

**THE EFFECT OF TRAINING AND CREDIT OFFERED BY SMALL AND MICRO
ENTERPRISE PROGRAM ON THE PERFORMANCE OF WOMEN-OPERATED
ENTERPRISES IN NAKURU MUNICIPALITY, KENYA**

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MAY, 2014

DECLARATION

Declaration by the Candidate

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

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Recommendation

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DEDICATION

I dedicate this research work to my husband, Kipkoech B. Ngetich, and my daughter, Praxedes Cheptoo, for their immense support and assistance during my research.

ACKNOWLEDGEMENT

This endeavour could never have come to pass except for the unfailing favour and grace of God. I am greatly indebted to my husband for his moral, academic and financial support.

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May God bless you all.

TABLE OF CONTENTS

THE EFFECT OF TRAINING AND CREDIT OFFERED BY SMALL AND MICRO ENTERPRISE PROGRAM ON THE PERFORMANCE OF WOMEN-OPERATED ENTERPRISES IN NAKURU MUNICIPALITY, KENYA	i
DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
Table 4.2(a): Range of Ages of the Respondents.....	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT.....	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem	3
1.3 Objectives of the Study	4
1.3.1 General Objective	4
1.3.2 Specific Objectives	4
1.4 Research Hypotheses	4
1.5 Significance of the Study	5
1.6 Scope of the Study	5

1.7 Limitations of the Study	5
1.8 Delimitation of the Study	5
1.9 Operational Definition of Terms	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.1 Introduction	7
2.2 Microfinance and Women	7
2.3 Theoretical Review	8
2.3.1 Theories Related to Credit Offered by Microfinance Institutions.....	9
2.3.2 Theories Related to Training Offered by Microfinance Institutions	10
2.4 Research Gaps	14
2.5 Conceptual Framework	16
CHAPTER THREE	18
RESEARCH METHODOLOGY.....	18
3.1 Introduction	18
3.2 Research Design	18
3.3 Target Population	18
3.4 Sample Size and Sampling Procedures	18
3.5 Data Collection Instruments.....	19
3.5.1 Validity of the Instruments	19
3.5.2 Reliability of the Instruments	20
3.6 Data Collection Procedures	20
3.7 Data Processing and Analysis	20
CHAPTER FOUR.....	22
DATA ANALYSIS, PRESENTATION AND DISCUSSIONS OF FINDINGS.....	22
4.1 Introduction	22
4.1.1 Response Rate.....	22

4.2 Descriptive Statistics.....	22
4.2.1 Demographic Characteristics of the Respondents.....	22
Table 4.2(a): Range of Ages of the Respondents	23
4.2.2 Effects of Training in Budgeting and Bookkeeping.....	26
4.2.3 Effects of Training in Marketing Techniques.....	28
4.2.4 Effects of Training in Risk Management	29
4.2.5: Performance of Women-Owned Enterprises after Receiving Training and Credit from SMEP	30
4.3 Inferential Statistics	32
4.3.1 Z-Tests Results and Hypothesis Testing	32
CHAPTER FIVE	37
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	37
5.1 Introduction	37
5.2 Summary of Major Findings	37
5.3 Conclusions	39
5.4 Recommendations.....	40
5.5 Recommendations for Further Research.....	40
REFERENCES	41
Appendix 1:.....	44
Appendices.....	45
Appendix 2: Interviewer Administered Questionnaire	45

LIST OF TABLES

Table 4.1: Response Rate of Questionnaires.....	22
Table 4.2(a): Range of Ages of the Respondents.....	23
Table 4.2 (b): Marital Status of the Respondents.....	23
Table 4.2 (c): Family Size of the Respondents.....	24
Table 4.2 (d): Age by Relationship with SMEP in Years.....	24
Table 4.2 (e): Age by Period in Business before SMEP in Years.....	25
Table 4.2 (f): Industry by Training Frequency	26
Table 4.3: Status of Budgeting and Bookkeeping before and after Receiving Credit and Training.....	27
Table 4.4: Training in Marketing Techniques before and after credit and Training.....	28
Table 4.5: Status of Women-Owned Enterprises before and after Training in Risk Management	30
Table 4.6: Status of Performance of Women-Owned Enterprises after receiving Training and Credit from SMEP.....	32
Table 4.7: Status of Employees' Addition in Women-Owned Enterprises after Receiving Training and Credit from SMEP.....	32
Table 4.8: Z-Tests Results on the Status of Bookkeeping and Budgeting Before and After Training and Credit.....	33
Table 4.9: Z-Tests Results on the Status of Marketing Techniques before and after Training and Credit.....	35
Table 4.10: Z-Tests Results on the Status of Business Risk Management before and after Training and Credit.....	36
Table 4.11: Z-Tests Results on the Status of Business Performance before and after Training and Credit.....	37

LIST OF FIGURES

Fig 2.1: The Training Needs Cycle.....	14
Fig 2.2: Conceptual Framework.....	18

LIST OF ABBREVIATIONS

ISED	Institute for Social and Economic Development
MFI s	Microfinance Institutions
NGO	Non-Governmental Organization
SEWA	Self-employed Women Association
SMEP	Small and Micro-Enterprise Program
USAID	United States Agency for International Development

ABSTRACT

Microfinance institutions have been offering help to women who wish to venture into or expand their business. In Kenya, several of these institutions have come up and small and Micro-Enterprise Programme (SMEP) is one of them. The general objective of this study was to determine the effect of the training and credit offered by SMEP on the performance of enterprises owned and operated by women entrepreneurs. Specifically, it aimed at determining whether credit and training in budgeting and bookkeeping, marketing techniques and risk management offered by SMEP have led to a significant influence on the performance of women-owned enterprises in Nakuru Municipality. The study used survey research design targeting women entrepreneurs in the area who were working with SMEP. Random sampling design was adopted targeting 310 women using questionnaires. Data was analyzed using both descriptive and inferential statistics. The findings reveal that all the variables in the study individually were statistically significant to the performance of the women owned business in Nakuru Municipality ($z > 1.960$; $\alpha < .05$; $df = 309$; $p = 0.000$). Credit and training in budgeting and bookkeeping offered by SMEP resulted in a positive response; however, there was need to focus more on training in managing their profit and loss accounts. It was also established that the marketing techniques of the women entrepreneurs significantly improved after receiving training and credit. Finally, it was established that credit and training had significantly reduced the underperformance of the women owned businesses in the area and, therefore, needed to be emphasized. The study concluded that based on the results of the Z-test analysis all the variables of the study were indeed significant factors to the performance of women-owned businesses in the area. It is recommended that; training frequency need to be increased by SMEP, more coverage needs to be made in marketing techniques and risk management; and more emphasis needs to be put on the conflict management aspect of group dynamics. Further research should also be done to establish the effect of technology adoption and capital management training on the performance of women- owned businesses.

Keywords: Credit and Training, Women-Operated Enterprises, Performance, Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Microfinance institutions have been offering loans to their customers to start or expand their businesses and in Kenya; women have received support from Small and Micro Enterprise Programme (SMEP) in form of training and credit for their businesses. According to Khanka (2010), women constitute almost half the total population in the world and are thus regarded as the better half of the society. They were confined to the four walls of houses, performing household activities in the traditional society. He further noted that in the modern society however, they have come out of the four walls to participate in all sorts of activities including getting into industry and are running their enterprises successfully. Despite this, society is still male-dominated and women are not treated as equal partners both inside and outside four walls of the house. This in turn serves as a barrier to women entry into business.

EkpeI, Mat, and Razak (2010) pointed out that women play an important role in the economic wellbeing of their families and communities yet certain obstacles such as poverty, unemployment, low household income and societal discriminations common in developing countries have hindered their effective performance of that role. This is the major reason why most of them embark in entrepreneurial activities to support their families. Furthermore, women are the worst hit when poverty rate is high in a country. Women entrepreneurship could be an effective strategy for poverty reduction. However, women entrepreneurs, especially in developing countries, have limited access to loans for their entrepreneurial ventures and, as such, have low business performance than their male counterparts, whereas the rate of their participation in the informal sector of the economy is higher than males, and microfinance could have positive effect on enterprise performance.

There is a clear indication of a linkage between contribution to women's empowerment, and women's access to micro-finance, and positive impacts on levels of poverty (Mwenda and Muuka, 2004). They suggested that efforts must be made to maximize women's ability to increase and control incomes and resources through, for instance, registration of property and

assets in women's names, graduated loan sizes, special packages for women in non-traditional and more lucrative activities, and some compulsory long-term savings.

Women's entry into business is attributed to two factors; pull and push factors (Khanka, 2010). Pull factors are those factors which encourage women to start an occupation or venture with an urge to do something independently. Push factors on the other hand are those that compel women to take up their own business to tide over their economic difficulties and responsibilities. He added that one of the problems encountered by women in starting their own enterprises is finance and for any enterprise, whether big or small, finance is regarded as "lifeblood". There are two basic reasons as to why women suffer from shortage of finance. Firstly, women do not generally have property in their names to use them as collateral for obtaining funds from external sources. This makes their access to external sources of funds limited. Secondly, they are also considered by banks as less credit-worthy and discourage women on the belief that they can at any time leave their business. Thus women enterprises fail due to shortage of finance.

