In today's context, the Slovenian government has recognized that social economy and social entrepreneurship must play crucial role in order to realize social economic aims.

It is critical for entrepreneurs to understand that there are two types of financial goals to be considered: income and wealth. Through understanding how a business created income and wealth, the entrepreneurs is better able to engineer personal financial goals into the business plan. Many entrepreneurs find it helpful to use quick and dirty method of valuation to monitor progress in building value in their businesses as they grow. Once the entrepreneurs have a clear understanding of their financial goals and the business goals needed to achieve their personal goals, the goals should be used to build a business model and eventually business plan especially where outside funding will be outsourced (Cornwall, Vang, & Hartman, 2015).

According to Morris (2006), women in business are a recent phenomenon in Kenya and to a large extent they have confined themselves to petty business and tiny cottage industries. Women entrepreneurs engaged in business due to economic factors which encourage women to have an independent budgetary occupation and stand. A sense towards independent budget, decision making on their life and career is the motivational factor behind this urge.

Social enterprises are emerging from civil society organizations and non-governmental organizations in the emerging markets of Latin America, Asia and Africa. This is due to reduction of international charitable donations which has resulted to developing of entrepreneurial strategies to generate income to further social missions. Microfinance is an innovative financial arrangement for the poor. This is as a result of the formal credit institutions rarely lend to the poor. Special institution arrangement thus becomes necessary to extend credit to those who have no collateral security to offer. Microfinance thus refers to the range of financial and non-financial services including skill up gradation and entrepreneurship development rendered to the poor for enabling them to overcome poverty. The basic unit of

microfinance is a group of persons called Self Help Group which are informal associations created for the purpose of enabling members to reap economic benefit out of mutual help, solidarity and joint responsibility. Risks in this case are taken care of through peer monitoring (Christabell, 1996).

In Kenya it has been observed that small scale businesses meant to create employment for the people that are unable to get formal jobs have not prospered as it would be expected. This is evident from the number of businesses that close shops every day as a result of business failure (The Firm, 2009). Wanjohi (2008) notes that unique challenge faced by small scale businesses in Kenya affects their ability to contribute effectively to sustainable development

Challenge to measure social performance has been met by a range of methodologies that include social accounting, social return on investment, social audit, local multiplier models as well as an adapted form of the balanced scorecard. Debate around effectiveness is mainly focused on the enterprise narrative and not the social aspect. It is proposed that success from a business enterprise perspective does not have naturally lead to the achievement of social aims (Doherty et al, 2009). Financial sustainability is thus one way of ensuring that schemes are able to provide services in the long term, aspects of management and organizational structure are equally critical (Eade, 1997).

2.3 Capacity Building and Performance of businesses operated by Entrepreneurship Groups

Capacity building approach to development involves identifying the constraints that women and men experience in realizing their basic rights and finding approaches through which to strengthen their ability to overcome the causes of their exclusion

and suffering. Capacity building strives on assessing personal dynamics to see how they fit to a wider pattern. Capacities do not trickle down through a power structure unless active steps are taken to ensure they do (Eade, 1997). Capacity building encompasses various aspects that include strategy, organization skills, human resource, systems and infrastructure (Venture Philanthropy Partners, 2001). Capacity building is an end in itself where the focus is likely on the counterpart organizational mission. Criteria for effectiveness then relate to the extent to which the mission is perceived to be appropriate, coherent and fulfilled (Eade, 1997).

Education and training represent an investment in people and so are important ways to put a capacity building approach to development into practice. Lack of access to education opportunities places a major constraint on people life chances as well as their capacity to participate in the social economic and political processes affecting them. In wider sense, this also means for marginalized people and offering alternative form of education in response to unmet needs. Social education seeks to meet a wide variety of needs where it provides education to those excluded from formal schooling, challenging the goals of formal education where it is not responsive to the needs of the marginalized people and offering alternative of education in response to unmet needs (Eade, 1997).

Capacity building enhances economic capacity since small businesses and microenterprises are a major source of employment for poor people worldwide. The informal economy is the only means of survival for millions of people. The small enterprises are often unregistered and hence may not qualify for access to facilities for subsidies and credit. Small businesses usually fail through mutual mistrust or poor personal and business management as from lack of productive skills. Sometimes skills are upgraded with the hope of earning higher incomes, though there may be only

limited market for improved product. In this regards product or market diversification gives producers greater security (Eade, 1997).

Vocational and skills training is often designed to raise the incomes of poor people with assumptions that with new and marketable skills they will be able to find work or set up enterprises of their own. To raise the economic capacities of poor women and men in a way that is both equitable and sustainable demand ranges of technical and organizational skills (Eade, 1997).

On Credit and micro finance, Small producers, artisans and women in general are faced with difficulty in getting access to credit and related services. There are those groups that have been successful like the Self- employed Women's Association (SEWA) in India which runs a women run and fully independent banks (Eade, 1997). Grameen Bank in Bangladesh also concentrates on lending micro enterprises. Growth as a result of capacity building has enabled the much of their costs through income received from fees on loans and interest. However (Eade, 1997) notes that repayment rates in credit schemes are not unequivocally indicator of sustainable success. In Bangladesh, poor women were repaying their loans promptly but in some cases it was their husbands who were primarily benefiting from the borrowed money. The success model of the Grameen Bank of Bangladesh attracts attention of people from all over the world (Eade, 1997). Increases in households' incomes through access to a loan may be very modest since economic security for micro enterprises relies on a very range of other back up services over and above credit. According to Barret (2007), aside from the cash flow provided by the group in the form of earnings, many members value the possibility of resorting to the group for help in case of need.

Efforts to enhance the earning capacity of self-employed people or informal sector microenterprises are contributed to income generating projects. According to Eade 1997, proponents of Income Generating Projects (IGPs) have argued that unlike jobs in the formal sector, products and activities can be carried out alongside womens normal households' work, extra income increases womens autonomy and changes intra household relations. In such a scenario the women are able to challenge male domestic violence which helps in awareness raising and collective strategizing.

Capacity building through investing in networks facilitates to sharing of new ideas and information vital for learning what others with similar interests are doing as well as pooling participants experience and energy in order to enhance their collections and individual impact (Eade, 1997).

Linking and networking is more of development strategies rather than tools. They require investment of time and money before the full impact can be felt. The people are enabled to learn from each other exchange resources and become more independent as a result. Exchange visits also play a critical role in capacity building. Networking may start with no more than a visit between one group to another. Exchange visits has an advantage since people learn more readily from their peers than from the co called outside expert known for facilitating lectures to people (Eade, 1997). Effective network evolves only when the potential members wish to invest their time and resources as well as building enough trust to work together. Exchange visits are imperative for learning about innovative practices, seeing the work of more experienced groups or discussing different ways of dealing with a particular problem. If an exchange visit is to be successful in terms of capacity building, the benefits must be shared with all members of the organization or group. Debriefings are such essential to share what has been learned (Eade, 1997).

Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive. Even when women do venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women only or women majority network where a woman could enter and gain confidence. The lack of networks also deprives women of awareness and exposure to good role models (Morris & Kuratko, 2009).

The significance of capacity building can be examined from the standpoint of healthy citizens who are able to contribute towards economic growth of their communities and not relying on public funds. Development can only flourish where building the capacity of a community through education and information. Developing countries especially in Africa lag behind in the information age. In efforts of achieving the goal of sustaining capacity building in developing countries, it is important for trained personnel to coordinate projects funded to avoid duplication of efforts where efficiency and effectiveness of projects are attained. This view may not be different when referring to entrepreneurship groups.

2.4 Monitoring and Evaluation Practices and Performance of businesses operated by Entrepreneurship Groups

Monitoring and evaluation is a useful tool in project management since it ensures accountability, transparency and gives feedback of the activities being carried out. It enhances the management system by identifying loops which need to be mended. Kusek and Rist (2009) confirms this by saying monitoring and evaluation is a powerful public management tool that can be used to improve the way governments and organizations achieve results. Just as governments need financial, human

resource, and accountability systems, they also need good performance feedback systems.

IEG (2013) highlights that very little is known about the importance of World Bank Group investment supporting innovation and entrepreneurship. Project performance ratings suggest that innovation and entrepreneurship projects have mostly been successful. Unfortunately most of the monitoring and evaluation information reported in meaningful aspects of innovation and entrepreneurship. It is recommended that World Bank and IFC should identify innovation projects involving incubators, matching grants, venture capital and other risk financing interventions that can be assessed to facilitate learning and scaling up of those that are promising. Thus team work on innovation projects should build robust monitoring and evaluation into the design and implementation of interventions. Innovation and entrepreneurship is a powerful source of improved productivity and competitiveness, helping to reduce poverty and stimulate long term economic growth. Evaluation objectives thus seeks to assess whether the expected were achieved, finding out why certain results occurred and also draw lessons for future planning.

