FINANCIAL MANAGEMENT PRACTICES AND TURNOVER GROWTH OF MICRO AND SMALL ENTERPRISES: A CASE OF UWEZO FUND IN KWALE COUNTY, KENYA

Moses Ogendi Mogaka

Master of Business Administration (Finance), Kenyatta University, Kenya

Dr. Jeremiah Koori

Lecturer, Department of Accounting and Finance, School of Business, Kenya

Full Length Research

Available Online at:

http://www.iajournals.org/articles/iajef_v3_i2_44_66.pdf

Citation: Mogaka, M. O. & Koori, J. (2018). Financial management practices and turnover growth of micro and small enterprises: A case of Uwezo Fund in Kwale County, Kenya. *International Academic Journal of Economics and Finance, 3*(2), 44-66

ABSTRACT

Empirical attestation, economic evidences and industrialization practices have established the immense contributions of Micro and Small Enterprises (MSEs) in developed nations and the continuous acceleration of economic growth among developing countries. The government of Kenya had been increasing funding of small enterprises through escalation of Uwezo fund as was evidenced from annual budgetary allocations by the national treasury. Out of the Ksh.5.161 billion of Uwezo Fund that had been disbursed since the year 2013, nationally, ksh.91.6 million of the disbursement was channelled to Kwale County. Despite the disbursement, the turnover growth of MSEs in Kwale County had only been a mere 5 per cent. This is far much less than the expected turnover growth of 15 per cent given the huge investments by the fund. This study examined the effect of financial management practices on turnover growth of micro and small enterprises in Kwale County, Kenya. Specifically the study draws on financing decisions, investment decisions, working capital management decisions, profit distribution decisions and how they influence turnover growth of such MSEs. A descriptive survey method of research was employed in conducting the study. The study population were the 911 registered MSEs that have received a financing facility from Uwezo Fund in Kwale County. Stratified random sampling was applied to choose the sample size which translated to 270 MSEs managers. Structured questionnaire was used to gather data from the respondents. The data obtained was analysed for ANOVA, regression analysis, and descriptive statistics. SPSS computer software was utilised in data coding and analysis. The results indicate that financing decisions had a moderate significant positive correlation with turnover growth of MSEs. Investment decisions had a fairly strong and significant positive correlation with turnover growth. Working capital management had a strong positive correlation with turnover growth of MSEs in Kwale County while profit distribution had a week positive correlation with turnover growth of MSEs in Kwale County.

Key Words: *financial management practices, turnover growth, micro and small enterprises, Uwezo Fund, Kwale County, Kenya*

INTRODUCTION

Studies have established the huge contributions of MSEs in established nations in hastening of economic growth (Omolumo, 2002; OCED, 2004; Ogechukwu, 2008). Corresponding to the information available on the census.gov website, micro enterprises compose ninety five per cent of the twenty eight million of US corporations tracked by survey. MSEs are said to enhance value to the economy of a nation by creating jobs, increasing income, strengthening buying power, lowering costs and enhancing business convenience (E-elgar, 2016). The relationship between prudent investment decision making capability of a firm's managers and its advantage in

analyzing a target investment's resultant true financial Turnover growth is vital, managers are perceived to have more information than other investors regarding an investment, thus managers are vital in making prudent investment decision analysis that shall lead to better Turnover growth of a company in both financial and non-financial parameters (Akintoye & Olowolaju, 2008).

Working Capital deals with the firm's short term financing that is current assets and current liabilities, therefore it is a measure of a firm's liquidity. The goal of effective working capital management is to ensure that a company has adequate ready access to the funds necessary for day-to-day operating expenses, while at the same time making sure that the company's assets are invested in the most productive way (Norton, Parkinson and Drake, 2011). The mounting interest in many nations in MSEs, and particularly high-growth MSEs (a certain group of businesses distributed among numerous industries, which are also mentioned to as "gazelles"), stems from these businesses being perceived as one of the primary engines of economic advance and as the main basis of new jobs (Henrekson and Johansson, 2010; OECD/DG Enterprise and Industry, 2009). Nonetheless, these companies involvement difficulties with admittance to finance during dissimilar stages of development, a hindrance that is especially serious in firms (OECD, 2014).

MSEs in Developing Countries

Fiscal development in budding markets undertakes within each government environment and particularly is moulded by the structure of established diversity and conforming substitutability involving official and unofficial institutions (Batjargal et al., 2013). Over time with the expansion of a market economy fragile formal institutions should develop stronger and correspondingly the use of unofficial institutions is likely to adjust (Galaskiewicz, 2007; Sabatini, 2008). Majority of MSEs in developing nations prefer the status quo (Gomez and Knorringa, 2008). Government's strategy towards MSEs is one significant factor to be well-thought-out when looking at the confronts MSEs have for growth (Gatt, 2012). Irrespective of the significance related with these businesses and various policies ingenuities introduced by African regimes during the past decade to hasten growth and endurance of MSEs in the African expanse, the Turnover growth and progress has been unsatisfactory (Atsede, et al, 2008).

Uwezo Fund

The Uwezo Fund Is a leading plan of action geared to vision 2030, envisioned at empowering womenfolk, youth, individuals with disabilities access funds to promote business and firms at a public point, thereby furthering economic progress with regard to accomplishment of the identical and the millennium Development Goals No. (Annihilation of life-threatening poverty and famine) and (support gender parity and give power to women. The fund was started by the Government of Kenya in the year 2014 (www.uwezo.go.ke). It is a support programme initiated by the state in line with its vision 2030 to assist the youth; women and people with disabilities have access to financial support to run their businesses. The Kshs 6 billion started by the government not long ago is the latest government attempt to uplift women and youth beyond

enterprise (KNBS, 2013). The endowment is planned that the youth would not pay interest but a slight services fee of 3 percent (Njuru, 2014).

Business execution, good business management savings philosophy, investment openings and financial forecasting impact could only be apprehended through improved business culture and capability after training amongst the youth .The prevailing youth and women's monies operate a Shs. 4.8 billion and Shs. 2.5 billion respectively; the obsolete Kazi Kwa Vijana had Shs. 5.2 billion, the inauguration of Uwezo Fund focuses the youth and women who desire to venture into businesses. Nevertheless a quick look at the previous raises questions about the idea behind Uwezo Fund and how dissimilar it was from the aforementioned ones that were marred by mismanagement and liabilities. There was necessity to change the thoughts among public employees for the objective of the fund to be accomplished for the government to acquire 30 percent of its prerequisites from the youth and women maintained businesses. There must be some distinctive regard for such endeavours (Omanjalu & Fondo, 2014).