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions targeted at low income clients. It includes loans, savings, insurance, transfer services among other financial products and services (Otoo, 2012). In addition, he pointed out that around the world, scores of state-run banks had already tried to provide loans to poor households, and they left a legacy of inefficiency, corruption, and millions of dollars of squandered subsidies. He further noted that economic theory also provided ample cautions against lending to low-income households that lack collateral to secure their loans but Muhammad Yunus from Bangladesh vowed to one day make profits, and he argued that his poor clients would pay back the loans reliably. Today, Yunus is recognized as a visionary in a movement that has spread globally, claiming over 65 million customers at the end of 2002.

Microfinance institutions are providing small loans without collateral, collecting deposits, and, increasingly, selling insurance, all to customers who had been written off by commercial banks as being unprofitable (Aghion and Morduch, 2005). They noted that Africa as a continent is comprised of many third world countries where majority of the population can be greatly assisted

economically by microfinance. Consequently, many microfinance banks have developed over time in Africa. Kenya, for instance has SMEP which supports entrepreneurs with credit facilities and also train them on how to operate their businesses well.

In this study, it was expected that the effect of credit and training offered by SMEP on the performance of women-operated enterprises will be established. This research was carried out in Nakuru Municipality.

1.2 Statement of the Problem

Women's performance in business is generally poor compared to their male counterparts despite their crucial role in the economic development of their families and countries; and this is caused by factors which normally affect entrepreneurial performance (Akanji, 2006). Such factors include lack of credit, saving, education or training, and social capital (Shane, 2003). Training is a very important micro-finance factor for women entrepreneurs as it would provide the skills and experience needed for business. Much dependence on credit by entrepreneurs, especially women, is due to their inability to raise capital through personal savings (Mat and Razak, 2011). Because some credit programs foster group formation and enable women to generate income, they offer potential for both political and economic empowerment. This study thus, sought to study the effect of credit and training offered by microfinance on the performance of women-operated enterprises. The effect of credit and training on the performance of enterprises has not been fully examined on women category.

Although education is not mandatory for new venture creation, it does provide one with the skills, contacts, and opportunities vital for most successful businesses. Women are usually underrepresented, as compared to men, in pursuing higher education in business hence they are missing out (Timmons and Spinelli, 2004). SMEP offers loans to support entrepreneurs with small and medium scaled businesses to access affordable financial services. In addition, it offers basic business skills training to its client groups. The study sought to determine whether credit and training offered by SMEP has had significant contribution on the performance of women-operated enterprises in Nakuru Municipality. There has been no similar study on the effect of

credit and training on the performance of women-operated enterprises with SMEP and hence the need to carry out the study.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to determine the effect of the training and credit offered by SMEP on the performance of enterprises owned and operated by women customers.

1.3.2 Specific Objectives

- i. To determine whether credit and training offered by SMEP had influenced the usage of budgeting and bookkeeping in the women-owned enterprises in Nakuru Municipality.
- ii. To determine whether credit and training offered by SMEP had influenced the usage of marketing techniques in the women-owned enterprises in Nakuru Municipality.
- iii. To determine whether credit and training offered by SMEP improved risk management practice in the women-owned enterprises in Nakuru Municipality
- iv. To establish whether obtaining credit and training offered by SMEP had improved the performance of the women-operated businesses in Nakuru Municipality.

1.4 Research Hypotheses

H0₁: Obtaining credit and training offered by SMEP have not contributed significantly to the usage of budgeting and bookkeeping in the women-operated businesses in Nakuru Municipality

H0₂ Obtaining credit and training offered by SMEP have not contributed significantly to the usage of marketing techniques in the women-operated businesses in Nakuru Municipality

H0₃ Obtaining credit and training offered by SMEP have not significantly improved risk management practice in the women-operated businesses in Nakuru Municipality

H0₄: Obtaining credit and training offered by SMEP have not significantly improved the performance of the women-operated businesses in Nakuru Municipality.

1.5 Significance of the Study

The justification for carrying out this study is that it will be useful to the SMEP in streamlining its services offered to its women customers to run their enterprises. It will also help the government in policy decision making regarding microfinance institutions. In addition, it will be of use to social scientists in answering various social problems especially relating to women empowerment. It may also be of use to NGO's and other stakeholders. Such a study has not been carried out in Nakuru Municipality. Most researchers focus their study on rural areas and no research has been done in this Municipality to establish the impact of credit and training on the success of women-operated enterprises.

1.6 Scope of the Study

The study focused on the women-operated enterprises, supported by SMEP, in Nakuru Municipality, Nakuru County, Kenya from 2008 to 2012. The study was conducted over a six months period from October 2013 to March 2014.

1.7 Limitations of the Study

The language barrier presented some difficulty in answering questions by the respondents while the area coverage was quite large hence required a lot of travelling. There was also the problem of unavailability of some respondents during questionnaire administration. The language barrier was addressed by use of translators while area coverage was addressed by targeting group meetings and making prior arrangements. The unavailable respondents were replaced by those who were available.

1.8 Delimitation of the Study

The study was limited to only one microfinance institution, that is SMEP, and the area of coverage was within Nakuru Municipality only. The researcher ensured that the respondents stuck to attributes of only SMEP services.

1.9 Operational Definition of Terms

The following are the operational definitions of terms as used in the study;

Group Dynamics- Group dynamics are the influential interpersonal processes that take place in groups. Source: Forsyth, D. R. (2006). *Group Dynamics*, (4th ed.). Thomson Learning, Inc: USA.

Inflation- A general rise in the prices of services and goods in a particular country, resulting in a fall in the value of money. Source: Dem, A., Mihailovici, G., and Gao, H. (2001). *Inflation and Hyperinflation in the 20th Century: Causes and Patterns*. Columbia University: School of International and Public Affairs.

Microfinance-Microfinance is the provision of financial services to low-income poor and very poor self employed people. Source: Robinson, M. (2001). *The Microfinance Revolution: Sustainable Banking for the Poor*. Washington, DC: The World Bank.

Risk management- The identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks. Source: The Institute of Risk Management, (2014). *Building excellence in risk management*. In this study the term is used to refer to the ability of the women to be able to avoid unacceptable risks.

Social Capital-It is an economic idea that refers to the connections between individuals and entities that can be economically valuable. Source: Halpern, D. (2005). *Social Capital*.

Retrieved 4th August, 2014, from books.google.co.ke.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section is a review of what other scholars have investigated on the effect of credit and training offered by microfinance institutions on the performance of enterprises. It will study in detail the aspects of microfinance, credit and training and how it affects the performance of women-operated enterprises.

2.2 Microfinance and Women

Microfinance Institutions provide a broad range of financial services such as deposits, loans, payments services, money transfers, and insurance to the poor and low-income households and their farm or non-farm micro-enterprises (Charitonenko and Campion, as quoted by Mwenda and Muuka, 2004). Microfinance institutions have therefore provided an opportunity for women to start and upgrade their businesses. Enthusiasm for promoting microfinance as a strategy for poverty alleviation grew in the 1990s. The microfinance sector blossomed in many countries, with multiple firms providing financial services to serve the needs of micro entrepreneurs and poor households. In the mid-1990s, the term "microcredit" began to be replaced by a new term that included not only credit, but also savings and other financial services. The term "Microfinance" was chosen to refer to a range of financial services to the poor, that included not only credit, but also savings and other services such as insurance and money transfers (Global Envision, 2006).

The model of microfinance was developed by Muhammad Yunus founder of Grameen bank. In this model, the movement to expand financial services for the poor as a grassroots development strategy is a relatively recent phenomenon (Aghion and Morduch, 2005). They further stated that, microfinance, which emphasizes granting small loans to the poorest of the poor without requiring collateral, rests upon the notion that the most impoverished people in developing countries typically don't otherwise have access to traditional financial services, but that they do possess modest survival skills that make them credit-worthy.

In Africa, many people living below the bread line want to start or expand their small businesses but they lack the resources to do so. This could be due to lack of collateral demanded by banks and other lending institutions (Develop Africa Inc., 2011). Women faithfully utilize their loans more than men to improve their businesses (Ruben, 2007). Ruben further suggested that men from experience tend to spend disproportionately on themselves while women are more likely to spend on improving the standards of living of their family and children, on health and education, and on household needs. Since a higher percentage of the world's poor are children, the needs of these children are better met if their mothers and caregivers are given a leg up.

In Kenya, SMEP began operations as a small project of the National Council of Churches of Kenya (NCCCK) in 1975. It began as a relief arm of NCCCK providing the poor in the slum areas in Nairobi with food and later small business grants. It later recognized that it could not continue the feeding program indefinitely and therefore ways and means had to be sought out to make people participate in meeting their daily needs and avoid dependency. Thus, the microfinance opted to providing loans to entrepreneurs to start and expand their businesses so that they could raise their own source of income. In this study, the effect of training and credit offered by SMEP on the performance of women-operated enterprises will be determined.

2.3 Theoretical Review

This research is underpinned on the Entrepreneurship Theory of Shane (2003). The theory touches on factors such as opportunity discovery, evaluation of the opportunity and the decision to exploit the opportunity, self-employment, business operation and performance. The theory pointed out four operational measures of performance which are survival, growth, profitability/income, and experiencing initial public offering. Shane defines survival as the continuation of entrepreneurial activity, growth as the increase in the venture's sales and employment, profitability as the new surplus of revenue over cost and experiencing initial public offer as the sale of stock to the public (Shane, 2003). This study seeks to establish whether women utilizing the opportunity offered by SMEP in terms of credit and training perform better in their enterprises.

