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INFLUENCE OF MICRO-FINANCE NON-FINANCIAL SERVICES ON FINANCIAL PERFORMANCE OF SMALL ENTERPRISES IN KENYA

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ABSTRACT: *Small Enterprises are now recognized globally as drivers of economic growth and development and it is agreed that the microfinance sector is a major backbone in the sustenance and survival of small enterprises. The study employed descriptive research design. A sample of 67 respondents was picked through stratified random sampling technique. Questionnaires through self-administration were used to collect data. Inferential data analysis was done. All the three null hypotheses were rejected. The results of the study indicated that record keeping on its own explained 22.4% of variability of financial performance of small enterprises in Kenya whereas credit management advisory and budgeting and control explained 35.7% and 22.9% respectively. The joint independent variables together explained 70.1% of the variability of financial performance. The study concluded that there is indeed a significant influence of record keeping, credit management advisory and budgeting and control on financial performance of small enterprises in Kenya. However, there are other factors that explain the variability of the financial performance in small businesses in Kenya that were not included in the model.*

KEYWORDS: Credit Management Advisory, Record Keeping, Budgeting and Planning, Financial Performance

INTRODUCTION

Small businesses play an important role in developing economies and in alleviating poverty through employment. Globally, small enterprises are now recognized as drivers of economic growth and development. Chijah and Forchu (2010) argue that the promotion of small enterprises in developing countries is justified in their abilities to faster economic growth, alleviate poverty and generate employment.

In India, the labor intensity of the small enterprises constitutes over 90% of total enterprises and is credited with generating the highest rate of employment growth and account for major share of industrial production and exports (Government of India, 2007). It is further postulated that the rapid of expansion of small enterprises in India directly contributed to economic growth of the country (Piotr & Rekowski, 2008). However, the small enterprises sector in India has been experiencing the most pressing constraint of financing and non-financial services which is slowly

being sorted out through micro-financing (Baumol, 2008). Micro finance is perceived as the provision of financial and non-financial services by micro finance institutions (MFIs) to low income groups without tangible collateral but whose activities are linked to income generating ventures (Lidgerwood, 1999).

Like other countries of the world, small enterprises in Nigeria have the tendency to serve as sources of livelihood to the poor, create employment opportunities, generate income and contribute to economic growth (Salta, 2003). Despite its increasing roles, the major barrier to rapid development of this sector is a shortage of both debt and equity financing (UNCTAD, 2002). It is further noted that small firms rely proportionally more on non-bank sources of financing such as internal funds (savings, retained earnings, family network) and the informal sector (money lender), as a result of their inability to produce the collateral requested by commercial banks. This further is supported by the finding that the microfinance industry in Nigeria is a major backbone in the sustenance and survival of small enterprises (Abiola, 2011). It is also pointed out that the predominant credit facility available to small and medium scale business in Nigeria is bank overdraft, and short-term loans -asset based loans (Ogujiuba, Ohuche & Adenuga, 2004)

In Uganda, the microfinance industry is playing a critical role in providing a range of financial and non-financial services to both urban and rural communities. The institutions in this industry include moneylenders, micro-finance agencies, non-governmental organizations (NGOs), rural farmers' schemes and savings societies that provide savings and/or credit facilities to micro and small-scale business people who have experienced difficulties in obtaining such services from the formal financial institutions. The services are through the products such as, loans, deposits taking, savings, micro-insurance, money transfer services, and financial education. The provision of such services is expected to contribute to the growth of small enterprises in terms of business capital, stock accumulation and increase in employment levels to improve household incomes (Nahanya, Ajanga, Omele, Nasinyama, & Tumwine, 2013).

In Kenya, the small business sector has both the potential and the historic task of bringing millions of people from the survivalist level including the informal economy to the mainstream economy. This sector employs over 40 per cent of the working population. As much as majority of the micro and small enterprises (MSEs) in Kenya operate informally, there are over 35,000 formal MSEs that employ over 40 per cent of the working population (Kenya Economic Report, 2013).

The nature of small enterprises globally is that most of them are not able to access non-financial and financial services from the formal banking system. This is mainly due to the behaviour of lenders hedging against borrowers' risks by demanding collateral, which they lack, and also information asymmetry. Consequently, borrowers who are willing to pay prevailing credit interest rates cannot access the funds at those rates because lenders are unwilling to lend to them due to dearth of information about them and lack of collateralisable assets, severely constraining their access to non-financial and financial services (International Finance Corporation, 2000).