Tapping global knowledge through various forms has been critical in many countries that have successfully developed innovation driven and entrepreneurship economies. There exist variations on how countries use global knowledge and technology as a strategy to foster innovation (IEG, 2013). All effective entrepreneur training programs for business creation conduct monitoring and performance evaluation while there are substantial issues with regard to what should be measured and the appropriate methodology. Evaluation is an essential tool that not only for determining effectiveness of the training but also for making continuous improvement (Loucks, 1990).

The social enterprise sector is increasingly subject to the need for greater professionalization and is expected to submit to intensive performance monitoring. According to the Sharir and Lerner study (2006), monitoring and evaluation (e.g., the quality of planning and business plan formulation) are poorly developed in social enterprises. The lack of monitoring and evaluation even constrains the development of the sector (Sharir & Lerner, 2006). Turner and Martin (2005) conclude that the social enterprises in their sample face a significant challenge in relation to a fast-changing policy environment in improving their performance monitoring, which requires managerial skills that have not traditionally been seen as one of their strengths. It is interesting to note, in this respect, the article by Darby and Jenkins (2006), which is devoted to the process of developing and applying indicators to improve monitoring. Although the process entails both positive and negative aspects, their main findings concern problems with organizational capacity affecting adaptability to change. Two capacity limitations mentioned by the authors are; internal communication between management and other staff members and the need for new methods of record keeping and extraction and this is not different to entrepreneurship groups. Opportunities are likely to arise from the development of monitoring indicators in the form of new and improved information to be used for purposes such as strategic decision making.

Monitoring and evaluation is a collaborative process where stakeholders monitor their own performance as to be able to learn and to improve their performance. This is where the communities decide on how progress should be measured and the corrective measures that are needed to be taken to improve implementation. Monitoring and evaluation thus provides space for reflection and openness to constructive criticism from project stakeholders. Thus the relevance, efficiency,

effectiveness, impact and sustainability of activities is assessed. In societies where vulnerable groups including women are not economically and socially empowered, monitoring and evaluation will need to incorporate special provisions to make sure the voices are heard (Mondal. & Dutta, 2007).

2.5 Stakeholders Management and Performance of businesses operated by Entrepreneurship Groups

There is a growing consensus that timely and broad based stakeholder involvement is a vital ingredient to enable effective environment assessment as it is for project planning, appraisal and development in general. Stakeholder involvement encompasses the full spectrum of interaction between stakeholders (governmental, non-governmental, business/private sector, service providers and the public etc) for decision making (Donnelly, Clayton & Hughes, (1995). Stakeholder management is about being proactive and prepared on a continuous basis even though uncertainties and previously un-encountered issues makes it difficult to know how exactly to prepare. Stakeholder management can increase the likelihood of project success through a process of purposeful and thoughtful activities in connection with project stakeholders. Stakeholder management improves the ability to anticipate opportunities and threats in a timely manner as well as making decisions on how to spend resources in effective interaction with stakeholder (Eskerod & Jepsen, 2013). Success in managing stakeholders' can be achieved through long term commitment in identifying, understanding their expectation, managing their expectation, monitoring the effectiveness of stakeholder engagement activities and continuous review of the stakeholder community. When stakeholders pursue their self-interest they follow a logic of consequentiality which means they act according to expected consequences of

contributing and whether they believe that these consequences will maximize their self-interests (Eskerod & Jepsen 2013).

Stakeholder analysis is one of the most comprehensive approaches to identifying issues, groups, strategies and outcomes. Doing the right thing really matters to firms, taxpayers, employees and other stakeholders as well as to the society. Understanding of stakeholders and their concerns facilitates understanding of the complex relationships between participants involved in solving ethical problems (Weiss, 2014).

According to Kuenkel, Gerlach & Frieg, 2011), stakeholder dialogue leads to practical outcome that could have been achieved otherwise and that can be implemented more easily because all stakeholders involved can see the big picture. Higher quality stakeholders' dialogue creates a climate for trust, commitment and collective intelligence. When based on recognized diverse opinions and consensus building processes, they can lead to improved implementation of initiatives, projects or change endeavors. Stakeholder dialogues results to improved quality of decision making, creativity and innovation prevail, credibility of planning and decisions is higher, information is disseminated, outreach increases and results become more robust and sustainable. Stakeholder involvement also bears risks. Challenges are faced such as lack of transparency, stereotyping and labeling members of stakeholder group, competition, intolerance, opposing priorities, unrealistic expectations, unfavorable political framework or lack of funding can shipwreck the stakeholders dialogue (Kuenkel *et al*, 2011).

The ideal-typical social enterprise defined by EMES (2002) is based on a collective dynamics and the involvement of different stakeholders in the governance of the organization. The various categories of stakeholders may include beneficiaries,

employees, volunteers, public authorities, and donors, among others. They can be involved in the membership or in the board of the social enterprise, thereby creating a 'multi-stakeholder ownership' (Bacchiega & Borzaga, 2003). Such a multi-stakeholders ownership is even recognized or required by national level legislations in various countries (Italy, Portugal, Greece and France). Stakeholders can also participate through channels that are less formal than membership, such as representation and participation of users and workers in different committees in the everyday life of the enterprise. In many cases indeed, one of the aims of social enterprises is to foster democracy at the local level through economic activity.

Communication is very important for the management of stakeholder relationships. The relationship of stakeholder groups is characterized not only by the exchange of benefits (products and services in return of payment) but also at least equally strongly by communication. The manner in which communication takes place within a group is by definition crucial for its success (Huber & Pallas, 2006).

The involvement of stakeholders can help in the drawing up of the organization vision, mission, and goals at the start of an evaluation process. In turn the stakeholders can provide invaluable information about how a service is working (Gunn & Durkin, 2010). According to Lumpkin and Katz (2011) and Wulf (2007), social entrepreneurs create new value for their stakeholders by identifying pressing needs and solving complex social challenges. The creation of new value is innovation and is contingent upon a set of institutional and structural support known as innovation ecology.

2.6 Performance of Entrepreneurship Groups

Determining the degree of social value created by a particular service or product is subject to many different interpreters and priorities. It is important therefore to identify the value created relevant to other offerings that are similar in nature. The value of service is then also measured against the priorities in ones community. There is tremendous competition for the financial resources needed to sustain and grow social enterprise, (Dees, Emerson & Economy 2002). Entrepreneurial actions are conditions by some relations and social capital is as relevant for entrepreneurial action as financial, real and human capital. Entrepreneurs are immersed in dynamic personal relationships that affect their alertness and their success in creating new ventures. Social capital affects entrepreneurial behavior by facilitating exposure to opportunities and access to knowledge and information that would not otherwise be easily available by legitimating risk taking behavior (Minniti, 2007).

According to Christabell (2009), proper record keeping is very important for the efficient functioning of a group due to the following reasons:-, to avoid replication of the same functions, to maintain trust among members, to provide information about attendance of members in group meetings, status of remittance of savings and of repayment of loans and on the financial situation of the group. Self-help groups that forms entrepreneurship groups are informal associations created for the purpose of enabling members to reap economic benefit include basically obtaining savings and credit facilities and pursuing group enterprise activities. Participation of members in weekly meeting of self help groups is a major determining factor for the smooth and effective functioning of the groups. According to Rathakrishnan (2009), the successful functioning of the Self Help Groups depends upon stability, growth, sustainability and self reliance.

Social fulfillment is an entrepreneurial venture which results from a complex set of interactions among start up participants and often cannot be attained by one entrepreneur independently of their business partners. A more complete understanding of collective actions follows when we address group, rather than individual efforts of its members (Ruef, 2010). Social entrepreneurs not only make tough choices and communicate them effectively; they also find ways of allocating resources in ways that satisfy several constituencies simultaneously, another way of leveraging results over effort. Due to lack of financing or the need to funnel most funds into production of immediate results, many non-profits give too little attention to the systems by which services will be delivered (Dees *et al.*, 2002).

Competition at its best directs resources to their best use and clients to the best programmes which results to social economic performance of social entrepreneurship groups. It can lead to continuous improvement in performance and stimulate innovation. Becoming competitive in the positive sense means first being smart about dealing with competition you face now and are likely to face in the future and then selecting a strategy that lets you focus on where you can create the most relative to others who are engaged in similar activities. Healthy competition encouraged collaboration when and only when it makes sense to collaborate. The driver becomes superior performance that is relative to mission objectives. This kind of performance is good for society and social entrepreneurs (Dees *et al.*, 2002).

