

Analysis of Uwezo Fund Initiative on Financial Performance of Small and Medium Size Enterprises in Molo Sub-County, Kenya

¹Cheruiyot K. Justus- ²Ruthwinnie Munene,

¹Masters student, Mount Kenya university ²Lecturer, Department of Accounting and Finance
Mount Kenya University

ARTICLE INFO

Received on 18th September, 2024

Received in Revised Form 13th October, 2024

Accepted 14th October, 2024

Published online 17th October, 2024

Keywords: *Uwezo fund, initiative, financial performance, small size, medium size, enterprises*

Abstract

A concentrated effort has been made to reduce widespread unemployment, which was made worse by the 2008–2009 global financial crisis. One such initiative by the government was the creation of the Uwezo fund, which sought to support young people, women, and people with disabilities in beginning self-sustaining businesses by providing loans with the least amount of collateral needed. This study sought to determine whether Uwezo Fund and the financial performance of Micro, Small, and Medium-Sized Businesses in Molo Sub-County were related. The study aimed to investigate the following

specific objectives: the effect of loan, the effect of financial planning effect of entrepreneurship training and the effects of credit availability on the financial performance of Small and Medium Size Enterprises in Molo Sub-County, Kenya. Theories of agency, empowerment, and resource-based perspectives served as the foundation for this investigation. The explanatory research design was used. The study was from the four wards of Mariashoni, Elburgon, Turi, and Molo included the whole population of the Molo Sub-County. Eight years, from 2016 to 2023, were covered by this study. Secondary data used in this study were taken from government monitoring and assessment documents. Mostly from the retail, wholesalers, agribusiness, transportation, saloon and barbershop, and cyber shops sectors, the respondents were businessmen and women. Thirty people with disabilities, 120 young people, and 80 women made up the 230 people that made up the target demographic for this study. 168 respondents were chosen for the study sample, and their numbers were determined using Slovin's algorithm. The selection of the study's sample was done using the purposive sampling method. The questionnaire was the main instrument utilized in this study to gather data. Based on the findings, primary data were gathered for this investigation. Descriptive statistics were used to assess the mean, frequencies, and standard deviation of the quantitative data. After gathering the data, the researcher coded and confirmed the data. SPSS, or the Statistical Package for Social Sciences, version 29.0.2.0, was used to help with data analysis. The data was shown using tables, charts, and graphs.

1.0 Background of the Study

The main cause of the widespread unemployment in the majority of developed and emerging countries is the poor performance of young, startup companies, which makes them unable to support the expansion of micro and small firms. Among the largest development difficulties facing the Third World today are youth unemployment and social and gender inequality. The 2019 national census report for Kenya states that there were 13.7 million conventional youth between the ages of 18 and 34. Of these, 61% were employed, while 1.6 million either stated they were looking for work or that there was nonavailable. This suggests that the rate of unemployment among youngsters is 39%. With over three million unemployed, nearly 15 million Kenyans live below the

poverty line. Modifications to economic policies have made the rapidly rising rates of youth unemployment worse. Globally, countries are having to plan how to finance affirmative action groups for new businesses and strengthen those that already exist, but the businesses are still not performing up to par due to the rising rates of youth unemployment, social profiling, and gender inequality (ILO, 2019). To address this issue, governments around the world had to allocate cash for youth, women, and people with disabilities, even though the businesses are still operating at a pitiful rate. Ever since the global financial crisis began in 2008, governments everywhere have grown extremely concerned about unemployment.

Statement of the Problem

The purpose of this study is to look at the influence of the Uwezo Fund on the financial performance of Molo Sub-County's small and medium-sized enterprises (SMEs). It will specifically look at the following factors: 10 the impact of credit availability on the financial performance of SMEs in Molo Sub County; the impact of loan repayments on the financial performance of SMEs in Molo Sub-County; the impact of financial planning on the financial performance of SMEs in Molo Sub-County; and the relationship between entrepreneurial training and the financial performance of SMEs in Molo Sub-City.

Objectives

Specifically, the study was guided by the following specific objectives;

- I. To examine the effects of access to credit on financial performance of Small and Medium Size Enterprises in Molo Sub-County, Nakuru County.
- II. To assess the effects of loan repayments on financial performance of Small and Medium Size Enterprises in Molo Sub-County, Nakuru County.
- III. To evaluate how financial planning affects financial performance of Small and Medium Size Enterprises in Molo Sub-County, Nakuru County.
- IV. To assess how entrepreneurial training affects financial performance of small and medium Size Enterprises in Molo Sub-County, Nakuru County.