Notwithstanding the Uwezo fund being interest open some youths are choosing up to pay a 1 percent interest rate that comes with SACCO advances arguing that the course was shorter and that SACCOs offered relentless guidance and control on their ideas on their ideas and schemes (Komu, 2015). More so KNBS (2016) narrates that 80.6 percent of the childhood use family or personal funds as start-up principal while 4.2 per cent of small business owners get loans from household or friends. The study on small and micro enterprises(MSEs) further directed that banks support only 5.6 per cent of MSEs while venture groups or chamas account for 1.4 per cent of the financing, co-operative societies credit for 0.4 per cent of start-up financing, whereas the government capital accounts for a paltry 0.1 percent.

STATEMENT OF THE PROBLEM

Kenyan government has over recent years increased funding of small businesses through Uwezo fund as can be demonstrated from annual fiscal allocations by the national treasury. Further than the Ksh.5.161 billion of Uwezo Fund that has been expended since 2013 nationally, ksh.91.6 million of the pay-out was channelled to Kwale County which characterizes about 1.8 percent of the fund (Uwezo Fund Status Report, 2016). Accounts from the ministry of Trade and Cooperative Development, Kwale County(2016), illustrate that only a mere 5 percent of Uwezo Fund payees have experienced Turnover growth when likened to the global growth forecast for the MSEs of between 10 and 15 percent (World Bank,2017) . KNBS (2016) account indicates that the government support of MSEs accounts for a low 0.1 percent (KNBS, 2016). Although the MSEs subsector composes close to 80% of employment, it only interjects to about 20% of the GDP. This infers that the MSEs have been performing dismally in spite of its potential influence to Employment, earnings and parity in Kenya (Vision 2030). Hitherto, a number of studies such as Katana (2012) examined financial management practices and shipping industry performance. Addo. (2017) studied the effect of financial management practices on financial performance of top 100 MSEs in Kenya. Waweru and Ngugi(2014) researched on a the

influence of financial management practices on performance of MSEs in Kenya. None of these studies has focused on the profit distribution variable. More so, no such study has ever been carried out in Kwale County. Based on this revelation, the present study sought to fill the existing research gap by finding out the effect of financial management practices on turnover growth of MSEs in Kwale County.

GENERAL OBJECTIVE

The study contemplated at establishing the effect of financial management practices on Turnover growth of Micro and Small Enterprises in Kwale County, Kenya.

SPECIFIC OBJECTIVES

1. To examine the effect of access to finance on turnover growth of MSEs in Kwale County;
2. To establish the effect of investment decisions on turnover growth of MSEs in Kwale County;
3. To evaluate the effect of cash flow management decisions on turnover growth of MSEs in Kwale County; and
4. To analyze the effect of profit distribution decisions on turnover growth of MSEs in Kwale County.

THEORETICAL REVIEW

The Pecking Order Theory

The pecking order theory as hypothesized by (Myers and Majluf, 1984) purports that businesses habitually have a preference in domestic finance to outside finance and single out debt to equity as soon as domestic finance is in short supply. This is to by-pass hostile effect of lopsided data that venture capitalist tend to have faith in that businesses issue equity when stock charges are high-priced and therefore stock charges would tumble after stock issue is declared. Pecking Order Theory further explained that the asymmetric information between firm insiders and outsiders and the supposition that costs and benefits of outside financing in terms of trade-off theory are less significant when contrasted to the costs related to the (inside financing) issuance of new securities. In this study, the theory was used to describe the financing behaviour of MSEs.

More so Shyam-Sunder and Myers (1999) hold up this observation, whereas Frank and Goyal (2003) denote that the concept better pronounces the conduct of big businesses but not small businesses. Nonetheless, supplementary findings submit that businesses with admission to investment-grade liability may be unenthusiastic to dispense security (Chirinko and Singha, 2000; Chikolwa, 2009). Also money-making businesses in fact have a lesser debt ratio (Brennan et al 2002). The theory is contextualized to illustrate financing preference by the MSEs managers.

Bird-in-Hand Theory

Pioneers of this concept were Gordon (1959) and Lintner (1962). It portends that Business owners or investors have a great preference of dividends obtained from stock as compared to gains from capital. However this theory was later criticized by Miller and Modigliani (1961) who argues that dividends have minimal or no effect on stock prices. More so, business owners and investors can vend apart of their stock if they decided to do so and get some cash. In the existing study, the concept was used to explain how profits are distributed by the MSEs Owners.

Transaction Cost Theory

This theory was advanced by John R. Commons (1931). The transaction cost theory suggests that there are certain costs that people normally incur without knowing that they are a cost to them. These costs must be incurred whenever a transaction takes place. These costs are known as transaction costs (Williamson, 1975). This theory gives reasons as to why some businesses would prefer to have some products and services produced by other third parties and not the business just to avoid incurring such extra costs. Accounts payable (part of working capital) customs can be explicated by transaction cost concept in that the deficiency in discounts from the contractors is a detriment to the debtor.

EMPIRICAL REVIEW

Access to finance and Turnover growth of SMEs

Pratima and Zulficar (2015) conducted a study which sought to identify, analyze, and compare strategies used by SMEs in a 'conducive' and a 'constrained' environment. They used an inductive qualitative research to contrast the role played by the Maldives and Mauritius governments in SME development. By using semi-structured interviews, they conducted a stakeholder analysis to identify variations and consensus in the data obtained from multiple sources. Their study found out that the Mauritian government supports SMEs better than the Maldivian Government. However, it was found that SMEs in both countries use similar strategies, such as bootstrapping, because they did not trust Government initiatives. The current study will survey Kenya government funding through Uwezo fund and evaluate how financing decisions affect Turnover growth.

In another study, Ferati and Ejupi (2012) sought to find out how companies make decisions on capital structure, and its effect on profitability. They did a cross sectional study of Macedonian companies on factor profitability by analyzing financial reports provided by 150 respected firms. They used the Ordinary Least Squares (OLS) method to estimate a function relating to return of equity (ROE) by indexing long and short-run debts, and the total equity of the owner. Their study found out that debt affects returns, with larger debts leading to less profit. The findings are in conformity with the conclusions of Memon, Bhutto, and Abbas (2012) who recommended that

firms should check their capital structure to dept absorption ratio to understand if they are doing well or not.

In a separate but related study, Kira (2013) evaluated factors influencing debt financing by SMEs. He conducted the analysis based on a survey of 164 firms in Tanzania. Employing a quantitative research design, he tested various hypotheses and theories about debt financing. The data obtained was subjected to multiple regression and correlation analysis to compare it with factual indicator data. The study's empirical findings provided that access to debts is influenced by education of the firm management and experiences of the industry, in addition to common factors such as the firm location, age, and size. Lack of security to enable firms in Tanzania access credit facilities was cited as the greatest impediment to their growth according to the study.