2.3.1 Theories Related to Credit Offered by Microfinance Institutions

The Economic Theory by Baumol (1968) clearly demonstrates how credit is a useful tool in enabling better performance in enterprises. The theory states that entrepreneurship and economic growth take place when the economic conditions are favourable. He noted that economic incentives are the main motivators for entrepreneurial activities and these incentives include sources of finance. This means that performance of enterprises is determined by availability of finance.

Dunford (2012) discussed the classic microfinance theory of change which simply points out that a poor person goes to a microfinance provider and take a loan to start or expand a microenterprise which yields enough net revenue to repay the loan with major interest and still have sufficient profit to increase personal or household income enough to raise the person's standard of living. He noted three steps a poor person must take to make this theory true: take a loan from a microfinance institution (or similar entity), invest the money in a viable business and manage the business to yield major return on the investment.

Microenterprise credit is increasingly promoted by the North as a 'panacea for the South' (Scully, 2013). According to her, World Bank President James Wolfensohn assert that credit is a particularly effective way of reaching women and the U.N. Secretary General calls it "a critical anti-poverty tool for the poorest, especially women". She also noted that even First Lady Hillary Rodham Clinton points to microcredit as a tool that will help poor women "survive globalization".

Muhammad Yunus suggested that credit programs can offer the poor access to small amounts of capital (and often other low-cost financial services), and, in turn, they use these loans for self-employment projects, to generate income and eventually become self-reliant (Aghion and Morduch, 2005). He pointed out that, around the world, scores of state-run banks had already tried to provide loans to poor households, and they left a legacy of inefficiency, corruption, and millions of dollars of squandered subsidies. Ample cautions was also provided by the Economic theory against lending to low-income households that lack collateral to secure their loans. In his argument, Yunus stated that his poor clients would pay back the loans reliably and vowed to one day make profits. Yunus is today recognized as a visionary in a movement that has spread

globally, claiming over 65 million customers by the end of 2002. Microfinance institutions are now providing small loans without collateral, collecting deposits, and, increasingly, selling insurance, all to customers who had been written off by commercial banks as being unprofitable.

In 1972 the Self Employed Women's Association (SEWA) was registered as a trade union in Gujarat (India), with the main objective of "strengthening its members' bargaining power to improve income, employment and access to social security." In 1973, to address their lack of access to financial services, the members of SEWA decided to found "a bank of their own". Four thousand women contributed share capital to establish the Mahila SEWA Co-operative Bank. Since then it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture with today around 30,000 active clients (Aghion and Morduch, 2005). It is in this spirit that a credit scheme was born. In 1990, the scheme adopted the group lending methodology (adapted from the Grameen Bank model) through support from USAID. Since then, the program has continued to grow and has recorded significant success. In 2010 SMEP was licensed by Central Bank of Kenya as a nation-wide Deposit Taking Micro finance. Loans are advanced to micro and small entrepreneurs who have registered with a self-help group and have complied with SMEP and group rules and regulations.

SMEP offers loans whose average size for initial loans to individuals is shillings 25,000 and the maximum size is shillings 3 million, are not secured by conventional collateral such as land, title deed, vehicle log-books etc and largely go towards financing very small businesses or micro enterprises operated by low income people and located in areas where poor and low income people reside.

2.3.2 Theories Related to Training Offered by Microfinance Institutions

Locke (1960) put forward the Goal-setting theory of motivation which states that goal setting is essentially linked to task performance. According to him, goals indicate and give direction to clients about what needs to be done and how much efforts are required to be put in. Goal setting theory is a technique used to raise incentives for clients to complete work quickly and effectively and hence leads to better performance by increasing motivation and efforts. Motivation can be acquired through various ways one of which is training. Training adds to the skills of enterprise

owners, change their minds on how they perceive and conduct their business and in turn perform better.

Bridge, O'Neill and Cromie (2003) pointed out that it is not just finance that most businesses lack but also management skills. Mostly small businesses are managed by the owners who are unlikely to be fully conversant with marketing, production, financial, legal and human resource aspects of business. Cromie (2003) examined the problems owned by male- and female-owned young businesses and discovered that the problems experienced did not really vary by gender. In his study, he realized that women recorded more difficulties in terms of lack of time, having to perform a myriad of duties, working too hard, being too conservative, lacking interpersonal skills, and not being taken seriously. This, he suggested is especially true with respect to a lack of self-confidence and not being taken seriously which, when applied by the providers of funds have led to the undercapitalization of their businesses.

According to a study at Parkland College (2013), business training provides customized, short-term, intensive training & consulting based on the current needs of working and transitioning professionals & businesses. In addition, this is accomplished through corporate and customized training and consulting for business and industry, government, non-profit agencies, schools, and universities; public offerings targeting individuals who want to upgrade their skills in their current positions or future positions, receive training and education for a new career, and the underemployed and unemployed; and traffic safety program.” Training is therefore essential for development of women-operated enterprises and by providing training; SMEP ensures the credit-worthiness of its clients. Through the credit and training received, women are able to perform well in business in terms of growth and expansion.

A systematic approach to training can be seen in the training cycle shown below. This process starts with identifying the deviation between actual performance and the desired standard. It can be confirmed that training is the solution to poor performance through the Training Needs Analysis (TNA). Validation exercise can be carried out to confirm if the objectives have been achieved. Evaluation tests can also be undertaken to test the effects of the training on the improvement of performance (Campbell and Craig, 2008).

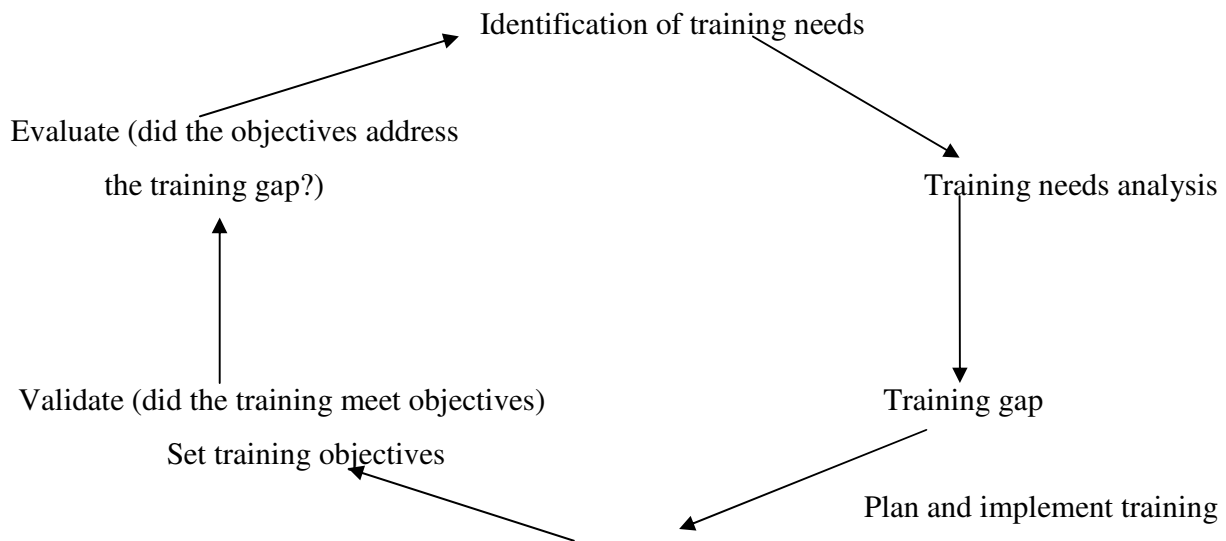


Figure 2.1: The training needs cycle

Source: Organizations and the Business Environment (Campbell, D. and Craig T., 2008).

When someone approaches a bank for a loan to start a business, he/she is normally invited to meet a specialist advisor to discuss the business plan. This is one of the ways of receiving training during the initial stages of one's business (Carysforth and Neild, 2006). Bolton and Thompson, (2003) pointed out that a wide range of advice and support services are offered to the entrepreneur by the bank and other government agencies. They have business advisors and mentors that work with the entrepreneur on a day-to-day basis. There are training courses covering every business topic. Entrepreneurs need support, but it has to be available as and when they need it and in a form that they can understand and accept.

Training focuses on helping beneficiaries to recognize their commercial value. It also helps them recognize their own strengths and weaknesses and to build the critical business skills they need to ensure success. The training objectives include: To enhance the capacity of trainees in successfully setting up, managing and growing their own business immediately after training; to increase the entrepreneurial competence of trainees and to encourage trainees to be accountable and to plan, record and design their businesses. (Develop Africa, 2013).

Karlan and Valdivia (2006) pointed out that the goal of the business training intervention is two-fold: to improve business outcomes and overall welfare for clients and to improve institutional outcomes for the microfinance institution. Stronger businesses may demand more services, and

clients may be less likely to default if they are satisfied (either due to higher cash flow or a stronger feeling of reciprocity). They also found out that training increased the likelihood that individuals reinvested profits in their business by four percentage points (0.08 standard deviations), maintained sales records for their business by between three percentage points (0.07 standard deviations), and maintained withdrawal records from their business by seven percentage points (0.17 standard deviations). They further discovered that sales in the month prior to the training were 16% higher. When looking at the variation in sales, they found out that the largest effect for sales in a bad month was 28% higher among trained groups as compared to control groups. They inferred from this latter result that the training has helped clients identify strategies to reduce the fluctuations in their sales. For instance, they could have diversified the goods and services they offer or have identified clients with a different seasonality in their purchases.