2.0 Literature Review

Financial planning is assessing financial status, determining corporate objectives, and then developing methods to attain them. Individuals and businesses can arrange their finances. Financial planning entails establishing objectives, prioritizing investments, allocating resources, managing risks, and developing methods for achieving them (Munene, 2018). Kurtz and Boone (2017) noticed that financial planning has a significant role in achieving financial goals. Personal financial planning is required for the most effective use of resources. Kiiru, S. M., Kamau, J. G., and Nzioki, P. M. (2018) conducted a study on the impact of budget planning on the financial performance of small and medium enterprises in Nakuru Town Central Business District. The study found that 94% (92) of respondents linked business outcome goals and objectives to programs, with an average of 4.500. Furthermore, 83% (78) of respondents believed that the business established priorities for the future year during budget conferences/committees, with a mean

score of 4.145. Finally, 82% (78) of respondents agreed that all departments develop budget plans prior to the fiscal year, with an average of 4.226. The standard deviation ranged from 0.565 to 0.907, indicating that respondents' dispersion from the mean was small. The study is consistent with Sizer (2018), who believes that planning as part of the budgeting system includes long-term planning, strategic planning, and short-term planning.

According to Kenya National Human Development (2019), the two most significant barriers to small business success among Kenyan young entrepreneurs are a lack of business development skills and limited access to credit. According to Maisiba and Gongera (2018), among the youth, the lack of business skills is aggravated by inadequate experience in the work environment. Most youth and women who intend to go into business had inadequate or lacked skills to identify the appropriate business lines to invest in and effective product development and marketing. This is the reason for the high failure rates of small enterprises, with up to 80 percent of new business collapsing within their first three years of operation. Embedding entrepreneurship curricula at an early age and in secondary and tertiary schools is an effective way of improving attitudes towards entrepreneurship and enterprise development for the youth (Gudda & Ngoze 2019). The small enterprise sector includes self-employed craftspeople, microenterprises, cottage industries, and small formal businesses. These small businesses may operate in trade, commerce, distribution, transportation, construction, agribusiness, manufacturing, maintenance and repair, or other activities. As a result of the tendency toward the establishment of small businesses, the informal sector has grown to cover around 60 percent of the labor force in Africa (Sagwe et al. 2017). According to Chingunta (2019), the primary obstacles that Kenyan youth face include a lack of sufficient education, adequate training, and the knowledge and skills required to promote their absorption into the labor market. He also claimed that measures should be put in place and implemented to guarantee that young people have the necessary abilities to discover and capitalize on business possibilities, as well as embrace current business 21 management approaches. His research indicated that entrepreneurship training is viewed as a mode of thinking, reasoning, and doing that is opportunity-oriented, holistic in approach, and leadership balanced toward an entrepreneurial culture. According to Rori et al. (2019), entrepreneurial training programs can be an important component of economic strategies that promote employment creation. Entrepreneurship training can help aspiring entrepreneurs prepare for new ventures by transferring

knowledge and developing appropriate skills that increase their self-efficacy and effectiveness. (Gibb, 2018) stated that education and training programs that provide young people with the skills necessary by the labor market are a key component in facilitating young people's transition to respectable job as well as enterprise development. According to McGlaphren (2018), production costs are charges such as materials and labor that a corporation incurs while manufacturing a product for sale to consumers. In general, the lower the production cost, the greater the profit, or the amount left over after expenses are deducted from sales income. However, reduced production costs do not ensure a significant profit. A business may have unsustainable fixed expenditures, such as rent, or it may reduce production costs by creating an inferior product that no one wants.