Further, a study by Moro and Fink (2010) investigated the benefit of relationship lending to SMEs. The research was based on a panel of 535 economically successful entrepreneurial SMEs operating in North East Italy. They used a survey to collect information from bank managers of local community banks, and two national banks. A regression analysis showed that competence is positively related to credit gained, but negatively related to interest rates. However, the study found out that this relation mainly affects low trusted SMEs and not the highly trusted ones.

These findings support the point that MSEs are susceptible to credit crises in the course of economic recessions or financial catastrophes than bigger businesses. Facts obtained from the European Central Bank (ECB) as well as the European Commission assessments from 2009 unearthed that the global depression that took over a decade ago had huge negative effects on the prosperity of the small businesses (ECB, 2009, 2010). This also made it difficult for the businesses to access funds from money lenders.

Investment Decisions and Turnover growth of SMEs

According to Bolarinwa et al. (2014), who conducted a research on the impact of abandonment of capital investments on the survival of small and medium enterprises (SMEs) in Nigeria. They employed mixed methodological framework to question the degree to which abandonment of capital investments affects the performance of SMEs in five districts in Lagos. The study adopted survey inferential design. The findings of the study showed that the performance of SMEs is characterised by numerous problems including: lack of proper and effective capital budgeting mechanism, failure to access loan, lack of funds, strict banking policies, unethical business practices, lack of stable business policy, among others. This has strengthened our understanding that abandonment of capital investments is a critical factor in explaining SMEs survival in Nigeria. in capital marketing costs of all conceivable avenues should be jointly itemized beneath every conceivable circumstance. The Current study focuses on the whole financial management aspect among MSEs in Kwale County, Kenya.

It is on this precept that Jim and Joachim (2016) conducted a study to assess how commercial inclination and the use of management accounting practices (MAPs) in determination of plans shapes the lucrativeness of small and medium sized enterprises (MSEs). Outcomes showed that commercial inclination and MAPs have a constructive clout on lucrativeness in non- developing MSEs, but the joint effect of MAPs and commercial inclination has no further effect. Nevertheless, for developing MSEs, great practice of MAPs in resolution making is an essential for commercial inclination to sway profitability. Whereas the study focused on Management Accounting Practices (MAP), the current study will focus of financial management practices.

Alleyne et al. (2010) conducted a study to determine factors influencing investment decision of potential investors. They hypothesized that planned behaviour and risk propensity influenced investments intentions using the Ajzen (1991), dimension of the theory of planned behaviour proposes that attitudes, subjective norms, and perceived behaviour control can influence decisions about investing. Based on this, they used a self administered questionnaire to survey a sample of undergraduate business students in an institution. The quantitative research found out that risk propensity and planned behaviour predicted intent of investment. While this study focused on individual investor behaviour, the current study focuses on government funded beneficiaries.

Moreover, a study by Azzouz (2015) identified stern budget setting and assessment mechanisms as other factors influencing investment decisions. The aim of the paper was to highlight the impact of the firm size on the budgetary evaluation and its performance according to the firm size. Data were collected using a questionnaire sent to the Moroccan firms. The research identified three principal styles of budgetary evaluation: strict budgetary evaluation; moderate budgetary evaluation and lower budgetary evaluation. The firm's performance was significantly and positively correlated with the budgetary evaluation in large enterprises. The current study focuses on MSEs.

In another study, Akintoye and Olowolaju (2008) evaluated the impact of macroeconomic policy on aggregate investment in Nigeria. The Granger Two-Step method of co integration and error correction estimation were adopted in the study. The study ascertained a significant positive impact of monetary policy on investment growth in Nigeria; the investment effect of trade policy is positive but insignificant while that of fiscal policy is absolutely negative and significant. On their part, found out that management analysis and decisions regarding an investment influence the firm's overall financial turnover growth. While the study focused on economic policy, the current study focuses on financial management practices among MSEs in Kwale County.

Cash Flow Management and Turnover growth of SMEs

A study by Beveld (2012) examined the connection between profitability and accounts receivables throughout contemporary international crisis era. Using a sample of 37 large firms in the Netherlands, the study compared their working capital policies during financial crisis and

during non crisis period. The results of the study indicated that firms do not have to change their policies about working capital during crisis periods if they need to enhance profit. The study concentrated on large firms while the current study focuses on micro and small enterprises.

Supporting evidence is found by Mathuva (2009) who investigated the influence of working capital management aspects on corporate profitability. The study sampled 30 firms listed in Nairobi Stock Exchange (NSE), and conducted both fixed effects regression and pooled OLS models. The study found out that the time taken to collect cash from customers is inversely related to profitability of a firm. While the study focused on listed firms the current study looks MSEs in the context of working capital management.

Czarnitzki and Hottenrott (2011) analyzed the relation between working capital management and profitability of small and medium-sized enterprises in Germany by controlling for unobservable heterogeneity and possible endogeneity. The researchers examined a non-linear relation between these two variables and have shown that there is a non-monotonic (concave) relationship between working capital level and firm profitability, which indicates that SMEs have an optimal working capital level that maximizes their profitability.

Profit Distribution and Growth of SMEs

As Setiawan (2009) examined the significance of the information content in dividend announcements. The sample of the research consisted of dividend announcements during 2006 - 2008 periods. The result of the research showed that the market reacts positively to the dividend increase announcements. Dividend announcements in Indonesia contain significant information for the investors. They also noted that businesses that have a high growth prospect have investment value in the form of fixed assets which tip to amplified sales triggers which also increase profitability. Dividend policy is determined by profitability, a fact that is supported by various research studies. The current study focuses on profit distribution by micro and small firms.

For instance, Afza and Mirza (2010) investigated the impact of firm specific characteristics on corporate dividend behaviour in Pakistan, an emerging economy. By analyzing three years data of 100 sampled companies using the OLS regression, they found out that ownership, sensitivity about cash flow, size, and profitability are related positively to cash dividend. The current study looks at all forms of profit distribution among small firms in Kwale County. In another study, Imran (2011) empirically investigated factors which determine decisions about dividend payout in Pakistan's engineering sector. He analyzed quantitative secondary data from 36 sampled firms listed on Karachi Stock Exchange using panel data techniques. The study found out that dividend policy is influenced by profitability, cash flow, sales growth, share earnings and previous dividend per share.

More so Adesola and Okwong (2009) reviewed the dividend rules of Nigerian cited businesses by utilizing the paradigm of Lintner (1956). The outcomes showed that dividend policies and rules of these businesses were exceedingly impelled by their present earnings and preceding year dividends. Whereas business magnitude and progress potential has no substantial bearing on dividend conduct of these businesses. Furthermore Shin, Kwon and Kim (2010) explored on the associations linking research and development costs and dividend smooth out of the Korean MSEs. The outcomes revealed that on the foundation of imminent development prospects and productivity, the inventive MSEs have been proficient to sustain steady dividend policy as paralleled to non-innovative ones. It can coherently be observed that the majority of investigators have concentrated on registered and big businesses in their dividend policy analyses. Rather, the dividend policy appears feasible in big businesses while less realistic on small and micro enterprises.