Social entrepreneurship is primarily concerned with the development of innovative solutions to society most challenging problems. Since entrepreneurship flourishes in resource constrained environments, social innovation may depend on the extent to which social entrepreneurs can combine and apply the resources at hand in creative and useful ways to solve problems. Thus Social entrepreneurs must discover and

enact social improvements that benefit their communities including attractive return on social and financial investments to their key stakeholders. Among the ways social entrepreneurs assess their influence is through successful innovation (Lumpkin & Katz, 2011).

In performance, financial measurements are not only the ways entrepreneurs assess the success of their ventures. Certainly success means the ability to earn a living from a business. For most entrepreneurs, success is also measured by the ability to earn profit from the business. Profits in this case are important to sustain the business, to create additional income for the owners, to pay off debt and to create value in the business. Other entrepreneurs view success as the ability to create balance between work and family, work and leisure, or work and community activities such as volunteering. Thus meaning of performance is derived from the entrepreneurs' personal values and personal goals, (Cornwall *et al.*, 2015).

2.7 Theoretical Framework

To fully understand the dynamism of the groups, this research is based on the following theory.

2.7.1 Social Innovation Theory

Social entrepreneurs are defined as change makers as they carry out new combinations in at least one of the following areas: new services, new quality of services, new methods of production, new production factors, new forms of organizations or new markets. Social entrepreneurship can therefore be a question of outcomes and social impact rather than a question of incomes. Westley, Zimmerman & Patton (2006) assert that the idea of complexity explains the process of how social

innovation is created within the interactions of various movements and how it changes society. They suggest that ‘relationship is a key to understanding and engaging with the complex dynamics of social innovation’ and that “for social innovation to succeed, everyone involved plays a role. As a result, everyone – funders, policy makers, social innovators, volunteers, evaluators are affected. It is what happens between people, organizations, communities and parts of systems that matters ‘in the between’ of relationships”. This idea, which considers social innovation as being in a dynamic relationship with stakeholders, is thought-provoking for our research. However, their perspective of complexity remains nothing more than an idea and they do not go on to explain the mechanism and process of social innovation.

Christensen, Baumann, Ruggles & Sadtler (2006) refer to disruptive innovation for social change as ‘catalytic innovation’: ‘What’s required is expanded support for organizations that are approaching social-sector problems in a fundamentally new way and creating scalable, sustainable, systems-changing solutions’. Here, innovation presents a new possibility to under-served people whose needs have not been met in areas with insufficient social services. They pick up some cases, such as low-cost medical insurance and affordable education programs, e-learning at secondary schools, community colleges, and micro-lending systems, made available to people who otherwise would have limited or no access to educational opportunities. However, they describe the unique nature of catalytic innovation in social sector, but do not explain the processes behind the birth and development of social innovation.

Drucker (2014) argues that social innovation includes not only technology but also frameworks of insurance and healthcare which have a huge impact on society. He analyses innovation strategies of public-service institutions (government agencies, universities, hospitals, non-profit organizations in the community) as well as business

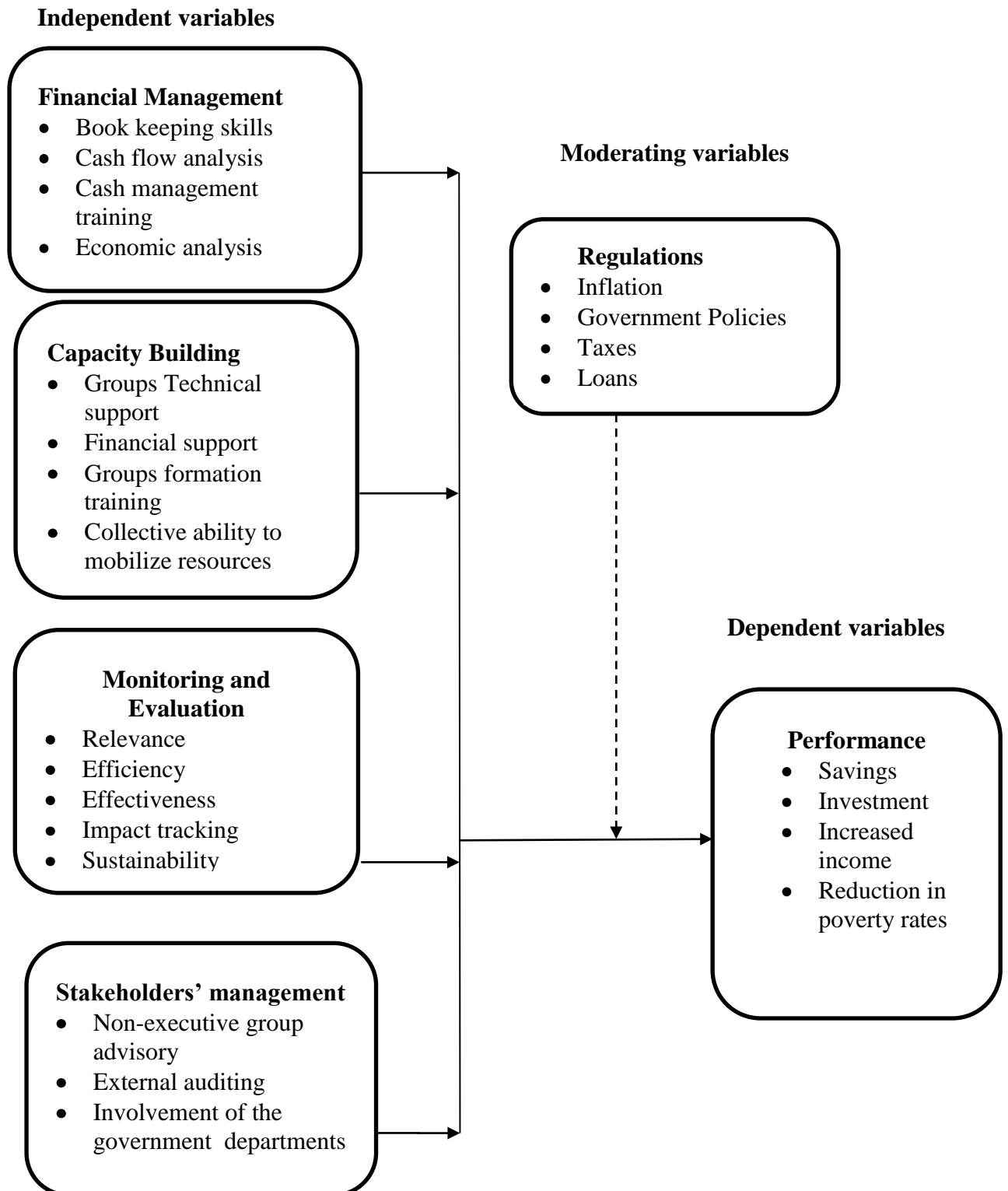
and new ventures. He explains the main features and policies of social innovation by public-service institutions, but does not analyze how the social innovation itself is created. Studies focused on the social innovation of social enterprises are increasingly common. Dees *et al* (2002) defines social enterprise as being located in the centre of two points on a linear scale: the purely charitable and the purely commercial. Social entrepreneurs, who can be called change agents, seek out opportunities to improve society, to create new social values. They consider social innovation as their fundamental resources; new and better ways of serving their social mission (Dees et al., 2002). They regard social entrepreneurs as promoting innovation which matches their social business and philanthropic activities in order to create social value. Dees *et al.*, (2002) mainly research the strategic management of social innovation, however not the process of social innovation. The theory is relevant as it addresses social innovation which is a key component leading to social entrepreneurship which is focus of this study.

2.8 Conceptual Framework

Cargan (2007) indicates that conceptual framework provides a clear concept of the areas in which meaningful relationships are likely to exist. For the purpose of this study research, a conceptual framework was developed showing the relationship between the independent and dependent variables. The dependent variable is performance of entrepreneurship groups while the independent variables include; financial management, capacity building, monitoring and evaluation and stakeholder management. The theoretical base of the study was founded by reviewing the literature. In the literature review, causal linkages have been identified among performance of entrepreneurship groups, financial management, capacity building, monitoring and evaluation and stakeholder management.

Conceptual framework on management factors influencing performance of businesses operated by Entrepreneurship groups of Pumwani informal settlements in Nairobi County.

Figure 1: Conceptual Framework



2.9 Explanation of relationship of variables in the Conceptual Framework

The study has independent variables, moderating variables and the dependent variable. The dependent variables which include financial management, capacity building, monitoring and evaluation and stakeholder management may affect the performance of businesses operated by entrepreneurship group which form the dependent variable under study. The moderating variables include government policies, taxes and inflation and loans.