The growth of small enterprises sector in Kenya is facing many challenges including access to finance, management, infrastructure and government policy (Gichuki, Njeru, & Ondabu, 2014). Further, access to non-financial services is one of the key drivers towards development of small enterprises. Studies by Diagne and Zeller (2001) in relation to non-financial services and financial performance concluded that access to non-financial services is a major constraint for small scale entrepreneurs

The issue of public auction had been forgotten and has been removed from the mind of people in Kenya. The economy was seen as growing by not reporting such incidents. However, in the last two years, there have been reports about goods that are being auctioned. Why is this drastic change? Is it because of the impact of the last general election? Or are there other underlying factors? Why is it only the small businesses failing and the large institutions continue to report increased profits? Therefore, this study evaluated the influence of micro finance non-financial services on financial performance of small enterprises in Kenya. The study was guided by three null hypotheses;

H_{01}: There is no statistically significant influence of record keeping on financial performance of small enterprises in Kenya

H_{02}: There is no statistically significant influence of credit management advisory on financial performance of small enterprises in Kenya

H_{03}: There is no statistically significant influence of budgeting and control on financial performance of small enterprises in Kenya

THEORETICAL UNDERPINING

Two schools of thought, the Austrian School and the Classical Economist were the first to acknowledge the role of the entrepreneur in small business development; they recognized the entrepreneur as an individual with special characteristics. Knight (1921) described an entrepreneur as someone that has the willingness and superior ability to make decisions, raise capital and assume the risk of failure. In the same vein, Schumpeter (1939) added among other things, the fact that an entrepreneur has the superior ability to perceive new market opportunities. He sees an entrepreneur as an innovator.

According to the Austrian school, people have certain characteristics that are associated with the productivity for entrepreneurship. Individuals who have more of these characteristics are more likely to become entrepreneurs than those who have fewer. An individual chooses to create a new business so as to maximize his expected utility. This utility is a function of entrepreneurial activity or wage income, and of attitudes that affect the utility that the person derives from entrepreneurial activity, such as one's taste toward work effort, risk, independence and working close to customers. Income, in turn, depends on the individual's ability to generate profit, such as managerial abilities to raise capital, and abilities to perceive new market opportunities and to innovate (Papadaki & Chami, 2002).

The classical school extended analysis of the decision to start a business to that of the decision to grow the business. According to Davidson (1991), firm growth is an indication of continued entrepreneurship. Davidson notes that economic theories take the willingness to grow a business for granted, by assuming profit maximization. However, empirical evidence suggests that small business owners are reluctant to grow even if there is room for profitable expansion and that profitable firms of different sizes co-exist within industries. According to Papadaki and Chami (2002), theories on small business growth and development view business growth from an organizational life cycle perspective, which sees growth as a natural phenomenon in the evolution of the firm, other perspective sees growth as a consequence of strategic choice. It is obvious that attributes of the business owner, organizational resources and environmental opportunities are crucial in expanding the firm and in overcoming the barriers to the evolution of the firm from one stage to the next. Welborne, Neck and Meyer (2013) distinguished between a business owner and an entrepreneur. According to them, an entrepreneur is committed to the growth of the business. Growth is the very essence of entrepreneurship," and commitment to growth is what primarily distinguishes small business owners and entrepreneurs.

These two theories supplement the whole argument on whether entrepreneurs are made or born. Businesses are started, some fail even within the first year and others grow to become giant businesses. Why will businesses fail and others grow? It is due to people’s attitude and abilities. Those who have good attitude and entrepreneurial ability will always succeed in business. Thus, this theory explains this study of small businesses to a large extent.

Record keeping is the first essential step of accounting which as a system provide a source of information to owners and managers of small enterprises operating in any industry for use in the measurement of financial performance. The importance of financial performance measurement to any business entity cannot be overemphasized. In this sense, the accounting bases, concepts and principles adopted ought to capture the relevant accounting information to ensure reliability in its measurement. Cooley and Edwards (1983) contend that reported profits reflect changes in wealth of business owners. This can explain why major economic decisions in business are centered on financial performance as measured by profitability. Moreover, European Commission (EC), 2008) affirms that accounting information is important for a successful management of any business entity, whether large or small operators especially those in small enterprises perceive recordkeeping as a chore that must be done to simply get back some much needed cash at the end of a particular period of time for example after an year. However, accurate recordkeeping is not as important to many business operators. With this perspective, it is no wonder so many of these businesses fail from the beginning. If one does not keep accurate and complete records, the success of business will be threatened in many ways. For example one may end up paying more tax than is due because of lack of evidence of tax deductible expenditure or land inaccurate sales. If one pays an accountant to prepare the business accounts they will charge based on how long it will take them. If one's records are more accurate this will reduce the time taken and therefore reduce the amount they charge (Commonwealth of Australia, 2010). The aforementioned reasons are sufficient to ensure one keeps good books and records but the most important reason is to ensure one has control over the business and that one can assess its profitability and the cash flow situation therefore ensuring awareness of any potential