RESEARCH METHODOLOGY

Research Design

This research study entailed descriptive survey design. This design provided a deep understanding of the events being studied and its instruments are helpful in getting first-hand experience as well as in-depth of the study (Kothari, 2004). More so this research design was preferred because it is concerned with conditions that exist, practices that prevail, beliefs and attitudes that are held, processes that are on-going and trends that are developing. Kothari also notes that this method has the ability to allow large amount of data to be collected quickly and at minimal cost.

Empirical Model

The relationship between financial management decisions and turnover growth were estimated using the following regression model:

$$Y = \alpha + \beta_1 Fin_1 + \beta_2 Inv_2 + \beta_3 WC_3 + \beta_4 Pd_4 + \varepsilon \quad .... (i)$$

Where: Y = turnover growth; α, β_1, β_2, β_3, β_4 = Coefficients of the model; Fin_1 = Financing decisions by a firm; Inv_2 = Investment decisions by a firm; WC_3 = Working capital management decisions by firm; Pd_4 = Profit distribution decisions by firm; ε = Error term

Target Population

The study was carried out in Kwale County. The target population being the 911 registered MSEs that have received a financing facility from Uwezo Fund (Uwezo Fund, 2016) .

Sampling Technique and Sample Size

The study utilized stratified random sampling to choose the sample size. The paper clustered the population into strata. Kothari (2004) advocates stratified random sampling for the reason that it is precise, straightforwardly accessible, divisible into appropriate strata and it increases superior evaluation; hence representation across strata. As depicted by Mugenda and Mugenda (2003) a simplified procedure for computing sample size of a population that is less than 10, 000 is given.

$$\text{nf} = \frac{\text{n}}{1+(n \div N)}$$

Where: nf = the anticipated sample size when the population is less than 10,000; n = the anticipated sample when the population is less than 10,000; N = the estimate of the population size.

$$\text{nf} = \frac{(384)}{1+(384 \div 911)} = 270 \text{ groups}$$

jAs recommended by Fisher *et al.*(1983) the researcher used a 50 percent proportion of the target population applying the advocated formula: $\frac{Z^2 pq}{d^2}$, thus taking the proportion as 0.5 the z-statistic would be 1.96 and the desired accuracy of 0.05 level, the sample size is:

$$\text{n} = \frac{1.96^2 \times .5 \times .5}{.05^2} = 384$$

Data Collection Instruments

The researcher used research questionnaires to collect data from the 270 managers of MSEs who were the respondents in this study. The questionnaires contained structured questions based on the objectives. These instruments are preferred because of the ease in administering them and time saving (Mugenda & Mugenda, 2003). The first part of the questionnaire contained the demographic section about the respondents and the second part centred on key issues under investigation by the researcher i.e influence of finance decisions on turnover growth of MSEs, influence of investment decisions on turnover growth of MSEs, influence of working capital management decisions on turnover growth of MSEs and influence of profit distribution decisions on Turnover growth of MSEs.

Data Collection Procedure

The questionnaires were delivered physically by the researcher and in areas where he would not reach he employed a research assistant. The questionnaires were written in simple English language to make it easy for the respondents to understand the issues asked. However in cases where they needed any clarification on a matter that was not clear the researcher was handy to elaborate. It is a requirement to get endorsement from the necessary research authorities for one

to carry research. In this case the researcher was permitted by the University and NACOSTI which is a state department that coordinates research in Kenya. Other relevant permission was obtained from the County Government of Kwale.

Data Analysis and Presentation

After a fruitful data collection exercise the next stage was to get meaningful insight from the results Mugenda & Mugenda (2003).The process entailed coding the raw data into the computer programme and then run simultaneously using SPSS Version 23. Descriptive statistics was used to analyze the quantitative data obtained. This involved tallying up responses, computing percentages of variations in response as well as describing and interpreting the data in line with the study objectives through the use of SPSS. Quantitative data was exhibited throughout the use bar charts, pie charts, tables, percentages and frequency counts. A regression model was applied to determine the significance of the variables. In addition Correlation analysis was done to determine the strength of relationship between the variables, correlation analyses is the statistical tool that can be used to determine the level of association of two variables. Correlation analysis helped to detect any chance of multi-co linearity among the study variable. Correlation value of zero means that there is no relationship between the dependent and the independent variables. On the other hand, a correlation of ±1.0 means there is a perfect positive or negative relationship. The values were interpreted between 0 (no relationship) and 1.0 (perfect relationship).

RESEARCH RESULTS

The study's main objective was to determine effect of financial management practices on Turnover growth of Micro and Small Enterprises in Kwale County, Kenya with the specific attention on the effect of the financing decisions on turnover growth, effect of investment decisions on turnover growth, effect of working capital management decisions on turnover growth and effect of profit distribution decisions on turnover growth.

Pearson's correlation between financial management practices and turnover growth of MSEs in Kwale County showed that financing decisions had a moderate significant positive correlation with turnover growth of MSEs. The positive correlation implies that optimum financing decisions by MSEs managers leads to higher sales turnover growth. Investment decisions had a fairly strong and significant positive correlation with turnover growth. The results imply that when the MSEs managers made optimum investment decisions it led to improved turnover growth. Working capital management had a strong positive correlation with turnover growth of MSEs in Kwale County. The correlation being significant at 1 per cent implies that when efficient working capital management tools were employed it resulted to a better turnover growth. Moreover, profit distribution had a week positive correlation which was insignificant at 1 per cent. This reveals that profit distribution decisions had little influence on turnover growth of MSEs in Kwale County.

Further the correlation coefficient (R) between independent variables (financial management decisions) and turnover growth value implicated a strong positive relationship between turnover growth and financial management practices among MSEs in Kwale County. Furthermore it was demonstrated that only about half of the variation was explained by the model concerning turnover growth as shown by R Square. Therefore, the rest of the variation on turnover growth of MSEs in Kwale County is explained by other factors not included in the model.

CORRELATION ANALYSIS

Pearson correlation was used to measure the degree of association between variables under consideration i.e. financial management decisions and turnover growth of MSEs. The correlation matrix below on table 4.8 indicates the results.