Edgcomb (2002) studied the Aspen Institute's Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination (FIELD) project which selected five U.S. Microenterprise organizations to increase the industry's understanding of what makes for effective training and technical assistance. In her study, research carried out by ISED, asked clients to rate their level of confidence in explaining key business concepts both at the beginning and end of core training, using a five-point scale. ISED also implemented follow-up surveys, eight months after training, to ask clients which concepts they valued.

In terms of their confidence in explaining 15 different business concepts, clients gave themselves a maximum of 75 points as compared to the average score of 47.54 points before training. After training, the score had increased by 16.77 points to 64.31. Not surprisingly, clients who had never owned a business reported a greater gain in skills (17.94) than clients who were current or previous business owners (15.45), but they started with lower confidence scores than either of the other two groups. Clients generally reported the greatest gains in three areas: knowing what information to take to the bank for financing; understanding the four major parts of a business plan; and understanding what goes on a cash-flow sheet. However, these three skill areas are not rated the highest in terms of confidence at the end of training. While clients felt they learned the most in these areas, they don't feel they have completely mastered these skills.

Clients understand the importance of a business vision and value the learning regarding business planning needed to make that vision a reality. Successful clients emphasize the application of basic financial skills, including record keeping, cash-flow management, and break-even analysis. They understand the importance of knowing their customers well, positioning themselves in relationship to competitors, and pricing their products and services appropriately. Effective microenterprise training emphasizes the mastery of these skills and provides clients ample opportunity to understand them, practice them, and apply them during training (Edgcomb, 2002).

Kessy and Temu (2010) carried out an analysis using t-test on those clients supported by microfinance institutions to find out whether there was a significant difference between the growth indicators of enterprises owned by recipients of the training against those owned by those who had never received the training. In their study, out of 225 respondents, 97 had received training while 128 had never received training. They found out that, assets, average revenue and number of employees were higher for enterprises owned by those who attended training as compared to those of who did not attend training.

This study, therefore, hypothesizes that:

H1: There is a positive relationship between the credit and training offered by SMEP and the performance of women-operated enterprises.

2.4 Research Gaps

Bridge, O'Neill and Cromie (2003) argues that the evaluation of improved business performance after counseling and advisory services appears inconclusive. They commented that little research has been done in this area, and most of what has been done does not stand up to rigorous critical analysis. According to them, they are not aware of any studies which demonstrate that the provision of information and advice is a factor influencing the survival of the business. This does not mean that the influence of training or provision of information is not positive in terms of business performance; it just needs to be demonstrated.

According to Pande, Field, Jayachandran, Varma, and Starr (2007), financial literacy and business training programs are being developed and used by an increasing number of MFIs. The models being used differ significantly across MFIs, but there are very few evaluations of what

works in such trainings and why. There is also very limited cost analysis of such programs. Although microfinance services have existed in Kenya for a period of time, there is lack of information on the exact magnitude of impact of the services on the women and how the loans and training are accessed and utilized in order to attain better enterprise performance. The fact that poverty still exists amidst the attempts of provision of microfinance creates room for exploring how far SMEP's credit and training has benefited the women in Nakuru Municipality. It can be seen clearly that there is need for further research on the effect of the training and credit offered by microfinance institution on the performance of its women client's businesses.

2.5 Conceptual Framework

The focus of this study is to determine the relationship between credit and training offered by SMEP; and the performance of women-operated enterprises. The figure below is the conceptual framework of this study.

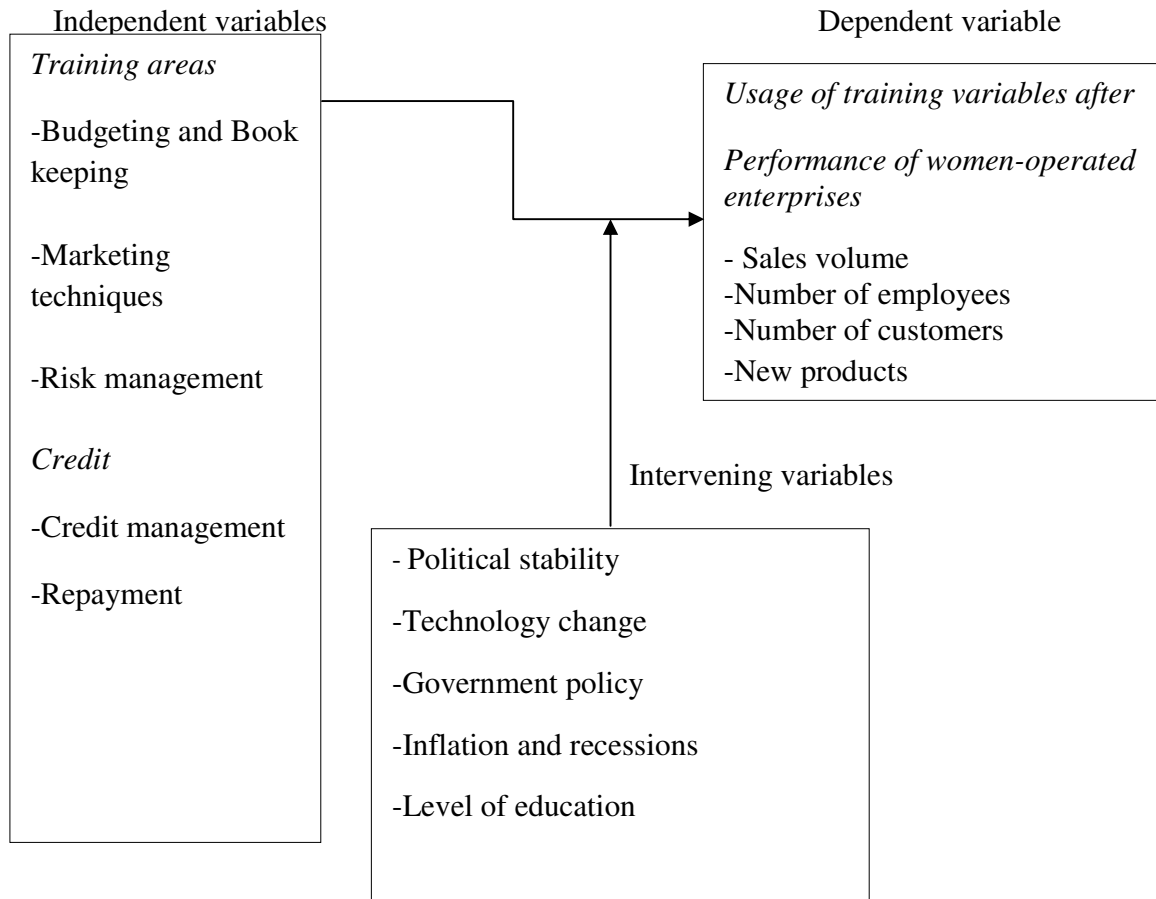


Figure 2.2: Conceptual Framework.

Source: Author (2013)

Microfinance organizations, such as, SMEP train their customers on various topics which include: business planning, book keeping, budgeting, risk management and marketing after verifying their eligibility for the credit. They are trained also on the management of loan and repayment so as to meet their business objectives. The customers in turn apply the credit and training received into their business for better performance. The independent variables thus are training and credit offered by SMEP whereas the dependent variables are those performance

indicators of women-operated enterprises which include sales volume, number of employees, new products introduced and number of customers. There are other intervening factors that may influence performance and these include political stability, socio-cultural, technology, government policy and inflation. These factors will be held constant in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the description of methods applied in carrying out the research study. It presents the research design, population, sampling, data collection techniques, data analysis techniques and presentation used.

3.2 Research Design

The study utilized descriptive survey design. This involved studying the performance of women-operated enterprises before and after training and credit were offered. This was compared to determine whether there is a significant difference in the performance of the businesses after the credit and training were offered.

3.3 Target Population

The target population was the 2064 SMEP's women customers who operate enterprises in Nakuru Municipality and received training and credit from January 2008 to December 2012. This is in order to study their progress for the past respective years after receiving the services and their business performance for six months before receiving the services. The population is appropriate because women face several challenges in their pursuit of running a successful business. Nakuru Municipality is one of the fastest developing municipalities in Kenya and the greater East and Central Africa region and has opened more opportunities for women entrepreneurs to start their own businesses. This provides a good environment to study how SMEP credit and training offered has been of help in the performance of their businesses.

3.4 Sample Size and Sampling Procedures

Stratified random sampling was employed where each stratum consisted of women customers who received credit and training each particular year. A random sample was drawn from each separate stratum. Stratified random sampling was chosen because the probability of a sample consisting of only women in a particular year is zero. It was also preferred since it requires smaller samples than random sampling in order to obtain valid results (Kothari, 2004). The sample size was given by;

$$n = \frac{N}{1 + N(e^2)}$$

Where N is the population and $e=0.05$ is the level of precision (Yamane, 1967). The number of women who received credit in these years was 312 in 2008, 184 in 2009, 359 in 2010, 474 in 2011 and 735 in 2012. They sum up to 2064 women customers. Therefore, the sample was given by $n= \frac{2064}{1+2064(0.05)^2}=335.065$. This was rounded off to 336 women. Taking each year's number as a fraction of the total and multiplying it by 336 yields 51, 30, 58, 77, and 120 for years 2008 to 2012 respectively. The selection process starts by picking some random point in the list and then every i^{th} element is selected until the desired number is secured.