Financial planning is essential to monitor and indicate a firm's financial capability throughout time (Beith and Goldreich 2020), in order to operate the company profitably. Owners want to maximize earnings (Ginn et al. 2019), regardless of the organizations tax status (not for profit (NFP) or investor owned. While businesses that do not create a return on assets greater than their cost of capital are at risk of financial failure (Hessler 2020; Langabeer 2018), a variety of financial performance indicators are frequently employed to track asset productivity. A company can monitor its success against its budgets, for example, on a quarterly basis, offering a strong control mechanism. Frequent checks allow entrepreneurs to detect early on whether some expenses are spiraling out of control and take the appropriate corrective actions. It also allows senior management to identify trouble regions, such as lax cost controls in a certain geographic region. Entrepreneurs may need to adjust their budgets and financial plans on a regular basis to accommodate for unexpected developments. Though some people detest budgets and believe they impose unmanageable limits, a budget is an essential component of any financial plan. Budgets enable business owners to provide investors and creditors with forward-looking information, and while they do not ensure success, they can assist avoid costly mistakes or failure. (Sobol, 2020).

Bowen et al. (2019), in a study conducted in Nairobi, Kenya, discovered that 49.5% of those who received business training reported that their enterprises were performing well. According to the study's findings, 60.8% of individuals who were not trained reported that their firms were performing poorly, while 39.2% reported that their entities were performing well without training. This study was based on 198 respondents, comprising business owners and managers.

According to a study conducted by Amsi et al. (2017) on the impact of microfinance credit on SMEs' financial performance in Kenya, with a sample size of 210 SME owners within Nairobi County, 76.7% of respondents had obtained credit from microfinance.

Theoretical Framework

Various theories were discussed presenting arguments that guided this study. These theories included: empowerment theory, agency theory and resource-based view theory. Empowerment is both a value orientation for working in the community and a theoretical model for understanding the process and consequences of efforts to exert control and influence over decisions that affect one's life, organizational functioning, and the quality of community life (Perkins & Zimmerman, 2019; Rappaport, 2019; Zimmerman & Warschausky, 2018). Agency theory is a management method where an individual called the agent works for another individual and also tries to accomplish the goals of that individual-the principal (Hendry 2019)

Research Methodology

Research Design

The descriptive research design was used in this project. The approach was appropriate since it allows for the description, interpretation of existing correlations, and comparison of variables under research. Descriptive research provided an accurate profile of people, events, or situations (Saunders, Lewis, & Thornhill, 2018).

Target Population

The target population were responders from Molo sub-County's MSMEs. The target population for this study will be MSMEs in Molo Sub-County who have benefited from the fund and operate businesses such as boda boda, tailoring shops, saloons, food stores, electronic shops, hardware shops, restaurants, boutiques, spare parts shops, and printing/communication businesses. The target population for this study was 230 Uwezo Fund project beneficiaries in Molo Sub County, consisting of youth, women, and people with disabilities, from whom a sample size of 168 was drawn using the convenient sampling method.

Sampling Procedure, Sample Size and Techniques

A stratified sample, random sampling technique will be used, and a sample size of 168 out of 230 will be generated from the list requested from Uwezo Fund volunteers at the social services offices in Molo Sub-County, who will provide a list of MSMEs, contact

information, and business locations. A total of 168 individuals 33 out of 230 will be questioned.

4. Findings

Access to credit affects Financial Performance of Small And Medium Size Enterprises

The initial purpose of this study was to investigate how access to credit impacts the financial performance of small and medium-sized firms. The study put into perspective the responses of entrepreneurs in Molo

Sub-County with regards to access to credit and how it impacts their financial performance. The first part analyses the respondents based on percentage of the level of agreement throughout the Likert scale on each parameter and the second part analyses responses from participants through mean and standard deviations. Table 11 shows the summary of access to Uwezo fund on financial performance of SMEs.

Table 1: Percentage of Access To Credit Affects Financial Performance of SME

Statements	SA	%	A	%	NS	%	D	%	SD	%
Interest charged affects access to credit by SMEs	76	51.70	38	25.85	4	2.72	25	17.01	4	2.72
Grace period for repayment is favourable for SMES	63	42.86	31	21.09	33	22.45	3	2.04	17	11.56
Adequacy of funds affects access to credit by SMEs	43	29.25	58	39.46	12	8.16	28	19.05	6	4.08
Collateral requirements affect access to credit	57	38.78	22	14.97	36	24.49	29	19.73	3	2.04
Credit officers are trained to handle Uwezo fund borrowers	28	19.05	39	26.53	64	43.54	0	0.00	16	10.88
Uwezo Fund Committee seek personal information before awarding loan	2	1.36	23	15.65	75	51.02	44	29.93	3	2.04
The loan amount given is adequate for the SMEs	9	6.12	56	38.10	18	12.24	27	18.37	37	25.17
Access to financing depends on the sort of organization.	0	0.00	31	21.09	42	28.57	53	36.05	21	14.29
Credit scores have effect on access to credit by SMEs	0	0.00	0	0.00	94	63.95	37	25.17	16	10.88
Uwezo fund committee monitor performance of businesses before awarding loan	17	11.56	18	12.24	13	8.84	59	40.14	40	27.21
Uwezo Fund credit officers seek information regarding workplace before awarding loan	0	0.00	11	7.48	71	48.30	13	8.84	52	35.37
Uwezo fund Initiative have computerized system to monitor performance of Uwezo Funds given	0	0.00	23	15.65	31	21.09	50	34.01	43	29.25