Table 1: Summary of Correlation analysis

		FDs	IDs	WCM	PDs	STG
FDs	Pearson Correlation	1	.073	.174	.080	.306
	Sig. (2-tailed)		.000	.000	.000	.001
IDs	Pearson Correlation	.073	1	.731[**]	.574[**]	.527[**]
	Sig. (2-tailed)	.000		.013	.000	.001
WCM	Pearson Correlation	.174	.731[**]	1	.129	.724[**]
	Sig. (2-tailed)	.000	.001		.000	.000
PDs	Pearson Correlation	.080	.574[**]	.129	1	.205
	Sig. (2-tailed)	.000	.000	.001		.015
S TG	Pearson Correlation	.306	.527[**]	.724[**]	.205	1
	Sig. (2-tailed)	.001	.000	.000	.001	

. Correlation is significant at the 0.01 level (2-tailed). Independent variables:** Financing Decisions(FDs), Investment Decisions(IDs),Working Capital Management(WCM), Profit Distribution(PDs) and **dependent variable**: Turnover growth

The results in table 1 show the Pearson's correlation between financial management practices and turnover growth of MSEs in Kwale County. Financing decisions indicated a temperate significant positive correlation with turnover growth of MSEs in Kwale County (r =0.306, p= 0.001, α= 0.01). The positive correlation implies that optimum financing decisions by MSEs managers led to higher sales turnover growth. Investment decisions had a fairly strong and significant positive correlation with turnover growth (r= 0.527, p= 0.001, α= 0.01). The results imply that when the MSEs managers made optimum investment decisions it led to improved turnover growth. Working capital management had a strong positive correlation with turnover growth of MSEs in Kwale County(r= 0.724, p= 0.000, α= 0.01). The correlation being significant at 1 percent implying that when efficient working capital management tools were employed it resulted to a better turnover growth. Moreover, profit distribution had a week positive

correlation(r= 0.205, p= 0.015, α= 0.01) which was insignificant at 1 percent. This reveals that profit distribution decisions had little influence on turnover growth of MSEs in Kwale County.

REGRESSION ANALYSIS

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change
1	.740[a]	.547	.426	1.099	.547

a. Predictors: (Constant), Profit Distribution, Financing Decisions, Working Capital Mgt, Investment Decisions

Coefficient of determination explains the extent independent variables to which changes in the dependent variable can be explained by the change in the or the percentage of variation in the dependent variable that is explained by all the four independent variables (financing decisions, investment decisions, working capital management and profit distribution programs). The blanket correlation coefficient (R) between independent variables (financial management decisions) and turnover growth value was 0.740 as demonstrated in table 3. The implication is that there is a strong positive relationship between turnover growth and financial management practices among MSEs in Kwale County. Furthermore the table displays that only 54.7 percent of the variation is explained by the model concerning turnover growth as shown by R Square .0547. Therefore, 45.3 percent of the variation on turnover growth of MSEs in Kwale County is explained by other factors not included in the model.

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	21.883	4	5.471	4.530	.003[b]
1	Residual	18.117	15	1.208		
	Total	40.000	19			

a. Dependent Variable: Sales Turnover
b. Predictors: (Constant), Profit Distribution, Financing Decisions, Working Capital Mgt, Investment Decisions

The significance value is 0.003 which is less than α=0.01 thus the model is statistically significant in predicting how the profit distribution, financing decisions, working capital management and investment decisions affect sales turnover among MSEs in Kwale County.

Table 4: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.300	4.554		.505	.000
FDs	.382	1.018	.067	.376	.002
IDs	.550	1.486	.136	.280	.001
WCM	2.083	1.597	.034	2.569	.003
PDs	.177	.811	.647	0.111	.089

a. Dependent Variable: Sales turnover

Multiple regression analysis was conducted as to determine the relationship between sales turnover and the four variables. As per the SPSS generated table above, the equation (ii) below is generated.

$$Y = 2.300 + 0.382Fin_1 + 0.554Inv_2 + 2.083WCM_3 + 0.177Pd_4 \ldots\ldots\ldots\ldots\text{ii}$$

The estimated model (ii) illustrates the relationship between financial management practices and turnover growth among MSEs in Kwale County. The value **2.300** is the intercept term of the model showing the level of sales turnover when the independent variables in the model are held constant. Financing decisions had a statistically significant effect on sales turnover among MSEs in Kwale County (B_1 =0.382, t= 0.376, p= 0.002 and α= 0.01). Investing decisions had a statistically significant effect on sales turnover among MSEs in Kwale County (B_1 =0.550, t= 0.280, p= 0.001 and α= 0.01). Further working capital management decisions statistically significant effect on sales turnover among MSEs in Kwale County (B_1 =2.083, t= 2.569, p= 0.003 and α= 0.01). While profit distribution decisions did not have a statistically significant effect on turnover growth among MSEs in Kwale County (B_1 =0.177, t= 0.111 , p= 0.003 and α= 0.01).

CONCLUSIONS

The study sought to determine the effect of financial management practices on turnover growth of Micro and Small Enterprises in Kwale County. The study concludes that financing decisions had a moderate significant positive correlation with turnover growth of MSEs. Investment decisions had a fairly strong and significant positive correlation with turnover growth. Working capital management had a strong positive correlation with turnover growth of MSEs in Kwale County. The study further concluded that all the independent variables (financing decisions, investment decisions, investment decisions, working capital management decisions, profit distribution) had a fairly strong positive relationship with sales turnover. Only 54.7 percent of the variation was explained by the model concerning turnover growth as shown by R Square .0547.

RECOMMENDATIONS

Going by the afore mentioned conclusions, the research study recommends that MSEs managers/owners ought to be comprehensively skilled on financial management practices tools such as investment techniques and cash flow management. They need be subjected to continuous development programmes such as those organised by the Institute of Certified public Accountants of Kenya (ICPAK), Kenya Revenue Authority (KRA), The Kenya Institute of Supplies Management (KISM) among others. The study further endorses for hiked state aid to the MSEs sector. This can be actualized by resource allocation in this sector especially by the escation of Uwezo fund and greatly sensitize adoption of the fund. Besides, the study recommends that the MSEs managers take a personal effort to acquire financial management skills even at a dismal level in a formal training facility. This will enable them apply such skills o manage their businesses effectively going by the fact the studied practices had a significant effect on turnover growth of MSEs.

REFERENCES

Adesola, W. A., and Okwong, A. E. (2009), ―An Empirical Study of Dividend Policy of QuotedCompanies in Nigeria. *Global Journal of Social Sciences, Vol. 8, No. 1, pp.85-101.*

Akintoye, R. I., & Olowolaju, P. S. (2008). Optimising Macroeconomic Investment Decisions: A Lesson from Nigeria European Journal of scientific Research, 22(4), 469-479.