When financial management is properly managed which entails good book keeping, cash flow analysis, cash management training and economic analysis then this results to good economic performance of entrepreneurship groups. When the management of the entrepreneurship groups puts in place capacity building initiatives on group technical support, financial support, groups formation training and collective ability to mobilize resources the performance of entrepreneurship groups is improved. When management of entrepreneurship groups prioritizes monitoring and evaluation of entrepreneurship groups on relevance, efficiency, effectiveness, impact tracking and sustainability impacts positively on the performance of this groups. Also, when management of entrepreneurship groups focuses on stakeholder management on non-executive group advisory, external auditing, and involvement of the government department the performance of businesses operated by entrepreneurship groups is enhanced. The moderating variables that may have affected the outcome of the research and were not under the study includes inflation, government policies, taxes and loans. When all the above measures are put in place, the performance of businesses operated by entrepreneurship groups is enhanced which results to savings and investments by group members, increased income and reduction of poverty within the informal settlements.

2.10 Gaps in Literature

Within the past decade, much has been written on the topic of social entrepreneurship. However, the extent of social entrepreneurship literature is predominantly either conceptual (Nicholls, 2010; Peredo & McLean, 2006; Praszkie & Nowak, 2012; Weerawardena & Mort, 2006) or instructional (Elkington & Hartigan, 2008). There exist conceptual gaps. From the literature reviewed, it is evident that several factors affect the economic performance of entrepreneurship groups. However a gap exists in the study of management factors and practices and how they influence performance of businesses operated by entrepreneurship groups. There is also no substantive study carried out in Pumwani and thus this study therefore sought to bridge the gap.

2.11 Summary of Literature Review

Some authors have argued that this subsequent field of entrepreneurship research seems to be still in its infant or nascent state (Nicholls, 2010). Literature on social entrepreneurship focuses on a limited variety of topics. Research into more detailed analysis of aspects of social entrepreneurship seems to be underrepresented, compared with more general studies which try to describe or define the phenomenon, sometimes with rather conflicting results. Previous literature on social entrepreneurship had identified only four major thematic streams: definitional, resource constrained environments, governance regulations, and performance metrics. Literature on social entrepreneurship has widely expanded its scope during the past six years, demonstrating the dynamic development of the field.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was used in the study. It describes the research design, target population, sample size and sampling procedure, data collection instruments, validity and reliability of research instrument, data collection procedure, data analysis, ethical considerations and operational definition of the variables.

3.2 Research Design

The research design that was used for the study was descriptive survey design. Kothari (2004) states that research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Yang (2008) states that the phrase “research design” denotes both a process and a product aimed at facilitating the construction of sound arguments. Research design is the plan, structure of investigation conceived so as to obtain answers to research questions and to control variance. This study was quantitative in nature and the study intended to provide a description that is factual and accurate. According to Mugenda and Mugenda (2003) this type of research design attempts to describe such things as possible behaviors, attitudes, values, and characteristics including qualitative and quantitative ones.

3.3 Target Population

The target population in this study comprised of all the 980 members from the 50 registered entrepreneurship groups within Pumwani informal settlements in Nairobi

County. Newing (2011) describes a population as the set of sampling units or cases that the researcher is interested in. Target population is the complete group of objects or elements relevant to the research project (Hair, Celsi, Money, Samouel & Page, 2011).

3.4 Sample size and Sampling Procedures

According to Hair Jr. *et al.*, (2011) a sample is a relatively small subset of the population and that it must be representative of the population from which it is drawn. Sampling is the selection of a subset of individuals from within a population to yield some knowledge about the whole population, especially for the purposes of making predictions based on statistical inference (Black, 2011). Its main advantages are cost, speed, accuracy and quality of the data.

Fostgate (2012) recommends that a formula should be used for calculating the sample size of a population that has more than 10,000 units. The choice of the formula depends on the margin of error and the proportion chosen. One famous formula is given below.

$$n=Z^2*p*(1-p)/d^2$$

Where:

n = Sample size for large population

Z = Normal distribution Z value score, (1.96)

p = Proportion of units in the sample size possessing the variables under study, where for this study it is set at 50% (0.5)

d = Precision level desired or the significance level which is 0.08 for the study

The substituted values in determining the sample size for a large population are as follows.

$$n = \frac{(1.96)^2(0.5)(0.5)}{(0.08)^2} = 150$$

Hence, the sample size for this study was 150. However, since the population is less than 10,000, another formula was used to adjust the sample size further.

$$n_0 = n / (1 + ((n - 1) / N))$$

$$n_0 = 150 / (1 + ((150 - 1) / 980))$$

$n_0 =$ 130 Desired sample size.

$n =$ 150 Sample Size when population is more than ten thousand

$N =$ 980 Total population size

% Sample 86.67%

The sample size was 130 members of the 50 registered self-help groups in Pumwani.

A sample design is the architecture or the strategy used to select study participants or respondents (Kothari, 2004). Sampling refers to the systematic selection of a limited number of elements out of a theoretically specified population of elements. The rationale is to draw conclusions about the entire population. According to Kothari (2004), the ultimate test of a sample design is how well it represents the characteristics of the population it purports to. The reason for sampling in this study is to lower cost, accessibility of study population and the greater speed of data collection. The researcher used simple random sampling design. Simple random

sampling method is a straightforward method of sampling that assigns each element of the target population an equal probability of being selected, Hair Jr. et al (2011). The researcher ensured that each member in each of the entrepreneurship groups had the probability of being chosen during the sampling process. The researcher used a computer random number generator to select random number of units who participated in the study (Stattek, 2012). The random sampling method allowed the researcher to draw valid conclusions that were generalized about the entire targeted population by the end of the study.

3.5 Research instruments

The study used a questionnaire to obtain primary data. According to Newing (2011), questionnaires consist of a series of specific, usually short questions/statements that are either asked verbally by an interviewer, or answered by the respondent on their own (self-administered). Yang (2008) states that the questions or statements in a questionnaire in a study are directly related to the research questions. A Likert scaled questionnaire was used to collect quantitative data. The likert scale questionnaire was preferred since it made it possible to convert responses into quantitative format for ease of data analysis using computer based software. The questionnaire was divided into two sections. The first section captured the demographic characteristics data of the research respondents while the second section captured the management factors on performance of entrepreneurship groups where a Likert scale was used. The researcher used the Likert scale which provides the interval scale of strongly agree, agree, neutral, disagree and strongly disagree. The Likert scale measured the level of agreement or disagreement. Likert scale is good in measuring perception, attitude, values and behaviour (Upagade & Shende, 2012).

3.5.1 Pilot Testing of the Instruments

The researcher conducted pilot test to the questionnaire before it was administered to the selected sample to facilitate its improvement. Pilot study has been described by various authors as an exercise that ensures that errors are restricted at a very little cost. The aim of a pilot study is to try out the research approach to identify potential problems that may affect the quality and validity of the results (Blessings & Chakrabarti, 2009). Pilot testing was done by use of two colleagues who were experienced in research and 13 actual respondents who led to refinement of the research instrument. The entrepreneurs who became respondents during the pilot study, were not included in the final study.

3.5.2 Validity of the Research Instrument

According to Mugenda and Mugenda (2003), validity is the accuracy and meaningfulness of inferences, which are based on the research results. In other words validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Validity exists if the data measures what it is supposed to measure. In order to test and enhance the validity of the questionnaire, the researcher consulted the University Supervisor who is an expert in the field to scrutinize contents of the items in the questionnaire on relevance of the items.

3.5.3 Reliability of the Research Instrument

Reliability refers to the degree of accuracy or precision in the measurements made by a research instruments (Kumar, 2011). This ensures the research tool is consistent hence predictable and accurate. The researcher used half split to test the reliability of the questionnaire. The internal consistency of a measurement scale is assessed by

using Cronbach's coefficient alpha (Cronbach 1951). Nunnally and Bernstein (1994) suggest that a scale having a Cronbach's coefficient above 0.70 is acceptable for analysis. All the variables were reliable since their Cronbach alpha was above 0.7 which was used as a cut-off of reliability for the study. Based on the findings, the alpha values was higher above 0.7 which indicated that the study instruments yielded highly reliable and valid data for the research study in measuring the relationship between the four independent variables(financial management, capacity building, monitoring and evaluation and stakeholder management) and the dependent variable (performance). Table 3.1 shows the reliability results.

Table 3.1 Reliability

Variable	No of Items	Respondents	α=Alpha	Comment
Performance	3	13	0.733	Reliable
Financial management	4	13	0.712	Reliable
Capacity building	4	13	0.758	Reliable
Monitoring and evaluation	5	13	0.724	Reliable
Stakeholders management	3	13	0.736	Reliable

3.6 Data Collection Procedures

After approval of the research proposal, a letter of authorization was acquired from the Department of Extra Mural Studies, University of Nairobi and the same letter was used to apply for a research permit from National Commission for Science, Technology and Innovation (NACOSTI). The questionnaires were distributed among the 50 entrepreneurship groups within Pumwani informal settlements. The researcher distributed the questionnaires to the sampled respondents and they were given one week to fill in the questionnaires before the researcher collected the questionnaires for

data analysis. The researcher then sorted out the questionnaires to check if there were are some that were not responded to after which data analysis followed.