Source: Researcher (2024)

Adequacy of Funds

The initial response was to assess the adequacy of cash. According to the study, the majority of respondents agreed that resource adequacy has an impact on credit access. This was supported by

39.46% of respondents. 29.25% strongly agree that fund adequacy has an impact on credit access. 19.05% of respondents disagreed that sufficiency of cash affects access to credit. 4.08% of respondents strongly disagree that adequacy of cash influences access to

credit. However, 8.16% of respondents were unsure whether sufficient funds affect access to credit. As a result, the availability of finances was viewed as the most significant factor in obtaining credit.

Collateral Requirements

When asked if collateral requirements affect access to credit, 38.78% strongly agreed. 24.29% of respondents were unsure about the impact of collateral requirements on credit availability. 19.73% of respondents disagreed with the statement that collateral requirements limit lending access. 14.97% of respondents agreed that collateral requirements affect lending availability. A tiny minority of respondents strongly disputed that collateral requirements affect lending availability. This was endorsed by 3% of respondents. Thus, collateral requirement is viewed as a critical factor in obtaining loans.

Grace Period for Loan Repayment

On the premise that a grace period for loan repayment affects access to credit, 42.86% strongly agree. 21.09% of respondents believe that the grace period for loan repayment affects access to credit. 22.45% of respondents were unsure whether the grace period for loan repayment influences access to credit. 2.04% of respondents disagreed that the grace period for loan repayment affects access to credit.

Uwezo credit Officers Seek Information Regarding Workplace

On whether Uwezo fund credit officers seek information regarding the workplace before awarding loan, 48.30% were not sure; those who agreed were 7.48%; those who disagreed were 8.84%; those who strongly disagree were 35.37% and none of the respondents was in strong agreement.

Adequacy of Loan Amount

On the proposition on whether loan amount is adequate for SMEs, 6.12% of the respondents strongly agree that loan amount is adequate for SMEs, 38.10% of the respondents agree that loan amount is adequate for SMEs, 12.24% of respondents are not sure whether loan amount is adequate for SMEs, 18.37% of the respondents do not agree that loan amount is adequate for SMEs. However, 25.17% of respondents strongly disagree that loan amount is adequate for SMEs. This shows that the loan amount given by Uwezo fund is adequate for SMEs.

Uwezo Fund Committee Seek Personal Information

On the statement that Uwezo fund committee seeks personal information before awarding the loan, 1.36% of the respondents strongly agree. 15.65% of the respondents were in agreement that Uwezo fund

committee seeks personal information before awarding the loan; 51.02% of the respondents were not sure whether Uwezo fund committee seeks personal information before awarding the loan; 29.93% of the respondents did not agree that Uwezo fund committee seeks personal information before awarding the loan. 2.04% of the respondents however strongly disagree that Uwezo fund committee seeks personal information before awarding the loan. This finding shows that majority of respondents were not sure whether the officials seek personal information before awarding the loan to beneficiaries.

Access to credit depends on the type of enterprise

The question of whether access to financing is dependent on the sort of firm was also investigated. A total of 21.09% of respondents believed that access to credit is determined by the type of organization. 28.57% of respondents were unsure whether access to credit is dependent on the type of organization. 36.05% of respondents disagreed that access to credit is determined by the type of enterprise. However, 14.29% of respondents strongly disagreed that access to credit is determined by the sort of firm, whilst none strongly agreed.

Interest Charged

The proposition that interest rate charged affects access to credit was also measured. Majority of respondents strongly agree that interest rate charged affects access to credit. This was represented by 51.7% of the respondents. 28.45% of the respondents agreed that interest rate charged affects access to credit. Further, 2.72% of the respondents were not sure whether interest rate charged affects access to credit. 17.01% of the respondents did not agree that interest rate charged affects access to credit. Moreover, 2.72% of the respondents strongly disagree that interest rate charged affects access to credit. Generally, this finding shows that majority agrees that interest charged have a positive effect on access to credit by SMEs.