Afza, T., & Mirza, H. (2010). Ownership structure and cash flow as determinants of corporatedividend policy in Pakistan. *International Business Research, 3(3), 210 – 221.*

Ajzen, I.(1991).The theory of planned behaviour. Organizational Behavior and Human Decision Processes.*Science Direct* Volume 50, Issue 2,

Atsede, P., Terry, T., Dennis, G. *(*2008). External Factors Affecting the Growth of Micro and Small Enterprises (MSEs) in Ethiopia: A Case Study in Shire Indasselassie Town, Tigray.*European Journal of Business and Management.* Vol.6, No.34, 2014

Akintoye, R. I., & Olowolaju, P. S. (2008). Optimising Macroeconomic Investment Decisions: ALesson from Nigeria. *European Journal of scientific Research, 22(4), 469-479.*

Ali shah, S. Z., Yuan, H., & Zafar, N. (2010). Earnings management and dividend policy: anempirical comparison between Pakistani listed companies and Chinese listed companies. *International Research Journal of Business and Finance, 35, 51 – 60.*

Alleyne, P. (2010). An exploratory study of factors influencing investment decisions of potentialinvestors. Bridget Barbados: Central Bank of Barbados Research Department.

Asif, G., Rasool, H. and Kamal, J. (2011). Impact of Financial Leverage on Dividend Policy: Empirical Evidence from Karachi Stock Exchange-Listed Companies. *African Journal of Business Management,* Vol. 5, No.4, pp. 1312-1324.

Azzouz, E.(2015)." The relationship between budgetary evaluation, firm size and Turnover growth ", *Journal of Management Development,* Vol. 34 Iss 8 pp. 973 - 986.

Barbara, F., Fabio, M., and Marco C.(2015). "Decision-maker characteristics and international decisions for MSEs", *Management Decision, Vol. 53 Issue: 10,pp. 2226-2249, doi: 10.1108/MD-03-2015-0094.*

Baker, H. S., Kumar, S. C., Harsh, P. S. (2017)." Working capital management practices in India: survey evidence ", *Managerial Finance,* Vol. 43 Iss 3 pp. 331 - 353.

Batjargal,B.,Hitt,M.A.,Tsui,A.S.,Arregle,J-L.,Webb,J.W.andMiller,T.L.(2013)."Institutional polycentrism, entrepreneurs' social networks, and new venture growth", *Academy of Management Journal, Vol. 56 No. 4, pp. 1024-1049.*

Baveld, M. B. (2012). Impact of Working Capital Management on the Profitability of Public Listed Firms in the Netherlands during the Financial Crisis. http://purl.utwente.nl/essays/61524.

Benito, A., and Hernando, I. (2007). Firm Behaviour and Financial Pressure: Evidence fromSpanish Panel Data. *Bulletin of Economic Research, 53 (4), 283-311*.

Berner, E., Gomez, G.M. & Knarringa, P (2008). Helping a Large number of people become alittle less poor: The Logic of Survival Enterprises: *UNUWIDER Project Workshop in Entrepreneurship and Economic Development*, Helsinki, 21-23 Aug. 2008

Bolarinwa, S. A. (2013). Capital budgeting process as a predictor of survival of small andmedium enterprises in Lagos metropolis. *Unpublished thesis*, Lagos State University, Lagos, Nigeria.

Bolarinwa, S., Yusuf, B., Idowu, K., and Jijan, J.(2014). Abandonment of Capital Investment and Survival of Small and Medium Enterprises: Evidence from Nigeria. *03 June 2014,2nd Economics & Finance Conference,* Vienna.

Bose, S. and Husain, Z. (2011). Asymmetric Dividend Policy of Indian Firms: An Econometric Analysis. *The International Journal of Applied Economics andFinance.*Vol.5, No.3.

Brennan, M., and Kraus, A. (1987). "Efficient financing under asymmetric information", *Journal of Finance, Vol. 42 No. 5, pp. 1225-1229.*

Brains, P., Jack, H., Hemid, Y., (2012) Concepts of Modern Research. California.Sage Publishers

CGK. (2013). First County Integrated Development Plan2013-2017. County Government of Kwale.

Chen, C.-Y., Lin, Y.-L. and Chu, P.-Y. (2013). "Facilitators of national innovation policy in a SME-dominated country: a case study of Taiwan", *Innovation: Management, Policy and Practice, Vol. 15 No. 4, pp. 405-415.*

Chikolwa, B. (2009). "Determinants of capital structure for A-REITs", *15th Annual Conference of Pacific Rim Real Estate Society,* Sydney, 18-21 January.

Chirinko, R.S. and Singha, A.R. (2000). "Testing static trade-off against pecking order models of capital structure: a critical comment", *Journal of Financial Economics,* Vol. 58 No. 3, pp. 417-425.

Czarnitzki, D. and H. Hottenrott, 2011, "R&D investment and financing constraints of small and medium-sized firms", Small Business Economics, 36(1), 65–83.

Derayat, M. (2012). The Investigation of Experimental relationship between Capital Structure and Profitability in Accepted Companies of Tehran Stock Exchange (TSE). *Journal of   Basic and Applied Scientific Research, p 6517-6522.*

Doh, S., and Kim, B. (2014). "Government support for SME innovations in the regional industries: the case of government financial support program in South Korea", Research Policy, Vol.43.

Edelen, R. M., & Kadlec, G. B. (2013). Investor Base, Cost of Capital and Financial Turnover growth: The Case of Post Issuance Anomalies; Seminar presentation, Hong Kong University of Science and Technology.

E-elgar.com. (2016). Contemporary Microenterprise. Retrieved 2016-10-11.

European Central Bank .(2010), 'Survey on the Access to Finance of Small and Medium Sized Enterprises in the Euro Area: Second Half of 2009, available at:http://www.ecb.int/pub/pdf/other/accesstofinancesmallmediumsizedenterpris20 1002en.pdf

Fajnzylber, P., Matoney, W.F. & Montes-Rojas, S.V. (2009). Releasing Constraints to growth or pushing a string? Policies and Turnover growth of Mexican Micro-firms. *Journal of development Studies.* 45(7), pp1027-1047.

Fama, E. and French, K. (2002), "Testing trade-off and modern portfolio theory about dividend and debt", *Review of Financial Studies, Vol. 15 No. 1, pp. 1-33.*

Farinha, J., & Moreira, J. A. (2007). Dividend and earnings quality: a missing link*? Research Center on Industrial, Labour and Managerial Economics*, University of Porto Working study.

Ferati, R., & Ejupi, E. (2012). April). Capital structure and profitability: the Macedonian case. *European Scientific Journal,* Vol. 8, No.7, p. 51-58.

Frank, M.Z. and Goyal, V.K. (2003). "Testing the modern portfolio theory of capital structure", *Journal of Financial Economics,* Vol. 67 No. 2, pp. 217-248.

Galaskiewicz, J. (2007). "Has a network theory of organizational behaviour lived up to its promises?" *Management and Organization Review,* Vol. 3 No. 1, pp. 1-18.