3.7 Data Analysis Techniques

Burns and grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. According to Hyndman (2008) data analysis involves coding, editing, and data entry. This involves coding, editing, data entry, and monitoring the whole data processing procedure. To determine the patterns revealed in the data collected regarding the selected variables, data analysis was guided by the aims and objectives of the research and the measurement of the data collected.

After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, coding, categorizing and keyed into statistical package for social sciences (SPSS version 20) computer software for analysis. The choice of using SPSS to other statistical software was that it is user friendly. The statistics generated were descriptive statistics. The specific descriptive statistics included percentages, frequencies, mean and standard deviation. Microsoft excel was used to complement SPSS version 20 especially in production of tables.

3.8 Ethical Considerations

Ethical considerations relate to the moral standards that the researcher should consider in all research methods in all stages of the research design. After approval from the University was obtained to conduct the study, permission was obtained from the Management of the entrepreneurship groups in Pumwani. The participants were also informed that the information they provided would not be used in any way to harm

the participants or be exploited for commercial and selfish personal gain, but only for academic purposes. Full disclosure, fair treatment and privacy were also practiced. Participation in the study was also on voluntary basis.

3.9 Operationalization of Variables

The table below shows the operational indicators that were used to determine the influence of management factors on performance of businesses operated by entrepreneurship groups in Pumwani.

Table 3.2 Operationalization of Variables

Variable	Indicators/ Measurement	Measuring Scale	Type of Analysis	Tool of Analysis
Financial management	<ul style="list-style-type: none"> • Book keeping • Cash flow analysis • Cash management • Economic analysis 	Ordinal	Descriptive statistics	Percentages, mean, standard deviation for responses to questionnaires
Capacity Building	<ul style="list-style-type: none"> • Groups Technical support • Financial support • Groups formation training • Collective ability to mobilize resources 	Ordinal	Descriptive statistics	Percentages, mean, standard deviation for responses to questionnaires
Monitoring and Evaluation	<ul style="list-style-type: none"> • Relevance, • Effectiveness, • Efficiency, • Impact tracking • Sustainability 	Ordinal	Descriptive statistics	Percentages, mean, standard deviation for responses to questionnaires
Stakeholders' management	<ul style="list-style-type: none"> • Non-executive group advisory • External auditing • Involvement of the government department 	Ordinal	Descriptive statistics	Percentages, mean, standard deviation for responses to questionnaires

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of the study findings on the management factors influencing performance of businesses operated by entrepreneurship groups in Pumwani informal settlements in Nairobi County, Kenya. The chapter presents data analysis, presentation and interpretation of findings. Results are presented in form of tables. The analyzed data was arranged under themes that reflect the research objectives.

4.2 Questionnaire Return Rate

The number of questionnaires that were administered was 130 as shown in table 4.1.

Table 4.1 Response Rate

Response	Frequency	Percent (%)
Returned	97	74.62
Unreturned	33	25.38
Total	130	100

From the data collected, out of the 130 questionnaires administered, 97 were properly filled and returned. This represented an overall successful response rate of 74.62%. According to Mugenda & Mugenda (2003), a response rate of 70% and over is excellent for analysis and reporting on the opinion of the entire population. Based on these 74.62% response rate is adequate for the study.

4.3 Demographic characteristics of the Respondents

This section consists of information that describes basic characteristics such as gender of the respondents, age of the respondents, marital status of the respondents, level of education of the respondents, number of years one has been a member of a group, change in monthly income, change in saving and training.

4.3.1 Gender of the Respondents

The researcher sought to establish the gender of the respondents as gender variations influences key decision making in management of entrepreneurship groups. The findings are represented in Table 4.2.

Table 4.2 Gender of the Respondents

Gender	Frequency	Percent (%)
Male	34	35.05
Female	63	64.95
Total	97	100

The findings in Table 4.2 established that 63 Of the respondents were females representing 64.95% while 34 were males representing 35.05%. The findings show that the majority of the entrepreneurship groups' members in Pumwani are females. This implies that both genders participate in entrepreneurship groups despite the groups being dominated by females. Since most of the women do not access formal credits as opposed to men who are the custodian of their household collaterals, the women have to rely on entrepreneurship groups in most cases to access small loans where collaterals are not a requirement. This findings relate to Phizacklea, 2003 who has noted that women have often fewer opportunities than men to gai access to credit

for various reasons that include lack of collateral and negative perceptions of female entrepreneurs by loan officers.

4.3.2 Distribution of respondents by age

The researcher sought to establish the age of the respondents as the ages of the respondents was believed to be significant for it would reveal the ages by which members of entrepreneurship groups becomes active in entrepreneurship groups activities.

Table 4.3 Distribution of respondents by age

Age	Frequency	Percent(%)
18-25 years	22	23
26-35 years	29	30
36-45years	32	33
45 years and above	14	14
Total	97	100

According to the findings in Table 4.3, 33% of the respondents aged between 36 – 45 years, 30% of the respondents were aged between 26 – 35 years, 23% of the respondents were aged between 18 – 25 years while 14% of the respondents were aged 45 years and above. The findings in table 4.3 revealed that most of the members in the entrepreneurship groups were in their middle age which is also considered to be the most productive age as the entrepreneurs has needs to be met at household level.

4.3.3 Marital Status of the Respondents

The researcher sought to establish the marital status of the respondents as marital status was believed to be significant to the study. The findings are presented in Table 4.4 .

Table 4.4 Marital Status of the Respondents

Marital Status	Frequency	Percent(%)
Married	52	54
Separated	29	30
Divorced	8	8
Single	8	8
Total	97	100

Table 4.4 revealed that out of the 97 respondents who filled the questionnaire, 52(54%) of the respondents were married, 29(30%) of the respondents were separated, and 8(8%) of the respondents were divorced while another 8(8%) of the respondents were single. This is an implication that majority of members joining entrepreneurship groups are married who are mostly women and have to look for alternative sources of capital to meet the needs of their households. The percentage of separation compared to that of divorce calls for further studies to be carried out to determine whether marital status influences performance on entrepreneurship group.

4.3.4 Level of Education of the Respondents

The researcher sought to establish the level of education of the respondents as the researcher believed that the level of education is of great significance to the study.

The assumption was that the level of education influences a lot on management of entrepreneurship groups.

Table 4.5 Level of Education of the Respondents

Level of Education	Frequency	Percent (%)
Primary school	49	50.52
Secondary school	29	29.90
Tertiary college	14	14.43
University	5	5.15
Total	97	100

The findings in Table 4.5 showed that 49(50.52%) of the majority of the respondents had acquired education up to primary school level. Results also showed that 29(29.9%) of the respondents had acquired education up to secondary school level, 14(14.43%) of the respondents had acquired education up to tertiary level while only 5(5.15%) had acquired education up to university level. This shows that more than half of the respondents had low education which deprives them to have essential skills to manage effectively their groups operation. Most of the members of the entrepreneurship groups in the informal settlements have low level of education. Low level of education is believed to have high influence on how the entrepreneurship groups position themselves to access support from key stakeholders who have the potential of providing funds for entrepreneurship groups investments.

4.3.5 Years of Active Membership in Group

The researcher sought to establish the number of years the respondents had been active in their entrepreneurship groups as experience in groups' management plays a

significant role in the outcome of group activities. The findings are presented in Table 4.6.

Table 4.6 Years of Active Membership

Years in Groups	Frequency	Percent(%)
Less than 3 years	33	34
4 to 5 years	33	34
6 to 10 years	18	19
More than 10 years	13	13
Total	97	100

The findings in Table 4.6 showed that 33(34%) of the respondents had been active members in the entrepreneurship group for 4 to 5 years. Another 33(34%) of the respondents had been active members for less than 3 years, 18(19%) of the respondents had been active members for 6 to 10 years while only 13(13%) of the respondents had been active members for more than 10 years.

The findings revealed that majority of the respondents had not participated in entrepreneurship groups for long and thus have limited capacity to envision and implement activities that highly influence their groups' performance.

4.3.6 Increase in Monthly Income and entrepreneurship groups

The respondents were asked to indicate whether their monthly income had increased since they joined an entrepreneurship group. Increase in respondent's monthly income is quite significant to the study as it reveals how entrepreneurship groups are avenues to facilitate change of livelihoods. The findings are presented in Table 4.7.