3.5 Data Collection Instruments

The instruments used in this study were questionnaires. This involved administering previously compiled questionnaire to a respondent face-to-face and recording the latter's responses. The questions included both open-ended and close-ended questions which were administered through personal interviews. Structured questionnaires were used, where the questions were definite, concrete and pre-determined. The questions were presented with exactly the same wording and in the same order to all respondents. The reason for using standardization of questions was to ensure consistency of responses.

3.5.1 Validity of the Instruments

Validity refers to the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration. This means that the conclusion reached about the relationship should be a true reflection of the relationship. In this study, content validity was promoted by minimizing biases so as to ensure that changes in the performance of women operated enterprises reflected in the data are indeed due to credit and training offered by SMEP rather than other intervening variables. Validity was also promoted by ensuring that data are obtained from a sample that is representative of the population. The researcher's supervisors also assisted in the checking of the instrument for validity.

3.5.2 Reliability of the Instruments

Reliability on the other hand refers to the extent to which obtained scores may be generalized to different measuring occasions, measuring or test forms and measurement or test administrators. This means that if the research is repeated, the same results as those obtained originally should be obtained. To determine reliability of the findings, the same measuring instrument was administered at least two times to a pilot group separate from the sample for which the instrument was intended. The two sets of scores were then correlated by calculating correlation coefficient which is an index of reliability. A score of 0.7643 Cronbach's Alpha Coefficient was obtained and was considered high enough for the instrument to be used in the study. Cronbach's α (alpha) is a coefficient of internal consistency and an $\alpha= 0.7$ is generally accepted as reliable. It is commonly used as an estimate of the reliability of a psychometric test for a

sample of examinees. It is given by
$$\alpha = \frac{K\bar{c}}{(\bar{v} + (K - 1)\bar{c})}$$
 where K is the number of components; \bar{v} is the average variance of each component (item), and \bar{c} the average of all covariance between the components across the current sample of items, that is, without including the variances of each component.

3.6 Data Collection Procedures

The data collected was quantitative and the researcher ensured that the interview schedules were ready and well printed before going to the field. The researcher obtained the contacts of the customers from the institution, contacted them and carried out the interviews with trained field assistants to ensure proper control over the interview. The data was collected in Nakuru Municipality for a period of one month.

3.7 Data Processing and Analysis

After the data was collected, editing was carried out and this involved checking the scoring of the instrument and making necessary adjustments. Coding of the data followed so that responses could be put into a limited number of classes. Data was then grouped on the basis of common characteristics into class intervals. Tabulation, which is the arrangement of the data into a logical order, was then carried out.

Data was analyzed descriptively using frequencies, percentages and Chi-squares to describe the basic features of the data. Effects of training in budgeting and bookkeeping as well as getting credit before and after were analyzed using t-test to determine whether they were indeed significant. Results are presented in chapter 4.

CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND DISCUSSIONS OF FINDINGS

4.1 Introduction

This chapter presents results arising from the analysis of data collected using questionnaires. The data collected was analyzed using descriptive and inferential statistical methods for each variable and the findings presented in tabular summaries, and their implications discussed.

4.1.1 Response Rate

Table 4.1: Response Rate of the Questionnaires

No. of questionnaires Returned	Target No. of respondents	Response Rate (%)
310	336	92

The high questionnaire response rate (92%) shown in Table 4.1 resulted from the method of administration of the instrument, which was in this case researcher administered. This response rate was acceptable according to Mugenda and Mugenda (2003). This method also ensured that the respondents' queries concerning clarity were addressed at the point of data collection and also to ensure that the questionnaires were properly scored by the respondents. However, caution was exercised so as not to introduce bias in the process.

4.2 Descriptive Statistics

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics helped to develop the basic features of the study and form the basis of virtually every quantitative analysis of the data. The results were presented in terms of the study objectives.

4.2.1 Demographic Characteristics of the Respondents

The study first sought to determine the demographic characteristics of the respondents in order to obtain some basic insight about the respondents. The characteristics considered in the study

were; range of ages of the respondents, marital status and family size. The findings on these are summarized in Table 4.2

Table 4.2(a): Range of Ages of the Respondents

Age	Frequency	Percent (%)
Below 20 years	11	3.5
20-30 years	110	35.5
31-40 years	110	35.5
41-50 years	56	18.1
Above 50 years	23	7.4
Totals	310	100

The findings in Table 4.2(a) show that most (71%) of the respondents were aged between 20 – 40 years of age suggesting that majority were young women. These results suggest that SMEP appeared to be targeting young women in the area in their programme in a bid to address the relatively high unemployment among women in the area. The study also sought to determine the marital status of the respondents and the results on this are given in Table 4.2(b).

Table 4.2 (b): Marital Status of the Respondents

Marital status	Frequency	Percentage (%)
Single	51	16.5
Married	195	62.9
Widowed	45	14.5
Divorced	19	6.1
Totals	310	100

According to the results in Table 4.2(b), most of the respondents were married (62.9%) suggesting that they could be in business to support their families or augment the income of their spouses. In relation to this, there was also need to determine the family sizes of the respondents and the results are summarized in Table 4.2(c).

Table 4.2 (c): Family Size of the Respondents

Family size	Frequency	Percentage (%)
1-2 members	32	10.3
3-4 members	147	47.4
5-6 members	100	32.3
7-8 members	31	10
Totals	310	100

The results in Table 4.2(c) indicate that majority of the respondents households in the area comprised three to four members (47.4%). The findings also reveal that only a small proportion of the respondents had their households comprising more than seven members (10%). These findings imply that most of the respondents had manageable family sizes. The study also sought to determine the relationship between the ages of the respondents and the years they had been with SMEP. The results on this are given in Table 4.2(d)

Table 4.2 (d): Age by Relationship with SMEP in Years

Age (years)	Relationship with SMEP in years					χ^2	Pr-value
	Less than 2 years f (%)	2-3 years f (%)	3-4 years f (%)	4-5 years f (%)	More than 5 years f (%)		
Below 20	10 (91)	1 (9)	0	0	0	148.598	0.0000
20 - 30	37 (34)	67 (61)	4 (4)	0	2 (2)		
31 - 40	10 (9)	56 (51)	24 (22)	4 (4)	16 (15)		
41 - 50	6 (11)	24 (43)	12 (21)	6 (11)	8 (14)		
Above 50	0	8 (35)	0	9 (39)	6 (26)		

The results in Table 4.2(d) suggest that most (50%) of the respondents had been with SMEP for about two to three years. The results also indicate that majority of these were young women aged between twenty and thirty years. To see whether the period the group joined SMEP depended on the age of respondents a chi-square test $\chi^2=149$, $P \leq 0.000$ showing that period stayed in SMEP is dependent on age of respondent. These findings imply that the organization was mainly targeting young women of 20-40 years possibly with an

intention of inculcating business skills in them at an early age. Similarly, the study also sought to determine the relationship between the respondents' ages and the period they had been in business prior to their relationship with SMEP. The findings on these are summarized in Table 4.2(e).

Table 4.2 (e): Age by Period in Business before SMEP in Years

Age (years)	Duration in business before relationship with SMEP in years					χ^2	Pr-value
	Less than 2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
	f (%)	f (%)	f (%)	f (%)	f (%)		
Below 20	11 (100)	0	0	0	0		
20 - 30	28 (25)	69 (63)	10 (9)	2 (2)	1 (1)		
31 - 40	10 (9)	27 (25)	20 (18)	0	53 (48)	203.383	0.000
41 - 50	4 (7)	8 (14)	6 (11)	10 (18)	28 (50)		
Above 50	6 (11)	2 (9)	0	0	15 (65)		

The results in Table 4.2 (e) indicate that most (34%) of the respondents had been in business for a period of two to three years prior to their relationship with SMEP. Majority of these (63%) were young women aged between twenty and thirty years of age. To see whether the period the group joined SMEP depended on the age of respondents a chi-square test was carried out and the result indicated $\chi^2=203$, $P \leq 0.000$ showing that period stayed in SMEP is dependent on age of respondent. The findings reveal that there was a significant number of women aged between 20-30 years of age who had been in business for a period 2-3 years prior to the relationship with SMEP. These results indicate that there were a high number of women entrepreneurs in the area.

In addition, the study sought to determine in which type of industry the respondents had received most of the trainings offered by SMEP. The results are summarized in Table 4.2 (f).

Table 4.2 (f): Industry by Training Frequency

Frequency of training	Types of Industries of the SMEs					χ^2	P-value
	Food f (%)	Textile f (%)	Agricultural f (%)	Energy f (%)	Others f (%)		
Once	30 (45)	25(37)	0	2 (3)	10(15)	26.997	0.042
Twice	74(49)	36(24)	9(6)	13(9)	19(13)		
Thrice	37(51)	21(29)	9(12)	2(3)	4 (5)		
Four times	4(50)	4(50)	0	0	0		
Five times or more	6 (55)	2(18)	1(9)	2(18)	0		

The findings in Table 4.2(f) reveal that majority (49%) of the respondents who had received most of the trainings were in the food industry. The findings also indicate that majority (48.7%) of the respondents had received training twice from the organization. These findings indicate that most of the women –owned business in the area were in the food and textile sectors although agricultural and the energy sector also counted but were limited by the geography of the area and the skill level required of the women.