problems as soon as possible and can make business decisions with all available information at hand. In order to achieve this crucial control of a business, one has to consider keeping accurate records. This leads one to find out which records must be kept for the purpose of the success of a business. Record keeping helps in acquisition of financing from financial institutions. The financial institutions usually require adequate financial statements to provide the loans for expansion purposes. Record keeping usually acts as the guide to the preparation of financial reports and banks assess these financial reports before granting loans. They also assist in making inventory decisions like product diversification decisions so as to improve sales and profitability. Businesses must always confirm from the books which goods and services easily sell for them to invest in them. This can be confirmed by checking which goods are easily emptied from the stores. Businesses can easily be monitored with the proper records and this will facilitate sound business decisions being made, for example; by keeping track of debtors and creditors.

Critical researches have been conducted in the past concerning small businesses. Some findings of these studies have a well-founded advocacy for the intended intervention measures in this sector. Perhaps it would be more systematic to commence with the findings of the studies carried out in favour of the importance of the small enterprises in the developing countries. To start with, small enterprises cut across all sectors of the developing economies and provide one of the most prolific sources of employment not to mention the breeding ground for medium and large industries, which are critical for industrialization. Small enterprises sector is therefore not only a provider of goods and services but also a driver in promoting competition and innovation and enhancing the enterprise culture which is necessary for private sector development and industrialization. This means that small enterprises performance and competition must therefore be increased if it is to influence responses to challenges of creating productive and sustainable employment opportunities and hence promoting economic growth and sustainable development in the country. Despite the significant role played by the sector, research has shown that it has continued to experience many binding constraints that inhabit the realization of its full potential. For example three out of five businesses fail within the first few months of their establishment (Kenya National Bureau of Statistics, 2007).

Bowen, Morara and Mureithi (2009) observed that in Kenya 65.1 of the small enterprises fail within their first year of their operation. The failure of the small enterprises has mainly been attributed to simple management mistakes. Longenecker, Petty, Moore and Palich (2006) assert that due to their small size a simple management mistake is likely to lead to sure death of small enterprise hence no opportunity for them to learn from their past mistakes. Otenyo-Matanda (2008) observes that in Kenya many small enterprises owners or managers lacked managerial training and experience. The typical owners or managers of these businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. Improved level of sales leads to the growth of the small business through expansion of the market base of the business. Higher stock turnovers are a recipe for growth. Record keeping facilitated increased sales because management of sales was made be easier.

Credit management is the method by which you collect and control the payments from your customers. Myers and Brealey (2003) describe credit management as methods and strategies adopted by a firm to ensure that they maintain an optimal level of credit and its influence on management

Credit management is one of the most important activities in any company and cannot be overlooked by any economic enterprise engaged in credit irrespective of its business nature. It is the process to ensure that customers will pay for the products delivered or the services rendered. Myers and Brealey (2003) describe credit management as methods and strategies adopted by a firm to ensure that they maintain an optimal level of credit and its influence on management. It is an aspect of financial management involving credit analysis, credit rating, credit classification and credit reporting. Nelson (2002) views credit management as simply the means by which an entity manages its credit sales. It is a prerequisite for any entity dealing with credit transactions since it is impossible to have a zero credit or default risk.

The higher the amount of accounts receivables and their age, the higher the finance costs incurred to maintain them. If these receivables are not collectible on time and urgent cash needs arise, a firm may result to borrowing and the opportunity cost is the interest expense paid. Nzotta (2004) opined that credit management greatly influences the success or failure of commercial banks and other financial institutions. This is because the failure of deposit banks is influenced to a large extent by the quality of credit decisions and thus the quality of the risky assets. He further notes that, credit management provides a leading indicator of the quality of deposit banks credit portfolio. A key requirement for influencing credit management is the ability to intelligently and efficiently manage customer credit lines. In order to minimize exposure to bad debt, over-reserving and bankruptcies, companies must have greater insight into customer financial strength, credit score history and changing payment patterns.