Table 4.7 Increase in Monthly Income and entrepreneurship groups

Response	Frequency	Percent (%)
No	17	17.53
Yes	80	82.47
Total	97	100

The findings in Table 4.7 indicated that 80(82.47%) gave a positive response that entrepreneurship groups have led to increase of their monthly income while 17(17.53%) respondents indicated that entrepreneurship groups have not contributed to increase of their monthly income.

Further the researcher sought to establish the magnitude of increase of the respondents' monthly income. The findings are presented in table 4.8 below.

Table 4.8 Magnitude of increase in Monthly Income

Amount	Frequency	Percent (%)
5,000 and below	55	56.7
5,001- 10,000	30	30.93
10,001-15,000	5	5.15
15,000 and above	7	7.22
Total	97	100

The findings in Table 4.8 indicated that 55(56.7%) of the respondents indicated that their monthly income had increased by less than Kshs 5,000 while 30(30.93%) off the respondents indicated that their income had increased by Kshs 5,001 – Kshs 10,000. The results also showed that 7(7.22%) of the respondents indicated that their monthly income had increased by more than Kshs 15,000 while 5(5.15 %) of the respondents

indicated that their monthly income had increased by Kshs 10,001 – Kshs 15,000 only. The implications of the above findings is that majority of the entrepreneurship groups have not significantly grown to provide opportunities that could significantly improve the livelihoods of the members who are always trapped in the viscous cycle of poverty.

4.3.7 Increase in Monthly Savings as a result of involvement in entrepreneurship groups

The respondents were asked to indicate whether their monthly savings has increased since they joined an entrepreneurship group. The findings are presented in Table 4.9

Table 4.9 Increase in Monthly Savings

Response	Frequency	Percent (%)
No	26	27
Yes	71	73
Total	97	100

The findings in Table 4.9 shows that 71(73%) being the majority of the respondents gave a positive response that their monthly savings had changed since they joined the entrepreneurship groups.

Further, the respondents who gave a positive response were asked to indicate the magnitude with which their monthly savings had increased. The findings are presented in table 4.10 below.

Table 4.10 Magnitude of increase in Monthly Savings

Amount	Frequency	Percent
5,000 and below	46	47.42
5,001- 10,000	30	30.93
10,001-15,000	15	15.46
15,000 and above	6	6.19
Total	97	100

The findings in Table 4.10 reveals that 46(47.42%) of the respondents indicated that their income had increased by Kshs 5,001 – Kshs 10,000. Another 30(30.93%) of the respondents indicated that their monthly savings had increased by less than Kshs 5,000, 15(15.46%) of the respondents indicated that their monthly savings had increased by Kshs 10,001 – Kshs 15,000 while only 6(6.19%) of the respondents indicated that their monthly savings had increased by more than Kshs 15,000.

The implications of the above findings is that entrepreneurship groups have not significantly contributed to increased savings where members would have disposable incomes to invest in viable enterprises that could improve their living conditions. There is need for review on how the entrepreneurs groups are managed so that members can realize their set objectives.

4.3.8 Types of training received by the respondents.

The researcher sought to establish the types of training the respondents have participated in which are significant to the study. The findings are presented in Table 4.11.

Table 4.11 Types of training received

Type of training	Yes	No	Total
financial management training	58	39	97
Capacity building	51	46	97
Monitoring and evaluation	55	42	97
Stakeholder management	50	47	97
Other types of training conducted	57	40	97

The findings in Table 4.11 shows that 58 of the respondents indicated that they had received training in financial management while 55of the respondents indicated that they had received training in monitoring and evaluation. The results also showed that 51of the respondents indicated that they had received training in capacity building while 50of the respondents indicated that they had received training in stakeholder management. Further, 57 of the respondents indicated that they had received other forms of training such as paralegal training, civic education, conflict resolution and child rights training.

The statistics above imply that there is need for more resources for training to benefit willing entrepreneurs and build their capacity to manage their groups better in a more informed manner to enable realization of both individual and groups objectives to be realized.

4.3.9 Financial management and performance of businesses operated by entrepreneurship groups

This study sought to determine the influence of financial management on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The findings are presented in table Results in table 4.12

Table 4.12 Financial management and performance of businesses operated by entrepreneurship groups

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std Dev
Book keeping influences economic performance of the group.	44.30%	41.20%	7.20%	6.20%	1.00%	4.2	0.9
Regular groups' cash flow analysis influences performance of the group.	43.30%	45.4%	8.20%	3.10%	0.00%	4.3	0.7
Cash management training influences performance of the group.	34.00%	42.30%	5.20%	12.40%	6.20%	3.9	1.2
Regular Economic analysis of the group returns on investments influences performance of the group.	37.10%	46.40%	9.30%	6.20%	1.00%	4.1	0.9
Average						4.1	0.9

The findings in Table 4.12 shows that majority of the respondent who formed 85.5% of the respondents agreed that book keeping of the groups transactions influences the performance of the group, 88.7% agreed that regular groups cash flow analysis influenced performance, 76.3% agreed that cash management training influences performance while 83.5% agreed that regular economic analysis influences

performance respectively. On a five point scale, the average mean of the responses was 4.1 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 0.9.

4.3.10 Capacity Building and performance of businesses operated by entrepreneurship groups

This study sought to determine the influence of capacity building on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The findings are presented in table 4.13.

Table 4.13 Capacity Building and performance of businesses operated by entrepreneurship groups

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagreed	Mean	Std Dev
Groups technical support from mentors and stakeholders influences performance of the group.	52.6%	43.3%	3.10%	1.00%	0.00%	4.5	0.6
Capacity building through financial support influences performance of the group.	46.40%	45.4%	8.20%	0.00%	0.00%	4.4	0.6
Members training on groups formation influences performance of the group.	46.40%	48.50%	4.10%	1.00%	0.00%	4.4	0.6
Collective ability to mobilize resources influences performance of the group members.	39.20%	47.40%	7.20%	5.20%	1.00%	4.2	0.9
Average						4.4	0.7

The findings in Table 4.13 shows that majority of the respondent who formed 95.9% of the respondents agreed that groups technical support from mentors and stakeholders influences performance of the group, 91.8% of the respondents agreed that capacity building through financial support influences performance of the group, 94.9% of the respondents agreed that members' training on groups' formation influences performance of the group while 86.6% of the respondents indicated that collective ability to mobilize resources influences performance of the group members. On a five point scale, the average mean of the responses was 4.4 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 0.7.

4.3.11 Monitoring and Evaluation and performance of businesses operated by entrepreneurship groups.

This study sought to determine the influence of monitoring and evaluation practices on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The findings are presented in Table 4.14.

Table 4.14 Monitoring and Evaluation and performance of businesses operated by entrepreneurship groups

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std Dev
Ensuring that planned activities are relevant to the groups mandate influences performance.	47.40%	7.40%	3.10%	2.10%	0.00%	4.4	0.7
Ensuring efficiency in resources utilization influences the group performance.	43.30%	39.20%	10.30%	5.20%	1.00%	4.2	0.9
Monitoring of groups activities influences the effectiveness of the group performance	18.60%	39.20%	32.00%	9.30%	1.00%	3.6	0.9
Putting in place evaluation Measures to track group impact influences the group performance.	33.00%	29.90%	22.70%	14.40%	0.00%	3.8	1.1
Prior planning on group sustainability measures influences performance.	32.00%	41.20%	18.60%	7.20%	1.00%	4.0	0.9
Average						3.9	1.0

The findings in table 4.14 shows that majority of the respondents who formed 94.8% of the respondents agreed that ensuring that planned activities are relevant to the groups mandate influences the group economic performance, 83.5% of the respondents agreed that ensuring efficiency in resources utilization influences the groups economic performance, 57.8% of the respondents agreed that monitoring of groups activities influences the effectiveness of the groups economic performance, 62.9% of the respondents agreed that putting in place evaluation measures to track groups' impact influences the group economic performance while 73.2% of the respondents agreed that prior planning on groups' sustainability measures influences the economic performance. On a five point scale, the average mean of the responses was 3.9 which means that majority of the respondents were agreeing to the statements

in the questionnaire; however the answers were varied as shown by a standard deviation of 1.0.

4.3.12 Stakeholder Management and performance of businesses operated by entrepreneurship groups

This study sought to determine the influence of stakeholders' management on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The findings are presented in Table 4.15.