Credit scores have effect on access to credit

The study further examined the statement that credit scores have effect on access to credit. Measurement was done and it was found that majority, represented by 63.95% of respondents were not sure whether credit scores have effect on access to credit; 25.17% did not agree that credit scores have effect on access to credit; 10.88% strongly disagree that credit scores have effect on access to credit. None of the respondent strongly agreed nor agreed that credit scores have effect on access to credit. This finding concludes that credit score is not known by many of the entrepreneurs as one of the factor that is considered before being awarded loan.

Uwezo Fund Committee Monitor Business

Performance

In regards to proposition that Uwezo fund committee monitor business performance before awarding loan, the participants who strongly agreed was found to be 11.56% of the respondents. 12.24% of the respondents agreed that Uwezo fund committee monitor business performance before awarding loan. 8.84% of the respondents were not sure whether Uwezo fund committee monitor business performance before awarding loan. 40.14% of the respondents did not agree that Uwezo fund committee monitor business performance before awarding loan while 27.21% of the respondents strongly disagree that Uwezo fund committee monitor business performance before awarding loan. This finding implied that majority of entrepreneurs do not agree that Uwezo fund committee monitor business performance.

Credit officers are trained to handle Uwezo fund borrowers

The statement credit officers are trained to handle Uwezo fund borrowers was tested. 19.05% of participants strongly agree that credit officers are trained to handle Uwezo fund borrowers. 26.53% of the respondents agreed that credit officers are trained

to handle Uwezo fund borrowers. 43.54% of respondents were not sure whether credit officers are trained to handle Uwezo fund borrowers while 10.88% of the respondents strongly disagreed that credit officers are trained to handle Uwezo fund borrowers. None of the respondent disagreed that credit officers are trained to handle Uwezo fund borrowers. It is found that most of entrepreneurs have no any information whether credit officers are trained to handle Uwezo fund borrowers.

Uwezo fund initiative have computerized system to monitor performance

On whether Uwezo fund initiative having computerized system to monitor performance of Uwezo funds given, 15.65% of the respondents were in agreement. 21.09% of the respondents were not sure whether credit officers are trained to handle Uwezo fund borrowers. 34.01% of the respondents do not agree that credit officers are trained to handle Uwezo fund borrowers. 29.25% of the respondents strongly disagree that credit officers are trained to handle Uwezo fund borrowers. There were no respondents who strongly agreed that credit officers are trained to handle Uwezo fund borrowers.

Table 1: Access to Uwezo fund on financial performance of Small and Medium Size Enterprises

Statements	Mean	Standard deviation
Adequacy of funds affects access to credit by SMEs	3.707	1.19
Collateral requirements affects access to credit	3.687	1.23
Grace period for repayment is favourable for SMES	3.816	1.32
Uwezo Fund credit officers seek information regarding workplace before awarding loan	2.279	1.03
The loan amount given is adequate for the SMEs	2.816	1.34
Uwezo Fund Committee seek personal information before awarding loan	2.844	0.75
Access to financing depends on the sort of organization.	2.565	0.98
Interest charged affects access to credit by SMEs	4.068	1.21
Credit scores affect SMEs' access to credit.	2.531	0.68
Uwezo fund committee monitor performance of businesses before awarding loan	2.408	1.31
Credit officers are trained to handle Uwezo fund borrowers	3.429	1.13
Uwezo fund Initiative have computerized system to monitor performance of Uwezo Funds given	2.231	1.04
Overall	3.03	1.1

Source: Research data (2024)

Credit access responses were recorded using a Likert scale ranging from 1 to 5, with 1 indicating strongly disagree, 2 disagree, 3 not sure, 4 agree, and 5 strongly agree. The medium score on this Likert scale was 3, indicating that one was unsure. Points more than three showed that respondents agreed with the claims, and

points less than three indicated that respondents disagreed. These scores were used to range whether access to credit have an effect on SMEs' access to finance.