Credit management starts with the sale and does not stop until the full and final payment has been received. It is as important as part of the deal as closing the sale. In fact, a sale is technically not a sale until the money has been collected. It follows that principles of goods lending shall be concerned with ensuring, so far as possible that the borrower will be able to make scheduled payments with interest in full and within the required time period otherwise, the profit from an interest earned is reduced or even wiped out by the bad debt when the customer eventually defaults. Credit management is concerned primarily with managing debtors and financing debts. The objectives of credit management can be stated as safe guarding the companies' investments in debtors and optimizing operational cash flows. Policies and procedures must be applied for granting credit to customers, collecting payment and limiting the risk of non-payments.

Weekly collection of repayment instalments by bank personnel is one of the key features of micro-finance that is believed to reduce default risk in the absence of collateral and make lending to the poor viable. Some of the factors that lead to loan default include; inadequate or non-monitoring of small enterprises by banks, leading to defaults, delays by banks in processing and disbursement of loans, diversion of funds, over-concentration of decision making, where all

loans are required by some banks to be sanctioned by area/head offices. This method of providing small credits to the poor is most used by microfinance that provides loans without collateral. The interest charge is around not much different from that of commercial banks but far lower than interest charge by individual by money lenders. The Grameen bank is a typical example of microfinance institution using this method. Group formation is made by members who know themselves very well or have some social ties. Loans are not granted to individuals on their own but to individuals belonging to a group; and the group acts as a collateral which is term social collateral. This is to avoid the problems of adverse selection and also to reduce costs of monitoring loans to the members who must make sure the loan is paid or they become liable for it. This is the lending of loans to individuals with collateral.

The provision of credit has increasingly been regarded as an important tool for raising the incomes of youths, mainly by mobilizing resources to more productive uses. As development takes place, one question that arises is the extent to which credit can be offered to the youths to facilitate their taking advantage of the developing entrepreneurial activities. Panel data techniques was employed to analyze a survey of 297 new small enterprises in Romania containing detailed information from the start-up date through the year 2001 and it was revealed that access to external credit increases the growth of both employment and sales, while taxes appears as constraint to growth (Brown, Earlan, & Lup, 2005). The data suggest that entrepreneurial skills have little independent influence on growth, once demand conditions are taken into account. The evidence on influence on technical assistance is weak: only assistance provided by foreign partners yields a positive influence. A wide variety of alternative measures of business environment (contract enforcement, property rights, and corruption) are tested, but none are found to have any clear association with firm growth.

A study to evaluate the influence of access to credit management advisory on the financial performance of youths owned small and medium enterprises in Nairobi, Kenya found out that most small and micro enterprises borrow investment capital with few inheriting their business from their parents or guardians. The empirical results further revealed that loan had the largest significant influence on the financial performance of small and medium enterprises, followed by savings mobilization and least was training in micro enterprise investment (Mugori, 2012).

Budgets are one of the accounting measures which are used to assess a company's performance. The reward system of the organization (pay, promotion) is often linked to the achievement of certain levels of performance, frequently measured in accounting terms. It is conventionally assumed that by establishing formal performance measurement and rewarding individuals for their performance they will be encouraged to maximize their contribution towards the organization's objectives (Horngren, 2000).

Without losing its control and accountability mechanisms, modern budgeting can better support performance management by integrating known financial outcomes with frequent re-forecasting of the budget and linked to analysis of performance trends. Small enterprises financial performance management reporting systems will draw on a number of information sources and reflect the range of stakeholder and departmental perspectives (Melek Eker, 2007).

There are a variety of approaches to developing the performance metrics and the reporting of performance. But without integration of the financial resources consumed, the firm cannot measure value for money or make informed choices about future resourcing and service priorities. One way in which the in-year operational performance and financial information can be integrated more closely is to develop a system which encourages the issues to be considered together and to develop management reports that provide a rounded picture (Hansen & Mowen, 2005).

Small enterprises should develop an approach that consciously attempts to consider the financial and non-financial processes together. A key feature is that before any review of the financial variances takes place, the enterprise asks questions about the expected position, based on the understanding of what has happened, that was unexpected and what planned events did not take place. It needs to structure its responses and planned management actions into those that can be taken in-year and those that require a longer timeframe, with consideration of what specific financial actions may be required as well as substantive operational actions (Drury, 2004).