Table 4.15 Stakeholder Management and performance of businesses operated by entrepreneurship groups

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean	Std Dev
Involvement of non-executive members for advisory in groups operations influences the group economic performance.	13.40%	35.10%	34.00%	15.50	2.10%	3.4	1.0
Involvement of external auditors to audit the group accounts influences the group economic performance.	14.40%	37.10%	22.70%	22.70%	3.10%	3.4	1.1
Involvement of the government departments influences the groups' economic performance.	16.50%	16.50%	36.10%	24.70%	6.20%	3.1	1.1
Average						3.3	1.1

The findings in Table 4.15 above shows that 48.5% of the respondents agreed that involvement of non-executive members for advisory in groups operations influences the group economic performance, 51.5% of the respondents agreed that involvement

of external auditors to audit the group accounts influences the group economic performance while that 36.1% of the respondents were neutral that involvement of the government departments influences the groups economic performance. On a five point scale, the average mean of the responses was 3.3 which means that majority of the respondents were agreeing to the statements in the questionnaire; however the answers were varied as shown by a standard deviation of 1.1.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to determine the influence of management factors on performance of businesses operated entrepreneurship groups in Pumwani informal settlements in Nairobi County. The findings of the study were presented and discussed in the previous chapter. This chapter summarizes the findings and conclusions drawn. Recommendations for action are made and areas for further research identified.

5.2 Summary of the findings of the study

This section provides a summary of the findings from the analysis. This was done in line with the objectives of the study.

5.2.1 Demographic characteristics of the respondents

In reference to the demographic characteristics, the study sought to establish the respondents' gender, age, marital status, level of education, increase in income levels, and increase in monthly saving as well as type of training conducted. It was established that 64.95% of the respondents were females while 35.05% were males. 30% of the respondents were aged between 36-45 years where 54% of the respondents were married. 50.25% of the respondents had attained primary school education and 33% of the respondents had been involved in the entrepreneurship groups for less than three years. 56.5% of the respondents had their monthly income

increased between Kshs. 5,000 and below while 47.42% of the respondent's ad their monthly savings increased by Kshs. 5,000 and below.

5.2.2 Financial management and performance of businesses operated by entrepreneurship groups.

The first objective of the study was to determine the influence of financial management on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The study findings indicated that majority of the respondents agreed that financial management influences the performance of businesses operated by the entrepreneurship groups. On a five point scale, the average mean of the responses was 4.1 which means that majority of the respondents were agreeing to the statements in the questionnaire on financial management. However the answers were varied with a standard deviation of 0.9.

5.2.2 Capacity Building and Performance of businesses operated by Entrepreneurship groups

The second objective of the study was to determine the influence of capacity building on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The study findings indicated that majority of the respondents agreed that capacity building influences the performance of businesses operated by entrepreneurship groups. On a five point scale, the average mean of the responses was 4.4 which means that majority of the respondents were agreeing to the statements in the questionnaire on capacity building. However the answers were varied with a standard deviation of 0.7.

5.2.3 Monitoring and Evaluation and Performance of businesses operated by Entrepreneurship groups

The third objective of the study was to determine the influence of monitoring and evaluation practices on performance of businesses operated by entrepreneurship groups of Pumwani informal settlements in Nairobi County. The study findings indicated that majority of the respondents agreed that monitoring and evaluation influences the performance of businesses operated by the entrepreneurship groups. On a five point scale, the average mean of the responses was 3.9 which means that majority of the respondents were agreeing to the statements in the questionnaire on monitoring and evaluation. However the answers were varied as shown by a standard deviation of 1.0.

5.2.4 Stakeholder Management and Performance of businesses operated by Entrepreneurship groups

The fourth objective of the study was to determine the influence of stakeholders' management on performance of businesses operated by entrepreneurs groups of Pumwani informal settlements in Nairobi County. The study findings indicated that majority of the respondents agreed that stakeholder management influences the performance of businesses operated by the entrepreneurship groups .On a five point scale, the average mean of the responses was 3.3 which means that majority of the respondents were agreeing to the statements in the questionnaire on stakeholder management. However the answers were varied with a standard deviation of 1.1.

5.3 Discussion of the findings

This section presents discussions of the study findings and is organized based on conceptual framework of the study.

5.3.1 Financial management and performance of businesses operated by entrepreneurship groups

The researcher sought to establish how financial management influences performance of the businesses operated by entrepreneurship groups in Pumwani. The findings show that financial management influences performance of entrepreneurship groups to a great extent based on the mean scores. The study also sought to establish the influence of various indicators related to financial management. The findings show that majority of the respondents agreed with the following various statements regarding financial management that book keeping of the groups transactions influences the performance of the group, regular groups cash flow analysis influences the performance of the group, cash management training influences the performance of the group and finally that regular economic analysis of the group returns on investments influences the performance of the group. However, some of the respondents did not agree to the statements while others were neutral to the statements. This concurs with Eade (1997) that financial sustainability is thus one way of ensuring that schemes are able to provide services in long term, aspects of management and organizational structure which are equally critical.

The study findings also concurs with Cornwall, Vang and Hartman, (2015) that once the entrepreneurs have a clear understanding of their financial goals and the business goals needed to achieve their personal goals, the goals should be used to build a business model and eventually business plan especially where funding has to be

outsourced. It is thus essential for entrepreneurs to put in place proper financial management mechanisms. This clearly shows that financial management is one of the ways which influences performance of businesses operated by entrepreneurship groups. Financial management is thus essential in ensuring that groups' financial resources are well managed. These results are also consistent with those of Sanga (2009) who asserted that proper record keeping sustains and expands an organization and without it the business runs a risk of cash flow challenges and misses out opportunities to expand.

5.3.2 Capacity building and performance of businesses operated by entrepreneurship groups

The researcher sought to establish how capacity building influences performance of the businesses operated by entrepreneurship groups in Pumwani. The findings show that capacity building influences performance of entrepreneurship groups to a great extent base on the mean scores. The study also sought to establish the influence of various indicators related to capacity building. The findings show that majority of the respondents agreed with the following various statements regarding capacity building that groups technical support from mentors and stakeholders influences the performance of the group, capacity building through financial support influences the performance of the groups, members training on groups formation influences the performance of the group and finally that collective ability to mobilize resources influences the performance of the group members which concurs with Barret (2007) that aside from the cash flow provided by the group in the form of earnings, many members value the possibility of resorting to the group in case of need . However, a few the respondents did not agree to the statements while others were neutral to the statements. The study findings also concurs with Venture Philanthropy Partners,

(2001) who asserted that capacity building is an end in itself were the focus is likely on the counterpart organizational mission.

The study findings clearly shows that capacity building is one of the ways which influences performance of entrepreneurship groups. Capacity building is thus essential in ensuring that groups' capacity is build and they acquire essential skills that lead to good management of entrepreneurship groups. These results are consistent with those of Eade (1997) who observed that capacity building enhances capacity since small businesses and microenterprises are a major source of employment for poor people worldwide.

5.3.3 Monitoring and evaluation and performance of businesses operated by entrepreneurship groups

The researcher sought to establish how monitoring and evaluation influences performance of the entrepreneurship groups in Pumwani. The findings show that monitoring and evaluation influences performance of entrepreneurship groups to a great extent base on the mean scores. The study also sought to establish the influence of various indicators related to monitoring and evaluation. The findings show that majority of the respondents agreed with the following various statements regarding monitoring and evaluation that ensuring that planned activities are relevant to the groups mandate influences the group performance, ensuring efficiency in resources utilization influences the groups performance, monitoring of groups activities influences the effectiveness of the groups performance, putting in place evaluation measures to track groups impact influences the group performance and finally that prior planning on groups sustainability measures influences the performance.

However, a few the respondents did not agree to the statements while others were neutral to the statements.

The study findings concurs with previous literature review as noted by Sharir & Lerner that lack of monitoring and evaluation even constrains the development of the development sector. Turner and Martin (2005) also conclude that social enterprises in their sample face a significant challenge in relation to a fast changing policy environment in improving their performance monitoring which requires managerial skills that have not traditionally been seen as one of their strengths. It is thus important for development actors to put in place initiatives that build the capacity of entrepreneurship groups for their purpose and relevance to be realized.

Monitoring and evaluation is thus essential in ensuring that group activities and operations are regularly monitored and periodically evaluated to assess whether the groups are achieving the intended results. These finding are similar with those of Kusek and Rist (2009) who confirmed this by saying monitoring and evaluation is a powerful public management tool that can be used to improve the way governments and organizations achieve results.

5.3.4 Stakeholders management and performance of businesses operated by entrepreneurship groups

The researcher sought to establish how stakeholders' management influences performance of businesses operated by entrepreneurship groups in Pumwani. The findings show that stakeholder management influences performance of entrepreneurship groups to a great extent base on the mean scores. The study also sought to establish the influence of various indicators related to stakeholders' management. The findings show that majority of the respondents agreed with the

following various statements regarding stakeholder management that involvement of non-executive members for advisory in groups operations influences the group performance, involvement of external auditors to audit the group accounts influences the group performance. However majority of the respondents remained neutral that involvement of the government departments influences the groups' performance thus there is need for review on the relations that exists between the entrepreneurship groups and the government departments. Previous literature review concurs on the importance of stakeholder management as noted by Weiss, (2014) that stakeholder analysis is one of the most comprehensive approaches to identifying issues, groups and outcomes.