Ghoshal, S. & Moran, P. 1996. Bad for practice: A critique of the transaction cost theory. *Academy of Management Review, 21(1): 13-47.*

Gill, A., Biger, N., & Tibrewala, R. (2010). Determinants of dividend payout ratio: evidence from United States. *The Open Business Journal, 3, 8-14.*

Gordon, M. J. (1959). Dividends, earnings and stock prices. *Review of Economics and Statistics* 41:2, 99–105.

Gatt, D.(2012) SMEs in Africa: Growth despite constraints. *Polity online blog*. Published 12th September 2012

Graham, J., & Harvey, C. (2001). The theory and practice of Corporate Finance: evidence from the field. *Journal of Financial Economics,* 60(2-3), 187-243.

Harris, M. L., & Gibson, S.G. (2006). Determining the Common Problems of Early Growth of Small Business in Eastern North Carolina. *SAM Advanced Management Journal*, 71(2), 39-45.

Heinkel, R., and Zechner, J. (1990). "The role of debt and preferred stock as a solution to adverse investment incentives", *Journal of Financial and Quantitative Analysis,* Vol. 25 No. 1, pp. 1-24.

Henrekson, M., and Johansson, D. (2010). "Gazelles as job creators: a survey and interpretation of the evidence", *Small Business Economics, Vol. 35 No. 2, pp. 227-244.*

Imran, K. (2011). Determinants of dividend policy: a case of Pakistan engineering sector. The Romanian Economic Journal, 14(41), 47 – 60.

Irny, S. I., & Rose, A. A. (2005). Designing a Strategic Information Systems Planning Methodology for Malaysian Institute of Higher Learning (isp-ipta) issues in information systems, vol. 1, 2005.

Jim, A., Joachim S. (2016) "Resource organization and firm Turnover growth: How entrepreneurial orientation and management accounting influence the profitability of growing and non growing MSEs", *International Journal of Entrepreneurial Behaviour & Research, Vol. 22 Issue: 4,pp. 466-484, doi: 10.1108/IJEBR-11-2015-0250*

John R. C.(1931). Institutional Economics, *American Economic Review, Vol.21, pp.648-657*

Jones, G. 1998. Don't throw the baby out with the bathwater: A positive interpretation of transaction cost theory, Working Study. Texas A&M University.

Juma'h, A. H., & Pacheco, C. J. O. (2008). Financial factors influencing cash dividend policy: a sample of US manufacturing companies. *Inter Metro Business Journal, 4(2), 23 – 43.*

Kazemi, H., Rostami, V., & Ghorbani, B. (2014). Earnings management and dividend policy among listed companies in Tehran Stock Exchange. *Asian Research Journal of Banking and Finance, 4(4), 206 – 219.*

Komu, N.(2015). Youth groups in Nyeri abandon Uwezo Fund, seek loans from other saccos. *Daily Nation Online News study*. Published 18th August 2015.

Kwale County. (2017).Ministry of Trade and Co-operative Development

KNBS.(2013). Economic Survey 2013 .Retrieved from https://www.knbs.or.ke › Downloads

Kibet, T.W.(2015.) Effects Of Dividend Policy On Share Price Of Firms Listed At The Nairobi Securities Exchange, Kenya. *A thesis submitted to the school of business in Kenyatta University.*

Kira, R. A.(2012). The Evaluation of the Factors Influence the Access to Debt Financing by Tanzanian SMEs. *European Journal of Business and Management.* Vol.5, No.7, 2013

Kothari, C.R. (2004). *Research Methodology: Methods & Techniques* (2nd ed). New Age International (P) Ltd Publishers, New Delhi.

Lindholm, D., and Cetindamar, G. (2000). The Dynamics of Innovation Financing in Sweden. Venture Capital: *An International Journal of Entrepreneurial Finance. No.2: p 203-221.*

Lintners, J. (1956). ―Distribution of Incomes of Corporations Among Dividends, Retained Earnings and Taxes**.** *The American Economic Review, Vol. 46, No. 2, pp.97-113.*

Lintner, J. (1962). Dividends, earnings, leverage, stock prices and supply of capital to corporations. *Review of Economics and Statistics 44:3, 243–69.*

Lopez, G. J., & Sogorb, Mira. F. (2008). "Testing trade-off and pecking order theories financing MSEs", *Small Business Economics, no. vol. 31(2), p 117-136.*

Mac, B., C. & Lucey, B. (2010). Determinants of Capital Structure in Irish MSEs, Small Business Economy, Vol. 35, p 357-375. Jones Evans (ed.), Enterprise and Small Business, Prentice Hall – Harlow.

Madhok, A. 2002. Reassessing the fundamentals and beyond: Ronald Coase, the transaction cost and resource-based theories of the firm and the institutional structure of production. *Strategic Management Journal, 23(6): 535-550.*

Marchica M. T., and Mura, R. (2007). Financial Flexibility and Investment Decisions: Evidence from low-leverage Firms, *mimeo.*

Mathuva D. (2009). "The influence of working capital management components on corporate profitability: a survey on Kenyan listed firms". Research Journal of Business Management, 3: 1-11.

Memon, F., Bhutto, N. A., & Abbas, G. (2012). Capital Structure and Firm Turnover growth: A Case of Textile Sector of Pakistan. *Asian Journal of Business and Management Sciences, Vol. 1, No. 9, p. 09-15*

Mirza, H. H., & Afza, T. (2014). Impact of corporate cash flows on dividend payouts: Evidence from South Asia. *Middle-East Journal of Scientific Research, 19(4), 472 –*

*478.*Monk, R. (2000). Why Small Businesses Fail? CMA Management, 74(6), 39-45.

Morghri, A. E., & Galogah, S. S. (2013). Effect of earnings management on dividend policy: evidence from Tehran Stock Exchange. *World of Sciences Journal, 1(14), 58 – 65.*

Moro A. and Fink M. (2010). Study on the Small Business, Entrepreneurship and Economic Recovery. *A Focus on Job creation and Economic Stabilization.*

Muchina, S. & Kiano, E. (2011). Influence on Working Capital Management on Firms' Profitability: A Case of SME's in Kenya. *International Business Management, 5 (5), 279-286.*

Mugenda, A.G. & Mugenda, O.M. (2003). *Research Methods, Quantitative and qualitative Approaches.* ACTS Press, Nairobi.