The best management reports detail what has happened and what is expected to happen in the future. The accounts and report provide the information needed to take any corrective action required. Such action needs to take place for the enterprise as a whole, so it is important that all areas are covered. This implies that the operational data and financial data are presented together in a comparable and consistent form (Kariuki, 2010). It also implies that risk and other aspects of performance are reported along with the financial headlines. The risks are thus quantified financially and uncertainty in the financial forecasts is made explicit. Some enterprises have found it helpful to present a regularly updated board-level report of risks and opportunities, in which the main possible financial up- and downsides are shown alongside each period's forecasts. This permits focus on a range rather than a spot forecast (Horngren, 2000).

Melek Eker (2007) did a study on the impact of budget participation on managerial performance via organizational commitment. He conducted a study on the top 500 firms in Turkey the results of this study provided a number of contributions to management accounting literature by improving understanding of budget participation and organizational commitment affecting managerial performance. First, according to regression analysis results, this study suggested that the influence of budget participation and organizational commitment by itself on managerial performance are positive and significant. Second this study found out that the managerial performance scores were found to increase when the interaction score between budget participation and organizational commitment increase. This means that there is a high interaction between budget participation and organizational commitment provides appropriate condition for high managerial performance. However, the results indicated that while improving high organizational commitment, feeling of subordinates in enterprises can lead to increase in their performance, low organizational commitment feeling of subordinates can lead to decreasing in their performance.

RESEARCH METHODOLOGY

The study applied a descriptive research design with a sample of 67 respondents who comprised of small scale traders. To identify the respondents of the study a stratified random sampling technique with allocation of sample proportional to size was used. A closed ended questionnaire was used to collect data from the respondents. A self-administration method was used to collect the data where the respondents filled the questionnaire and the questionnaire was picked immediately. Fifty nine questionnaires were returned and this represented 88.1% response rate which was deemed to be high enough for the purpose of data analysis. Inferential data analysis method was used to analyze the data. Tools for inferential data analysis used were regression, correlation and hypothesis testing.

RESULTS AND DISCUSSION

Partial correlation analysis was carried out to determine the relationship between independent variables and financial performance. R value for record keeping was 0.474. This implies that there is a positive moderate correlation between record keeping and financial performance. An increase by one unit of record keeping will increase by 0.474 units of financial performance of small businesses. R value for credit management advisory was 0.597. This implies that there is a positive strong correlation between credit management advisory and financial performance. An increase by one unit of credit management advisory will increase by 0.597 units of financial performance of small businesses. R value for budgeting and control was 0.479. This implies that there is a positive moderate correlation between budgeting and control and financial performance. An increase by one unit of budgeting and control will increase by 0.479 units of financial performance of small businesses.

Partial regression analysis was carried out to determine the amount of variation of financial performance explained by record keeping, credit management advisory and budgeting and control. From partial regression analysis record keeping explained 22.4% of the corresponding variation of financial performance of small businesses in Kenya. Credit management advisory explained 35.7% of the variation in financial performance and budgeting and control on its own explained 22.9% of variation in in financial performance of small businesses in Kenya. The results indicate that credit management advisory explains more of the variation in the financial performance of small business and record keeping explains the least.

The multiple regression analysis results showed that when the three independent variables are put together, they explained 70.1% of the variation in the financial performance of small businesses in Kenya. This shows that the combined influence of the three independent variables is more than the influence of individual independent variables. However, the three combined independent variables cannot explain wholly the variation of financial performance of small businesses. This means this difference of 29.9% in variation of financial performance of small businesses can be explained by other factors that were not in the model.

ANOVA for the linear model of record keeping and financial performance had F value = 12.531 with p-value = 0.000. This means that the overall model was significant in the prediction of financial performance of small enterprises in Kenya. Therefore, the null hypothesis that there is no statistically significant influence of record keeping on financial performance of small enterprises in Kenya was rejected. The study further confirmed that there is indeed a positive and significant influence of record keeping on financial performance of small enterprises in Kenya.

ANOVA for the linear model of credit management advisory and financial performance had F value = 11.627 with p-value = 0.000. This means that the overall model was significant in the prediction of financial performance of small enterprises in Kenya. Therefore, the null hypothesis that there is no statistically significant influence of credit management advisory on financial performance of small enterprises in Kenya was rejected. The study further confirmed that there is indeed a positive and significant influence of credit management advisory on financial performance of small enterprises in Kenya.