4.2.2 Effects of Training in Budgeting and Bookkeeping

The study first sought to determine the extent to which training offered by SMEP influenced Budgeting and Bookkeeping of women-owned enterprises in Nakuru Municipality. This objective was realized by asking the women entrepreneurs in the area who had received credit and training from this financial institution to react to several statements describing the usage of various aspects of budgeting and bookkeeping prior to and after receiving credit and training from the organization. The status of training in Budgeting and Bookkeeping were rated on a 5 point Lickert scale ranging from; 1 = very poor to 5 = very good. The results on this are summarized in Table 4.3.

Table 4.3: Status of Budgeting & Bookkeeping before & after Receiving Credit & Training

Areas of book keeping and budgeting	Period	mean	Mean	Paired Differences			t	Sig. (2-tailed)
				Difference	Std. Error Mean	95% Confidence Interval of the Difference Lower Upper		
Income projection	After	4.34						
	Before	2.52	1.82	0.049	1.723	1.915	37.301	0
Anticipated expenses	After	4.25						
	Before	2.36	1.89	0.051	1.79	1.99	37.131	0
Financial goals	After	4.23						
	Before	2.48	1.75	0.067	1.616	1.881	26.024	0
Petty cash book	After	4.54						
	Before	2.79	1.75	0.06	1.631	1.866	29.33	0
Records of assets & liabilities	After	4.11						
	Before	2.24	1.87	0.057	1.762	1.987	32.73	0
Profit & loss account	After	4.12						
	Before	2.43	1.687	0.067	1.555	1.819	25.162	0

The results in Table 4.3 indicate that the status of income projections was poor (mean = 2.52) as a result of poor anticipation of expenses (mean = 2.36) or hidden expenses and unrealistic setting of financial goals for the businesses (mean = 2.48) prior to training and receiving credit with SMEP. The findings also indicate that the petty cash books were poorly kept (mean = 2.79) prior to training and credit and the keeping of records of assets and liabilities was also rated as poor (mean = 2.24) while the entrepreneurs were not also able to rightly appraise their profit and loss accounts (mean = 2.43). However, it is evident from the results that there was a marked improvement in the situation to a good status in terms of income projections (mean = 4.34) after receiving credit and training from SMEP as the respondents were now able to correctly anticipate expenses (mean = 4.24) and realistically set financial goals (mean = 4.23). The training received from the organization had also enabled the entrepreneurs to improve their management of their petty cash books (mean = 4.54), their management of records of assets and liabilities (mean =

4.11) and also their profit and loss accounts (mean = 4.12). The results also suggest that all the differences in the means of the performance of the predictors of this variable both before and after receiving credit and training from the organization lied within the confidence intervals and, therefore, were significant. These improved responses after receiving credit and training imply that the credit terms offered by SMEP to the women entrepreneurs in the area were manageable and could also mean that the training methods were generally effective.

4.2.3 Effects of Training in Marketing Techniques

The second objective sought to determine the effectiveness of training in marketing techniques by SMEP on women-owned enterprises in Nakuru Municipality. In order to achieve this objective, the respondents were asked to respond to various questions describing the application of their acquired marketing techniques on their businesses before and after the training. The responses of this variable were rated on a 5 point Lickert scale ranging from; 1 = very low to 5 = very high. These results are presented in Table 4.4

Table 4.4: Training in Marketing Techniques before and after credit and Training

Area of marketing Techniques	Period	Mean	Difference	Paired Differences				t	Sig. (2-tailed)
				Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference			
						Lower	Upper		
Customer support	After	4.31							
	Before	2.52	1.79	1.168	0.066	1.66	1.921	26.99	0
Rating after sale service	After	3.87							
	Before	2.22	1.655	1.199	0.068	1.521	1.789	24.31	0
Customer retention	After	4.23							
	Before	2.49	1.745	1.489	0.085	1.579	1.912	20.64	0
Pricing	After	4.79							
	Before	2.6	2.197	3.184	0.181	1.841	2.553	12.15	0
Promotional sales	After	4.23							
	Before	2.53	1.703	1.451	0.082	1.541	1.865	20.67	0

Looking at Table 4.4, it can be noticed majority of the respondents had poor approaches to customer support (mean = 2.52 before training and credit with SMEP. This was evidenced by the poor after sales services (mean = 2.22) and customer retention techniques (mean = 2.49). The findings also indicate that product pricing prior to receiving training was poor (mean = 2.6) as was promotional sales (mean = 2.53). The results further reveal that training and credit access from the organization dramatically impacted on the marketing techniques of the respondents. This was indicated by the improvement in customer support (mean = 4.31) , the high means indicating that most respondents agreed that their customer support was now very good as a result of the training. However, there was some slight improvement in sales services (mean = 3.87). Training and credit had also improved after and customer retention techniques (mean = 4.23) and pricing techniques (mean = 4.79) as a result of improved product presentation comparatively. Promotional sales had also improved as a result (mean = 4.23). The differences in means all paired values were significant implying that there were indeed challenges in marketing and that providing credit and training had significantly changed the situation for the better.

4.2.4 Effects of Training in Risk Management

In a similar way, the study also sought to determine whether training had influenced risk management of women-owned enterprises in the area. This objective was measured by asking the respondents to give their opinions on how they handled business risks before and after receiving credit and training from SMEP. The responses of this variable were rated on a 5 point Lickert scale ranging from; 1 = very poor management to 5 = very good management. The results on these are summarized in Table 4.5

Table 4.5: Status of Women-Owned Enterprises before and after Training in Risk Management

Areas of Business Risk Management	Period	Mean	Paired Differences				t	Sig. (2-tailed)
			Difference Mean	Std. Error Mean	95% Confidence Interval of the Difference			
					Lower	Upper		
Credit risk credit	After	4.63						
	Before	3.81	0.816	0.065	0.689	0.943	12.621	0
Market risk	After	4.51						
	before	3.92	0.594	0.066	0.463	0.724	8.977	0

The findings in Table 4.5 reveal that prior to receiving credit and training, majority of the women entrepreneurs in the area were not sure about their credit risk management practices in their businesses (mean = 3.81). Similar results were obtained in terms of market risk assessment by the entrepreneurs most of who said they were uncertain about managing market risk (mean = 3.92) prior to the training and receiving of credit from the organization. The findings, however, show that there was a marked improvement in credit risk management (mean = 4.63) after they had received credit and training from SMEP and also in market risk management (mean = 4.51). The mean difference of the situation before and after receiving credit and training in terms of managing credit risk and market risk were significant and within the confidence limits. These findings suggest that majority of the women entrepreneurs in the area had no risk appreciation in their business operations prior to receiving training and this could have led to several losses and underperformance of their businesses.

4.2.5: Performance of Women-Owned Enterprises after Receiving Training and Credit from SMEP

Finally, the study sought to establish how the women owned enterprises in the area had performed as a result of the training and credit advanced to them from the organization. The findings on this are as discussed as follows; first, the study sought to determine whether there

had been an improvement in the sales output and number of customers served. The findings on this are given in Table 4.6

Table 4.6: Status of Performance of Women-Owned Enterprises after receiving Training and Credit from SMEP

Performance Determinants	Status			χ^2	P-Value
	Increasing f (%)	Static/same f (%)	Decreasing f (%)		
Annual sales	237(76.4)	48(15.5)	25 (8.1)	136.16	0
Customers served	231(74.5)	40(12.9)	39(12.6)	291.224	0

The findings in Table 4.7 suggest that there had been an improvement in the annual sales output volumetrically. Most (76.4%) of the respondents claimed that their businesses had registered increases in sales volumes. This could be as a direct consequence of the increase in the number of customers served (74.5%). The increasing sales and number of customers that needed to be served was expected to have a direct influence on the staffing requirements of the enterprises. The study findings on this are given in Table 4.7.

Table 4.7: Status of Employees' Addition in Women-Owned Enterprises after Receiving Training and Credit from SMEP

Number of Employees	0 (owner) f (%)	Status			χ^2	P-Value
		1 – 2 f (%)	3 - 4 f (%)	5 or more f (%)		
Before	243(78.4)	41(13.2)	18 (5.1)	8(2.3)		0
After	75(24.2)	199(64.1)	16(5.1)	18(5.6)	83.436	0

The findings in Table 4.7 indicate that there had been an improvement in the number of employees after training and credit. Most of the business relying on the owner as the sole employee (78.4%) had dropped after training to 24.2% while those that now had employees had increased from 13.2% to 64.1%. this implies that the training had in a way enlightened the entrepreneurs on the need for employees as a way of reducing the work load

4.3 Inferential Statistics

Z-tests for comparing two related samples were done to evaluate the relationships between the status of the variables both before and receiving training and credit based on their means. The statistic was calculated and used to establish the significance of training and credit on the overall performance of the women owned enterprises. The findings presented in the following subsections.

4.3.1 Z-Tests Results and Hypothesis Testing

The study used the z -tests to compare the differences in the means of the determinants of the variables before and after the training and receiving credit. The significance level was measured at 5% and one tailed in all cases and the rejection region was right handed.