The averages ranged from 4.068 to 2.321. The results of this effect are reported in Table 12. As previously

stated, respondents who responded that sufficiency of finances impacted access to credit had a mean and standard deviation of 3.707 and 1.19, respectively. The mean and standard deviation for collateral requirements for loan repayments were 3.687 and 1.23, respectively, while the average and standard deviation for grace periods were 3.816 and 1.32. The average and standard deviation for whether Uwezo Fund sought information about the workplace before providing a loan were 2.279 and 1.03, respectively. The scores for adequacy of loan amount supplied were 2.816 and 1.34, respectively.

The criteria for whether the Uwezo fund committee sought personal information before giving the loan were 2.844 and 0.75, respectively. The parameters determining whether access to credit relies on the type of firm were 2.565 and 0.98. The interest rate ratings were 4.068 and 1.21. The credit score effects on Uwezo fund loans had a mean of 2.531 and a standard deviation of 0.68. The average and standard deviation for the Uwezo fund committee seeking information on the financial performance of enterprises were 2.408 and 1.31, respectively. The mean and standard deviation for credit officers trained to manage Uwezo fund borrowers were 3.429 and 1.13, respectively. The mean was 2.231 and the standard deviation was 1.04 among individuals who stated that Uwezo fund officers use a computerized method to monitor

performance.

The findings are congruent with study conducted in Vietnam by Thanh (2019). The findings show that credit considerably increases business performance in terms of real gross profit and revenue. The data indicate that credit is an important component in performance improvement. However, SMEs in Vietnam continue to face obstacles when borrowing money from official organizations. As a result, government policies and programs, as well as financial institutions, should help SMEs acquire access to official credit.

Entrepreneurial Training and its Effect on Financial Performance of SMEs

The second objective was to assess how entrepreneurial training affects financial performance of small and medium size Enterprises in Molo Sub-County, Nakuru County. Dimensions of entrepreneurial trainings were measured and the responses were analyzed in respect to entrepreneurial trainings. The following parameters were measured and findings analyzed through percentage, mean and standard deviation. The analysis in Table 13 shows the percentage of respondents under each parameter through Likert scale.

Table 2: Entrepreneurial training effects on Financial Performance

Statements	SA	%	A	%	NS	%	D	%	SD	%
SMEs in Molo Sub-County have adequate trainings on financial performance	36	24.49	44	29.93	32	21.77	30	20.41	5	3.40
Trainings have enabled SMEs to prepare financial records	49	33.33	58	39.46	29	19.73	11	7.48	0	0.00
Skills gained have assisted in evaluating their businesses	73	49.66	34	23.13	6	4.08	31	21.09	3	2.04
Entrepreneurial trainings have enabled SMEs to retain profits	69	46.94	57	38.78	9	6.12	12	8.16	0	0.00
Skills acquired has assisted to have good customer relations	50	34.01	48	32.65	13	8.84	28	19.05	8	5.44
Trainings has assisted SMEs on management practice of loan repayments	48	32.65	35	23.81	26	17.69	33	22.45	5	3.40

Source: Researcher (2024)

SMEs have adequate trainings on Financial Performance

The proposition of whether SMEs have adequate trainings was measured. 24.49% of the respondents strongly agree that SMEs had adequate trainings on financial performance. 29.93% of the respondents agreed that SMEs had adequate trainings on financial performance. Further, 21.77% stated that they were not sure whether SMEs had adequate trainings on financial performance. 20.41% of the respondents did not agree that SMEs had adequate trainings on financial performance while 3.4% of the respondents stated that they strongly disagree that SMEs had adequate trainings on financial performance. It is apparent that, majority agree that SMEs had adequate trainings on the effective financial performance of their enterprises.

Trainings have assisted in Preparation of Financial Records

Under this parameter, 33.33% of respondents strongly agree that trainings have enabled SMEs to prepare financial records. 39.46% of the respondents agree that trainings have enabled SMEs to prepare financial records. Additionally, 19.73% of the respondents are not sure whether trainings have enabled SMEs to prepare financial records and 7.48% of respondents do not agree trainings have enabled SMEs to prepare financial records. There were no respondents who strongly disagreed trainings have enabled SMEs to prepare financial records. From these analysis, it is clear that majority of respondents agree that trainings have enabled SMEs to prepare financial records.