Musa, I. (2009). The dividend policy of firms quoted on the Nigerian stock exchange: An empirical analysis. *African Journal of Business Management, Vol.3, No.10, pp. 555-566.*

Myers, S.C. and Majluf, N.S. (1984). "Corporate financing and investment decisions when firms have information that investors do not have", *Journal of Finance, Vol. 39 No. 2, pp. 575-592.*

Narayanan, M.P. (1988). "Debt versus equity under asymmetric information", *Journal of Financial and Quantitative Analysis, Vol. 23 No. 2, pp. 39-51.*

Ngugi, B. (2016). Why Youth Funds are yet to Address Lack of Jobs. Daily Nation: investment. Tuesday November 18th, 2016.

Njuru, S. G.(2014).Private Investment In Kenya. Unpublished MBA research project

Nobanee and AlHajjar (2009b). A note on working capital management and corporate profitability of Japanese firms, home page,in http://studys.ssrn.com/sol3/studys.cfm.Accessed on June 16, 2015.

Noe, T. (1988), "Capital structure and signaling game equilibria", *Review of Financial Studies, Vol. 1 No. 4, pp. 331-356.*

Norton, A., Parkinson, K.L, Drake, P.P. (2011). Corporate Finance and Portfolio Management. CFA program curriculum. Volume 4. 157.

Obeng, B.A., and Blundel, R.K. (2015). "Evaluating enterprise policy interventions in Africa: a critical review of Ghanaian small business support services", *Journal of Small Business Management, Vol. 53 No. 2, pp. 416-435. No. 9, pp. 1557-1569.*

Omunjalu, S. B., and Fondo, F.(2014).The Role Microfinance in Economic Empowerment of the Youth (Acase of Mombasa County) *IOSR Journal of Business and Management (IOSR-JBM) Volume 16, Issue 5*

Osei-Assibey,E.,Godfred, A., and Bokpin D. K. (2012)."Microenterprise financing preference Testing POH within the context of Ghana's rural financial market", Journal of Economic Studies, Vol. 39 Iss 1 pp. 84 - 105.

Ogechukwu, O. L. (2008). Small and medium sized enterprises development under trade liberalisation: A survey of Nigerian Experience. *International Journal of Business and Management, 3(12), 92-101.*

Omolumo, I. G. (2002). Effective funding of small scale industries, an imperative for Nigeria's Economy. *Journal of the School of Management and Business Studies, 1(2), 165.*

Organisation for Economic Co-Operation and Development, OCED (2004). Promoting entrepreneurship and innovative MSEs in a global economy: towards a more responsible and inclusive globalisation. Turkey: 2nd OECD Conference of Ministers Responsible for Small and Medium-Sized Enterprises.

Pratima, S. M. and Zulficar A. D. (2015)." Government and MSEs in the Maldives and Mauritius ", *International Journal of Entrepreneurial Behavior & Research, Vol. 21 Iss 6 pp. 778 795*

Petrakis, P.E. & Kostis, P.C. (2012). The Role of Knowledge and Trusting MSEs. *Journal of Knowledge Economy*, DOI: 10.1007/13132-012-0115-6.

Rafique, M. (2012). Factors affecting dividend payout: Evidence from listed nonfinancial firms of Karachi Stock Exchange. *Business Management Dynamic 1(11), 76 – 92.*

Raheman, A., and M. Nasr, (2007). Working capital management and profitability-Acase study of Pakistan Firms; International Review of Business Research Studys Vol.No.2.

Rajan, R.G., and Zingales, L. (1995). "What do we know about capital structure? Some evidence from international data", Journal *of Finance, Vol. 50 No. 5, pp. 1421-1460.*

Ramachandran, A., and Packkirisamy, V. (2010). The Impact of Firm Size on Dividend Behaviour: A Study With Reference to Corporate Firms across Industries in India, *Managing Global Transitions,Vol. 8, No. 1, pp. 49–78.*

Sabatini, F. (2008). "Does social capital improve productivity in small and medium enterprises", *International Journal of Management and Decision Making, Vol. 9 No. 5, pp. 454-480.*

Sauser, W.I. (2005). Starting your Own Business? Prepare for Success. *SAM Management in Practice*, 3(1), 1-4.

Setiawan, A. (2009). Analisa Kinerja Keuangan dan Perencanaan Keuangan Perusahaan. Jakarta : PT. Gramedia Pustaka Utama

Senik, Z. C., Scott-Ladd, B., Entrekin, L. and Adham, K.A. (2011). "Networking and internationalization of MSEs in emerging economies", *Journal of International Entrepreneurship, Vol. 9 No. 4, pp. 259-281.*

Shahajan, S. (2009). Introduction to business research. Jaico Publishing House.

Shin, P., Kwon, H., and Kim, V. (2010). R&D expenditure and dividend smoothing: Evidence from Korean small and medium sized enterprises. *Journal of Finance and Accountancy.*

Shyam,S. L., and Myers, S.C. (1999). "Testing static trade-off against pecking order models of capital structure", *Journal of Financial Economics, Vol. 51 No. 2, pp. 219-244.*

Singh, P. (2008). "Inventory and Working Capital Management: An Empirical Analysis, "The IUP Journal of Accounting Research and Audit Practices, IUP Publications, vol.0 (2), Pp.53-73.

Teruel, P. G., and Solan, P.M. (2005). Effects of Working Capital Management on SME Profitability. Working Studys Series. Dept. Organización de Empresas y Finanzas, Facultad de Economía y Empresa, Universidad de Murcia, Campus Espinardo, Spain.

Uddin, M. M., & Chowdhury, A. M. (2009). Do we need to think more about small business capital budgeting? *International Journal of Business and Management, 4(1), 112-116*

Umar, M., Tanveer, Z., Aslam, S., & Sajid, M. (2012). Impact of Capital Structure on Firms' Financial Turnover growth: Evidence from Pakistan. *Research Journal of Finance and Accounting, Vol 3, No 9, p 133149.*

Uwezo Fund Status Report. (2016). Status of implementation of Uwezo funds as at 30th June, 2016

Vogt, P. W. (2010). Quantitative research methods for professionals. New York, Allyn and Bacon.

Williamson, O. (1994). Transaction cost economics and organization theory. In N. Smelser & R. Swedberg (Eds.), *Handbook of Economic Sociology: 77-107*. Princeton, NJ: Princeton University Press.

Williamson, O. (1996). Economics and organization: A primer. *California Management Review, 38(2): 131-146.*

Williamson, O. E. (1975). Markets and Hierarchies, Analysis and Antitrust Implications. New York: Free press A 0157: AFA 2001, New Orleans, LA, available at: http://ssrn.com/abstract/243138

Wilson, J. (2010). Essentials of Business Research. A guide to your research Project. Sage Publications Ltd. California.

Weingart, R. L.(1995)Determinants of Risky Decision-Making Behavior: A Test of the Mediating Role of Risk Perceptions and Propensity. *The Academy of Management Journal*. Vol. 38, No. 6

World Bank Report.(2017).Kenya Overview. Retrieved from http://www.worldbank.org/en