ANOVA for the linear model of budgeting and control and financial performance had F value = 13.046 with p-value = 0.000. This means that the overall model was significant in the prediction of financial performance of small enterprises in Kenya. Therefore, the null hypothesis that there is no statistically significant influence of budgeting and control on financial performance of small enterprises in Kenya was rejected. The study further confirmed that there is indeed a positive and significant influence of budgeting and control on financial performance of small enterprises in Kenya.

ANOVA for the linear model of joint influence of the independent variables; record keeping, credit management advisory and budgeting and control and financial performance had F value = 50.851 which was significant with p-value = 0.000. This means that the overall model was significant in the prediction of financial performance of small enterprises in Kenya. Therefore, the null hypothesis that there is no statistically significant joint influence of record keeping, credit management advisory and budgeting and control on financial performance of small enterprises in Kenya was rejected. The study confirmed that there is indeed that a positive and significant joint influence of record keeping, credit management advisory and budgeting and control on financial performance of small enterprises in Kenya.

CONCLUSION

Based on the empirical evidence coming from this study, a number of logical conclusions can be made. Record keeping showed a positive and significant influence on financial performance that implies that small business owners can maximize their profits by proper record keeping. Therefore, proper training on record keeping can enhance cash flow management, tracking of receipts, payments, cancelled cheques and other important business transactions. On a nutshell, record keeping improves business performance.

On credit management advisory, there was a positive and significant influence on financial performance. Small business owners can benefit from credit management advisory by getting advice on asset acquisition, interest rates charged by various financial institutions and other information that they may be lacking. All this information can make a business prosper or fail.

Budgeting and control had a positive and influence on financial performance of small enterprises. Budgeting is both a tool of planning and control. Small business owners should embrace budgeting to enable them do forecasts and their do plan on what they are to do in future. They can plan how to acquire fixed assets and how the payments will be made in future. As a tool of control, budget will help small business owners to ensure that they monitor their performance periodically. Any deviation from expected performance can be can be rectified early enough.

The joint variables (record keeping, credit management advisory and budgeting and control) indicated a joint influence on financial performance of small enterprises. The joint influence of the three independent variables was more than individual independent variable influence on financial performance. This means that the three independent variables are important determinants of financial performance of small enterprises. Small business owners should embrace the three factors to enhance financial performance of their business

RECOMMENDATIONS

The following are the recommendations of the study;
(i) Small enterprises, in Kenya should enhance the usage of proper record keeping of all cash flows of their businesses, training the staff on record keeping to track profitability of their organizations, keeping record of all receipts and payments of all important business transactions so as enhance the financial performance of the organization.
(ii) Credit management advisory should be adopted and applied in asset acquisition, in making decisions affected by interest rates as a result of credit transactions, when seeking to expand the business and carrying out marketing activities in relation to credit transactions.
(iii)Budgeting and control supports management of cash flows, asset acquisition and business forecasting all of which have a positive influence on the financial performance of the Small enterprises. Entrepreneurs must always compare actual performance and the set standards of their businesses to determine variances and the managers must always be serious in preparation of the budgets of their business enterprises.

IMPLICATION TO RESEARCH AND PRACTICE

In the 20th century small business entrepreneurs were people with no or little formal education especially in the third world countries. Provided that the sales were more than the cost of purchases, they felt comfortable and would continue with their businesses as usual. They did not embrace technology and operated their businesses through the law of the jungle. The entrepreneurs were arrogant and did not seek for professional advice. The 21st century small

business entrepreneur is an educated person, youthful and embraces technology. Some businesses are seen to be small but in actual sense they are not small. A business person today is doing e-commerce business and is able to supply good to his customers within a very short period of time. The small business people keep records for their transactions and can be able to estimates profits that they make periodically. They are keen on advice they get from professionals like the credit agencies, accountants and lawyers. They embrace budgeting as a tool of planning and control. Their businesses rarely fail as happened in the past where start-ups used to fail within three years after their establishment. Studies involving small enterprises today must be approached with the notion that these business people are educated, skillful and use technology in their businesses.

SUGGESTIONS FOR FURTHER STUDIES

To further expand knowledge on influence of micro-finance non-financial services, the study suggests that further research on micro-finance financial services in small business enterprises be carried out.

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