Table 4: Effects of Entrepreneurial Training on Financial Performance

The statement as to whether skills gained had assisted in evaluating business was measured. It was found that, majority of the

respondents strongly agree that skills gained had assisted in evaluating business. This was in respect to 49.66% of the respondents. 23.13% of the respondents agree that skills gained had assisted in evaluating business. 4.08% of

the respondents were not sure whether skills gained had assisted in evaluating business. 21.09% of the respondents do not agree with the statement that skills gained had assisted in evaluating business while 2.04% of the respondents strongly disagreed that skills gained had assisted in evaluating business.

Trainings Enabled Retention of Profits

On proposition that entrepreneurial trainings have enabled retention of profits, it was found that 46.94% of the participants strongly agree that entrepreneurial trainings have enabled retention of profits; 38.78% agree that entrepreneurial trainings have enabled retention of profits; 6.12% were not sure whether entrepreneurial trainings have enabled retention of profits; 8.16% do not agree that entrepreneurial trainings have enabled retention of profits while none of the respondents strongly disagreed that entrepreneurial trainings have enabled retention of profits.

Skills Acquired Assisted in Good Customer Relations

The statement that skills acquired have assisted in good customer relations was also tested. Majority of the respondents strongly agree that skills acquired have assisted in good customer relations. This was in respect to 34.01% of the respondents. 32.65% of the respondents agreed that skills acquired have assisted in good customer relations. 8.84% of respondents were not sure whether skills acquired has assisted in good

customer relations, while 19.05% of the respondents do not agree with the proposition that skill acquired has assisted in good customer relations. However, 5.44% of the respondents strongly disagreed that skill acquired has assisted in good customer relations.

Trainings assisted on Management Practice of Loan Repayments

On whether training assisted on management practice of loan repayments, 32.65% of respondents strongly agree with it; 23.81% of respondents agreed that training assisted on management practice of loan repayments; 17.69% of respondents were not sure whether training assisted on management practice of loan repayments; 22.45% of respondents disagreed that training assisted on management practice of loan repayments while 3.4% of respondents strongly disagreed that training assisted on management practice of loan repayments.

Table 4 specifies the means and standard deviations against the dimensions. The overall mean and standard deviations were 3.84 and 1.12 in that order. In regard to adequacy of trainings on financial performance; the factors were 3.52 and 1.16 for mean and standard deviation respectively. In regard to enablement of trainings on preparation of financial records, the average and standard deviation were 3.99 and 0.91. In regard to skills gained in evaluation of business, the ratings were 3.97 and 1.25 for mean and standard

concludes that Uwezo loan has very low interest rates as compared to other loans. This was seen as a crucial factor which entrepreneurs consider when they want to acquire credit or loans. The grace period for loan repayment was favourable based on responses from respondents as they were given ample time before they start repaying loan. The study also concludes that financial planning is a crucial component for successful financial performance of SMEs. Those who had good financial plans had succeeded in their businesses and were progressing on well. On loan

Statements	Mean	Standard deviation
SMEs in Molo Sub-County have adequate trainings on financial performance	3.52	1.16
Trainings have enabled SMEs to prepare financial records	3.99	0.91
Skills gained have assisted in evaluating their businesses	3.97	1.25
Entrepreneurial trainings have enabled SMEs to retain profits	4.24	0.89
Skills acquired has assisted to have good customer relations	3.71	1.26
Trainings has assisted SMEs on management practice of loan repayments	3.60	1.24
Overall mean and standard deviation	3.84	1.12

deviations respectively. Enablement of entrepreneurial trainings on profit retention had mean of 4.24 and standard deviation of 0.89. In relation to skills acquired on good customer relation, the points were 3.71 and 1.26 for mean and standard deviation respectively. Additionally, for training on management practice of loan repayments, the ratings were 3.60 and 1.24 for mean and standard deviation respectively.

Respondents received high marks in the following statements; entrepreneurial trainings have enabled SMEs to retain profits; trainings have enabled SMEs to prepare financial records; skills gained have assisted in evaluating their businesses. On the other hand, the following received low rating; skills acquired have assisted to have good customer relations; training has assisted SMEs on management practices of loan repayments; SMEs have adequate trainings on financial performance.

Conclusions

The study made several conclusions based on the results of the study. The study concludes that the process, methods and requirements for accessing credit is crucial on the financial performance of small and medium size enterprises. Uwezo Fund Initiative should sensitize the SMEs on ways, process and requirements for one to access these funds. The interest rate factor was also measured. The study

repayment, the study concludes that loan amount, repayment period, and sales as well as interest rates affects financial performance of businesses. Uwezo fund initiative services were still low. The initiative should improve on their services majorly through trainings and enlighten the community of small and medium size enterprises on their products.