H0₁: Obtaining credit and training have not significantly influenced budgeting and bookkeeping in women-operated businesses in Nakuru Municipality

The study first sought to test whether obtaining credit and training have significantly influenced budgeting and bookkeeping in women-operated businesses in Nakuru Municipality. These results are shown in Table 4.8

Table 4.8: Z-Tests Results on the Status of Bookkeeping and Budgeting Before and After Training and Credit

Apects of Bookkeeping and Budgeting	Credit and training		z-statistic
	Before Mean	After Mean	
Income projection	2.52	4.34	17.52
Anticipated expenses	2.36	4.25	18.62
Financial goals	2.48	4.23	16.98
Petty cash book	2.79	4.54	5.575
Records of assets and liabilities	2.24	4.11	14.27
Profit and loss account	2.43	4.12	-2.27

The results in Table 4.8 indicate that budgeting and bookkeeping improved in the businesses as a result of receiving training and credit. The z-tests reveal that $z > 1.960$; $\alpha < .05$; $df = 309$; $p = 0.000$ which shows that bookkeeping was statistically significant to the performance of women

owned enterprises in the area. The results also indicate that the z-values for all the means of the indicators of the status of this variable save for the one for profit and loss both before and after the interventions were greater than the critical value for a one tailed test leading to the rejection of the null hypothesis. This implied that obtaining training and credit from the organization did improve the women business operators bookkeeping and budgeting skills. This suggests that more training in budgeting and bookkeeping could reduce the underperformance of the businesses and, therefore, needed to be emphasized as majority of the women entrepreneurs interviewed in this study had only trained for a maximum of two sessions and obtained credit twice from the training organization. However, the findings on the management of profit and loss account ($Z = -2.27$) indicate that there was need for more training focus in this area as it appears that the entrepreneurs had not fully grasped the concept. These findings agree with those of Karlan and Valdivia (2006) pointed out that the goal of the business training intervention is two-fold: to improve business outcomes and overall welfare for clients and to improve institutional outcomes for the microfinance institution. In the latter sense, the implication is that the credit risk significantly reduced when dealing with trained clients especially those who knew how to budget and keep their books. It also agrees with Edgcomb (2002) who also found out that training increased the likelihood that individuals reinvested profits in their business by four percentage points.

H0₂: Obtaining credit and training have not significantly influenced marketing techniques in women-operated businesses in Nakuru Municipality

The study then sought to test whether obtaining credit and training have significantly influenced marketing techniques in women-operated businesses in Nakuru Municipality. These results are shown in Table 4.9

Table 4.9: Z-Tests Results on the Status of Marketing Techniques before and after Training and Credit

Apects of Marketing Techniques	Credit Before Mean	and Training After Mean	z-statistic
Customer support	2.52	4.31	16.86
After sales service	2.22	3.87	16.01
Customer retention techniques	2.49	4.23	15.197
Pricing	6.63	11.01	19.66
Product presentation	8.45	14.45	21.37
Sales promotion	10.40	12.96	14.78

The results in Table 4.9 indicate that there was a significant change in the status of marketing techniques and improved after training and receiving credit. The z-tests reveal that the means were greater than $z > 1.960$; $\alpha < .05$; $df = 309$; $p = 0.000$ which was in the rejection area of the one tailed test and led to the rejection of the null hypothesis. This meant that a significant relationship existed between obtaining credit and training and marketing techniques in the women-operated businesses in the area. This suggests that training in marketing techniques were important aspects of business training and could significantly improve the performance of these businesses. These findings support those of Kessy and Temu (2010) who found out that, assets, average revenue, number of employees and market outreach were higher for enterprises owned by those who attended trainings as compared to those of who did not attend training. Hence, training in marketing techniques and consequently obtaining credit was a significant element of the performance of the women-owned business in the area and needed to be given priority.

H0₃: Obtaining credit and training have not contributed significantly influenced risk management in women-operated businesses in Nakuru Municipality

The study further sought to test whether obtaining credit and training have significantly influenced risk management in the women-operated businesses in Nakuru Municipality. These results are shown in Table 4.10

Table 4.10: Z-Tests Results on the Status of Business Risk Management before and after Training and Credit

Apects of Business Risk Management	Credit Before Mean	and Training After Mean	z-statistic
Credit risk	2.60	4.79	15.045
Market risk	2.53	4.23	16.093

The findings on risks management in Table 4.10 suggest that it was significant to the performance of the business after the training with $z > 1.960$; $\alpha < .05$; $df = 309$; $p = 0.000$ for a one tailed test, leading to the rejection of the null hypothesis. These findings show that the ability of the women entrepreneurs to handle risk improved significantly as a result of the training and credit from SMEP. This meant that the approach to training by SMEP was actually improving the risk management practices in the women operated businesses in thge area. This suggests that more training in risk management could be instrumental in reducing the underperfomance of the businesses and, therefore, needed to be emphasized as majority of the women enterpreneurs interviewed in this study demonstrated that prior to training they were unable to manage their business risks successfully. These findings agree with those of Bridge et al., (2003) who pointed out that it is not just finance that most businesses lack but also management skills risk management being one of them. Hence, this study finds the training in risk management significantly reduced the underperformance of the women-owned businesses in the area and, therefore, should not be overlooked during training.

H04: Obtaining credit and training offered by SMEP have not significantly improved the performance of women-operated businesses in Nakuru Municipality

Finally, the study carried out a z-test on the status of the performance of the enterprises prior to and after intervention. The results on this are as shown in Table 4.11.

Table 4.11: Z-Tests Results on the Status of Business Performance before and after Training and Credit

	Credit Before Mean	and Training After Mean	z-statistic
Performance	2.46	3.95	23.34399

The findings in Table 4.11 indicate that there was a significant change in the performance of the business before and after the training and credit. The z-statistic, $Z_c = 23.34399 > Z_{\alpha} 1.960$; $\alpha < .05$; $df = 309$; $p = 0.000$, leading to the rejection of the null hypothesis. Consequently, this led to the conclusion that the training and credit has a significant positive impact on the future performance of the enterprises. This implies that more training and credit interventions could lead to better performance of the businesses and, therefore, needed to be emphasized. These findings are consistent with those Kessy and Temu (2010) who carried out a similar study involving respondents who had and those who had not received credit and training support from microfinance institutions to establish whether there was any significant difference between the growth indicators of enterprises owned by recipients of the training against those owned by those who had not received the training. Their study found that, assets, average revenue and number of employees were higher for enterprises owned by those who attended training as compared to those of who did not attend training implying that credit and training interventions significantly improved the performance of the businesses.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a detailed summary of the major findings of the actual study; it then draws conclusions and discusses implications emanating from these findings. Finally, it makes some recommendations and suggestions on areas of further study. The general objective of this study was to determine the effect of the training and credit offered by SMEP on the performance of enterprises owned and operated by women customers. Specifically it aimed to determine whether credit and training in budgeting and bookkeeping, marketing techniques and risk management offered by SMEP have led to a significant influence on the performance of women-owned enterprises in Nakuru Municipality.

5.2 Summary of Major Findings

The findings reveal that all the variables in the study were significant in performance of the women owned business in Nakuru Municipality.

5.2.1 To determine whether obtaining credit and training offered by SMEP have contributed significantly to the usage of budgeting and bookkeeping in women-operated businesses in Nakuru Municipality

Credit and training in budgeting and bookkeeping offered by SMEP resulted in a positive response that could imply that the credit terms offered by SMEP to the women entrepreneurs in the area were manageable and could also mean that the training methods were generally effective. A z-test showed that there was a significant improvement in budgeting and bookkeeping after receiving training and credit from the organization. This led to the finding that the training and credit intervention was making a positive impact on the performance of women-operated businesses in the area. However, there was need to focus more on the profit and loss aspect of training as this area was underperforming. Hence, more training in budgeting and bookkeeping could improve the performance of the businesses.

5.2.2 To establish whether credit and training offered by SMEP had a significant influence in the usage of marketing techniques in women-owned enterprises in Nakuru Municipality.

With respect to this variable the study found that though marketing was significant to the performance of the businesses, it was not covered well during the trainings resulting in a not so strong performance. A z-test analysis shows that a significant change occurred after receiving obtaining credit and training and marketing techniques resulted in the rejection of the null hypothesis. This suggested that training in marketing techniques was an important aspect of business training and improved the performance of the businesses. However, most of the businesses were concentrated in the food and textile industry resulting in much competition and it was also observed that the enterprises locations did not change much. This had the effect of lowering their competitiveness.

5.2.3 To find out if credit and training in risk management offered by SMEP in Nakuru Municipality have had significant influence on the performance of women-owned enterprises in the area

The study also found that the women entrepreneurs who had received credit and training from SMEP had generally improved their risk handling capabilities. The z-test showed a significant relationship existed between the status of training risk management before and after receiving training and credit. Consequently, this led to the rejection of the null hypothesis and suggested that more training in risk management needed to be done in order to reduce the underperformance of the businesses. Therefore, this needed to be emphasized as majority of the women entrepreneurs interviewed in this study demonstrated that prior to training they were unable to manage their business risks successfully. The areas covered in risk management were mainly concerned with the repayment of credit and appraising the market as opposed to other business risks. These findings agreed with those of Bridge et al., (2003) who found a positive association between management training and performances off small businesses.

5.2.4 To establish whether obtaining credit and training offered by SMEP had significantly improved the performance of women-operated businesses in Nakuru Municipality

Finally, the findings on effects of the interventions on the performance of the women-owned enterprises revealed that the interventions had significantly improved the performance of the enterprises. The z-tests on this indicated that there was a significant change in the means of the businesses before and after the interventions. This implied that more training and credit interventions raised the performance status of the businesses and, therefore, were necessary. However, there was need to strengthen and broaden the scope of these interventions to add more value to the businesses. These findings were found to be consistent with those of other similar studies like Kessy and Temu (2010) who found that, assets, average revenue and number of employees were higher for enterprises owned by those who attended training as compared to those of who did not attend training implying that credit and training interventions significantly improved the performance of the businesses.