This clearly shows that stakeholder management is one of the ways which influences economic performance of entrepreneurship groups. Stakeholder management is thus important in ensuring that entrepreneurship groups relate with their stakeholders well in order to realize optimum performance of their groups ventures. These findings agree with those of Eskerod and Jepsen (2013) who asserted that stakeholders' management improves the ability to anticipate opportunities and threats in a timely manner as well as making decisions on how to spend resources in effective interaction with stakeholder. It is thus important for entrepreneurship groups to be supported by development actors to gain knowhow on how to manage their stakeholder well and ensure there is effective communication which concurs with Huber and Pallas,(2006) that the manner in which communication takes place within a group is by definition crucial for its success.

5.4 Conclusions

Based on the findings the study made the following conclusions:-

That financial management influences performance of businesses operated by entrepreneurship groups in Nairobi County. This implies that better financial management results to improved profitability of entrepreneurship groups.

That capacity building influences performance of performance of businesses operated by entrepreneurship groups in Nairobi County. This implies that acquainting members with necessary skills in entrepreneurship would result to increased performance in entrepreneurship groups.

That monitoring and evaluation influences performance of performance of businesses operated by entrepreneurship groups in Nairobi County. This implies that embracing the various aspects of monitoring and evaluation would result enhance increased productivity and thus increase the increased performance in entrepreneurship groups.

Finally that stakeholder management influences performance of performance of businesses operated by entrepreneurship groups in Nairobi County. This implies that the growth of stakeholders' preparedness to handle uncertainties ensures increased performance in entrepreneurship groups.

5.5 Recommendations

Based on the study findings this study recommended that leaders of entrepreneurship groups in informal settlements should encourage more people to join these groups as this would help in achieving the medium term goal of the vision 2030 of poverty eradication.

The study also recommended that the leadership of the entrepreneurship groups should encourage the members to work in groups so that they can share ideas and come up with unique and profitable business ventures.

Further, the study recommended that the leadership of the entrepreneurship groups should seek for partnership from financial institutions so that they can access socio capital. This would help the entrepreneurship groups to expand their businesses as well as implement new ideas.

5.6 Suggested Areas of Further Studies

The following areas were identified suitable for further studies by other scholars:

1. Further studies should be conducted on the influence of management factors on economic performance of youth group. This would assist in comparing difference between the magnitudes of the influence.
2. This study also suggest that a further study should be conducted seeking to determine the effect of regulation on economic performance in entrepreneurship groups. This would help to delve into the various aspects of regulation that influence the economic performance in entrepreneurship groups.
3. This study also suggests that a study seeking to determine the measures that have been taken in a bid to improve the economic performance of entrepreneurship groups should be undertaken.

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APPENDICES

Appendix I: Letter of Transmittal

Patricia Njeri Mbogo,
P.O Box 11834- 00100,
Nairobi.

The chairperson,
Entrepreneurship Groups,
Pumwani.

Dear Sir/ Madam,

RE: REQUEST TO FILL RESEARCH QUESTIONNAIRE

I am a postgraduate student of University of Nairobi pursuing a degree in Master of Arts in Project Planning and Management. I wish to conduct a research titled *“Influence of management factors on performance of businesses operated by entrepreneurship groups”*. A questionnaire has been developed to assist gathering relevant information for this study. I have selected you to be my research respondent and I kindly ask you to answer the questions with utmost faith that your responses will remain confidential and information gathered will only be used for academic purposes only.

Thank you for your cooperation

Yours faithfully,

Patricia Njeri Mbogo

Appendix II: Research authorization letter



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,
2241349,310571,2219420
Fax: +254-20-318245,318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date:

2nd October, 2015

NACOSTI/P/15/18125/7922

Patricia Njeri Mbogo
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on *“Influence of management factors on social economic performance of social entrepreneurship groups: A case of Pumwani informal settlements in Nairobi County, Kenya,”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for a period ending **1st October, 2016**.

You are advised to report to the **County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.


SAID HUSSEIN
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

**COUNTY COMMISSIONER
NAIROBI COUNTY
P. O. Box 30124-00100, NBI
TEL: 341886**

The County Director of Education
Nairobi County.



National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified

Appendix III: Research Permit

**THIS IS TO CERTIFY THAT:
MS. PATRICIA NJERI MBOGO
of UNIVERSITY OF NAIROBI, 0-100
Nairobi, has been permitted to conduct
research in Nairobi County**

**Permit No : NACOSTI/P/15/18125/7922
Date Of Issue : 2nd October, 2015
Fee Received :Ksh 1,000**

**on the topic: INFLUENCE OF
MANAGEMENT FACTORS ON SOCIAL
ECONOMIC PERFORMANCE OF SOCIAL
ENTREPRENEURSHIP GROUPS; A CASE
OF PUMWANI INFORMAL SETTLEMENTS
IN NAIROBI COUNTY, KENYA**



**for the period ending:
1st October, 2016**


.....
**Applicant's
Signature**


.....
**Director General
National Commission for Science,
Technology & Innovation**

Appendix IV: Research Questionnaire

This questionnaire seeks to find out information on management factors that influence performance of businesses operated by entrepreneurship groups in Pumwani informal settlements in Nairobi County. Kindly answer the following questions as honestly and accurately as possible. The information given will be treated with a lot of confidentiality. Please do not write your name anywhere on this questionnaire. You are encouraged to give your honest opinion.

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

Please tick where appropriate

1. What is your gender?

(a) Male ()

(b) Female ()

2. What is your age?

(a) 18-25 years ()

(b) 26-35 years ()

(c) 36-45 years ()

(d) 45 years and above ()

3. What is your marital status?

(a) Married ()

(b) Separated ()

(c) Divorced ()

(d) Single ()

4. What is your highest level of education?

(a) Primary school ()

(b) Secondary school ()

(c) Tertiary college ()

(d) University ()

(e) None ()

5. How many years have you been an active member in the group?

- (a) Less than 3 years () (b) 4 to 5 years ()
(c) 6 to 10 years () (d) More than 10 years ()

6. Has your monthly income increased after joining the group?

- (a) Yes () (b) No ()

If yes which income bracket do you fall under in Kenya Shilling (Kshs.)

- (a) 5,000 and below () (b) 5,001- 10,000 ()
10,001-15,000 () (d) 15,000 and above ()

7. Has your monthly savings increased after joining the group?

- (a) Yes () (b) No ()

If yes which income bracket do you fall under in Kenya Shillings (Kshs.)?

- (a) 5,000 and below () (b) 5,001- 10,000 ()
(c) 10,001-15,000 () (d) 15,000 and above ()

8. In your group have you received any of the following training? Please tick where appropriate

- (a) Financial management () (b) Capacity building ()
(c) Monitoring and Evaluation () (d) Stakeholder management ()
(e) Others () Please specify

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

SECTION B: INFLUENCE OF MANAGEMENT FACTORS ON PERFORMANCE OF BUSINESSES OPERATED BY ENTREPRENEURSHIP GROUPS

This Section is concerned with assessing the influence of management factors on performance of businesses operated by entrepreneurship groups. Please mark (x) in the box which best describes your agreement or disagreement on each of the following statements. The choices given are: Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree.

a) Financial Management and performance of businesses operated by entrepreneurship groups

	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1	Book keeping of the groups transactions influences the performance of the group.					
2	Regular group cash flow analysis influences performance of the group.					
3	Cash management training influences the performance of the group.					
4	Regular Economic analysis of the group returns on investments influences performance of the group.					

b) Capacity Building and performance of businesses operated by entrepreneurship groups

	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	Groups technical support from mentors and stakeholders influences group performance.					
2	Capacity building through financial support influences performance of the group.					
3	Members training on groups formation influences performance of the group.					
4	Collective ability to mobilize resources influences performance of the group members.					

c) Monitoring and Evaluation and performance of businesses operated by entrepreneurship groups

	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	Ensuring that planned activities are relevant to the groups mandate influences the group performance.					
2	Ensuring efficiency in resources utilization influences the group performance.					
3	Monitoring of groups activities influences the effectiveness of the group performance					
4	Putting in place evaluation measures to track group impact influences the group performance.					

5	Prior planning on groups sustainability measures influences groups performance					
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d) Stakeholders Management and performance of businesses operated by entrepreneurship groups

	Statement	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
1	Involvement of non-executive members for advisory in groups operations influences the group performance.					
2	Involvement of external auditors to audit the group accounts influences the group performance.					
3	Involvement of the government departments influences the group performance.					

Thank you for availing your time to fill this questionnaire