REFERENCES

- Adhiambo, A. P. (2019). Women Enterprise Fund in Kenya: A study of its influence on livelihoods of women entrepreneurs in Kamukunji Sub-County, Nairobi. Unpublished Master of sociology, university of Nairobi.
- Hassan, I. Y. (June, 2022). Uwezo fund characteristics and the performance of youth livelihood projects in Kibra constituency, Nairobi County, Kenya. Unpublished MBA project, Kenyatta University.
- Irungu, J. N. (April 2015). Effect of Youth Enterprise Development Fund on growth of new enterprises in Kenya. Unpublished MBA project, Dedan Kimathi University of Technology
- Kapkory, P. C. (2018). Factors influencing sustainability of affirmative action funded

- projects in Mt. Elgon Sub-County, Bungoma County, Kenya. Unpublished MPM project, university of Nairobi.
- Kimemia & Kungu. (2021). Strategic management practices and performance of national government affirmative action fund in Kiambu County, Kenya. *International journal of social sciences management and entrepreneurship*, 169-189.
- Kirikiru & Kalui. (2021). Effect of access to credit on financial performance of small and medium enterprises in Kenya. *International journal of business management & finance*, vol 3(1):43-57.
- Leila, I. M. (2021). Influence of County government implementation of selected strategies on growth of micro, small and medium enterprises in Samburu County. Kenya: Unpublished MBA project, Kenya Methodist University.
- Macharia & Njoroge. (July 2020). The role of Uwezo fund on the economic growth of small and medium enterprises in Kiambu County, Kenya. *International journal of research and*
- Maina, R. J. (October 2018). Influence of youth enterprise development fund efficacy on the financial performance of youth-owned enterprises in Kirinyaga County. Unpublished MBA project Karatina University.
- Maritim, J. D. (May, 2019). Effectiveness of youth enterprise development fund implementation on youth programmes in Nairobi County. Unpublished MBA project, Strathmore University.
- Mohamud, H., & Ndede, F. (2019). Youth enterprise development funds services and youth empowerment in Wajir County, Kenya: *International journal of current aspects*.
- Mwavu, V. M. (November 2018). The effects of financial management practices on financial performance of the top 100 small and medium size enterprises. University of Nairobi: Unpublished MBA project.
- Njoroge, C. W., & Gathungu, J. M. (2013). The effect of entrepreneurial education and training on development of small and medium size enterprises in Githunguri District-Kenya. *International Journal of Education and research*, 1(8), 1-22.
- Nzavi, M. M., Nthigah, P., & Iravo, M. (August 3, 2018). Effect of affirmative action on the employment of women in the national government, case of ministry of public service, youth and gender affairs in Kenya. *The strategic journal of business & change management*, 5(3), 412 - 431.
- Odhiambo Odera et. al. (Jan.-Feb. 2018). Effect of the youth enterprise development fund on youth enterprises in Kenya. *International journal of advances in management and economics* , 2(1),116 .
- Ouma, O. S. (2020). Financial leverage and loan repayment among small and medium sized enterprises in Kakamega County, Kenya. Unpublished MBA project, Kenyatta University.
- Silas Peter Mwiathi and Mwangi, Rahab Wanjiru. (2020). Credit access and performance of micro and small enterprises in Nakuru County, Kenya. *Journal of Business Management*, 1(3),163-170.
- Simiyu, F. N. (2016). Factors influencing implementation of government affirmative action projects: A case of uwezo fund projects in Embakasi East sub-County, Kenya. Unpublished MPP project, University of Nairobi.
- Swagi, K. P. & Murigi, E. (2020). The effect of service quality on the performance of women enterprise fund in Kisumu, Kenya. *International academic journal of human resource and business administration* , volume 3, issue 9, pp. 90-103 .
- Ukura, D. N. (2015). Role of women enterprise fund loans, capacity building and networking on the performance of women-owned enterprises in Thika town, Kenya. Unpublished Master of economics, Kenyatta University.
- Wohoro, F. (2016). Challenges affecting youth access to youth enterprise fund: A study of youth empowerment support services-Kenya. Unpublished MBA project, United States International University Africa