5.3 Conclusions

Based on the results of this study it can be concluded that there was a general improvement on the performance of the businesses as a result of the training. More training in budgeting and bookkeeping could significantly reduce the underperformance of the businesses although the credit terms offered by SMEP to the women entrepreneurs in the area also appeared to be manageable and the training approaches could be generally effective. Training in marketing techniques was also an important aspect of business training and reduced the underperformance of the businesses. However, it was also observed that the training did not cover all areas resulting in notable gaps in performance output. Training in risk management was instrumental in improving the businesses approach by the women entrepreneurs and, therefore, needed to be emphasized as the study found that the women were having a risky approach to business before training. Finally the study also finds that more training in group dynamics could significantly reduce the underperformance of the businesses especially as a means of improving group cohesion. The results arising from the Z-test analysis shows that all the variables of the study were indeed significant and as such were factors of performance of the women-owned businesses.

5.4 Recommendations

In line with the study findings above the following recommendations are made;

Training frequency need to be increased as majority of the women entrepreneurs interviewed in this study had only trained for a maximum of two sessions and obtained credit twice from the training organization. This was deemed insufficient.

More coverage need to be made in the training of marketing techniques as most of the women entrepreneurs had not fully grasped the concepts and it was affecting their growth prospects.

There is need to increase more training aspects in risk management in order to give the women entrepreneurs more depth in the area and consequently improve their business outlook.

5.5 Recommendations for Further Research

The study thus recommends that further research be done in the following areas: The effect of technology adoption in the performance of women owned enterprises and; the effect of capital management training on the performance of women owned businesses. This is informed by the growing need for technology adoption in business management and value addition of products. Use of technology in the business will competitively position the women-owned enterprises in the market. Also as much as there has been training in business by the organizations the issue of capital management needs a more detailed coverage and, hence, further investigation in this area through research first is important.

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Appendix 1: Letter of permission

Chebet Joan Kirui,
P.O Box 17580-20100,
Nakuru.
Tel: 0725862637

The Human Resource Manager,
SMEP,
Head Office,
Nairobi.
Through the Nakuru branch manager.

Dear Sir,

Ref: Permission to carry out a research on the effect of credit and training carried out by SMEP on the performance of women operated enterprises in Nakuru Municipality.

I wish to conduct a study on the effect of credit and training offered by SMEP on the success of women-operated enterprises in Nakuru Municipality in a period of two months. This is as part of the requirement for the completion of Master of Business Administration degree which I am currently pursuing at Kabarak University. The aim of this research is to determine the effect of credit and training offered by the bank on the performance of women-operated enterprises. At the end of the study, a feedback of the findings of the study will be relayed to SMEP to enhance relevant actions in terms of interventions.

There will be no direct benefits for those participating in the study. In addition there will be no risks involved. All the information gathered in this study will be confidential and will only be used for academic purposes. Respect and dignity will be maintained during the study.

Attached is a copy of the study approval from the supervisors.

Thank you in advance for your consideration.

Yours faithfully,

Chebet Joan Kirui.

Appendices

Appendix 2: Interviewer Administered Questionnaire

Dear respondent,

I am a Kabarak University student pursuing a degree course in Master of Business Administration and currently carrying out a research on the effect of credit and training offered by SMEP on the performance of women-operated enterprises in Nakuru Municipality. I hereby humbly ask for your assistance in filling this questionnaire to the best of your knowledge.

Any information given is strictly intended for academic purposes only and it will be treated with utmost confidentiality.

SECTION A: PERSONAL DATA

1. How old are you? Tick where appropriate.

(01) Below 20 years (02) 20-30 years [] (03) 31-40 years []

(04) 40-50 years [] (05) above 50 years

2. What is your marital status?

(01) Single (02) Married (03) Widowed (04) Divorced

3. How many are you in your family?

(1) 1-2 [] (02) 3-4 [] (03) 5-6 [] (04) 7-8 [] (05) More than 8

4. For how long have you been a customer of SMEP?

(1) Less than 1-2 year [] (02) 2-3 years [] (03) 3-4 years []

(04) 4-5 years [] (05) More than five years []

5. For how long had you been operating this business before you received support from SMEP?

(01) Less than 1 - 2years [] (02) 2-3years [] (03) 3-4 years [] (04) 4-5 years

(05) More than 5 years []

6. What industry are you operating in?

- (1) Food [] (02) Textile [] (03) Agricultural [] (04) Entertainment []
(05) Energy []

7. Types of products or services offered_____

SECTION B: EFFECT OF CREDIT AND TRAINING OFFERED ON THE PERFORMANCE OF WOMEN-OPERATED ENTERPRISES

8. How many times have you received credit and training from SMEP?

- (01) Once [] (02) Twice [] (03) Three times [] (04) Four times []
(05) Five or more times []

9. How do you rate the coverage of the following topics during the training? Tick where appropriate

Topic	Very Good 5	Good 4	Fair 3	Poor 2	Very poor 1
Budgeting					
Book keeping					
Customer relation					
Risk management					
Group dynamics					
Marketing					

10. (a) What has been the level of target achievement of the following features of budgeting in your business? For instance daily, weekly or monthly target. (Tick that which matches the view.)

(i) After credit and training

Feature	Very high 5	High 4	Average 3	Low 2	Very low 1
Income projections					
Anticipated expenses					
Financial goals (e.g savings					

(ii) Before credit and training

Feature	Very high 5	High 4	Average 3	Low 2	Very low 1
Income projections					
Anticipated expenses					
Financial goals (e.g savings					

(b) How well are the following books of accounts kept? (Tick that which matches the view.)

(i) After credit and training

Book	Very well 5	Well 4	Poorly 3	Very poorly 2	Not kept 1
Petty cash book					
Records of assets and liabilities					
Profit and loss account					

(ii) Before credit and training

Book	Very well 5	Well 4	Poorly 3	Very poorly 2	Not kept 1
Petty cash book					
Records of assets and liabilities					
Profit and loss account					

(c) How do you rate the usage of the following activities of customer service?

(i) After credit and training.

Feature	Very high 5	High 4	Average 3	Low 2	Very low 1
Customer support(e.g training on use of product)					
After sale service (e.g transport, gifts)					
Customer retention techniques (e.g discounts to frequent customers)					

(ii) Before credit and training

Feature	Very high 5	High 4	Average 3	Low 2	Very low 1
Customer support(e.g. training on use of product)					
After sale service (e.g. transport, gifts)					
Customer retention techniques (e.g. discounts to frequent customers)					

(d) How have you managed to handle the following features of risk?

(i) After credit and training

Feature	Very well 5	Well 4	Not sure 3	Poorly 2	Very poorly 1
Credit risk (loans and business creditors)					
Market risk e.g. competition					

(iii) Before credit and training

Feature	Very well 5	Well 4	Not sure 3	Poorly 2	Very poorly 1
Credit risk (loans and business creditors)					
Market risk e.g. competition					

(e) From the following table on group dynamics, please tick for each statement the column that matches your view most closely.

(i) After credit and training

Statement	Strongly agree 5	Agree 4	Neutral 3	Disagree 2	Strongly disagree 1
After receiving credit and training, we have managed to resolve group conflicts very well.					
After credit and training the rate of credit repayment has improved significantly amongst our group members.					
After credit and training our group meetings have been very well coordinated.					

(iv) Before credit and training

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	5	4	3	2	1
Before receiving credit and training, resolving group conflicts was poor.					
Before credit and training the rate of credit repayment was poor amongst our group members.					
Before credit and training group meetings were poorly coordinated.					

(f) What level of usage have you put on the following factors of marketing into your business?

(i) After training

Factor	Sub-factor	Very high 5	High 4	Average 3	Low 2	Very low 1
Pricing	List price					
	Discounts					
	Credit terms					
Product	Variety					
	Quality					
	Features					
	Packaging					
Place	Distribution channels					
	Area coverage					
	Transportation					
Promotion	Word of mouth					
	Posters					
	Local radio or newspaper					

	Text messages					
	Sales people					
	Personal selling					

(ii) Before training

Factor	Sub-factor	Very high 5	High 4	Average 3	Low 2	Very low 1
Pricing	List price					
	Discounts					
	Credit terms					
Product	Variety					
	Quality					
	Features					
	Packaging					
Place	Distribution channels					
	Area coverage					
	Transportation					
Promotion	Word of mouth					
	Posters					
	Local radio or newspaper					
	Text messages					
	Sales people					
	Personal selling					

11. What is your position on repaying the credit given by the bank?

(03) Paid fully []

(02) Still paying []

(01) Unable to pay []

12. Since you received training and credit, what has been the status of annual sales revenues compared to the period before?

(03) Increasing []

(02) Static/same []

(01) Decreasing []

13. Since you received training and credit, what change have you experienced in terms of customers served compared to the period before?

(03) Increasing []

(02) Static/same []

(01) Decreasing []

14. How many products have you introduced to the business since you received credit and training as compared to those introduced before?

(03) More than 5 []

(02) 3 to 5 []

(01) 0 to 2 []

15. How many employees, if any did you have before and after training? (Tick where appropriate)

No. of employees	0 (Owner)	1 – 2	3-4	5 or more
Six months before				
After				

16. What is the overall performance of the business since you received credit and training?

Performance	Very high	High	Average	Poor	Very poor

17. What was the overall performance of the business before you received credit and training?

Performance	Very high	High	Average	Poor	Very poor

18. What do you suggest that SMEP further do to ensure the credit and training you receive become more useful to your business?

.....

I sincerely appreciate your co-operation.