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Financial Resource as Drivers of Performance in Small and Micro Enterprises in Service Retail Sector: a Case of Eldoret Municipality, Uasin Gishu Country, Kenya

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Abstract

Small and Micro businesses play a key role in economic growth. They are also a major source of innovation in creating new products technologies and services. Despite availability of resources to start or operate men and women owned businesses there exist disparity in performance especially in growth and size, with women registering lower performance compared to men. Research indicates that women owned small businesses continue to lag behind in terms of growth and size compared (Coleman, 2007) to men owned small businesses. The main objective of this study was to examine the effect of the relationship between firms? Resources use on performance of women-owned and men-owned SMEs. This research explored the relationship between Gender variation in Financial resources use and performance of SMEs.

Index terms— Analysis of Variance (ANOVA), SPSS, products technologies.

1 Introduction

mall and Micro businesses play a key role in economic growth. In 2006 there were 26.8 million small firms in USA. These firms generated over half of gross domestic product and employment in all sectors. These firms also are major source of innovation in creating new products technologies and services, (Fairlie, 2006). Female business ownership rates have risen in the recent past registering between 50-60 percent of that for men. Past studies show that the low rate of business ownership by women is a worldwide phenomenon. In 2002, women self employment rate compared to men was lower with an average ratio of 0.543 in countries that participated in the survey. Thus only 6.6% of the women owned businesses which is 60% of rate by name, (Fairlie, 2006). Small businesses in Europe create half of European turn over and employ 53 percent of the work force ??European commission, 2006). It is noted that they create employment and assist the overall economic growth, (Reijonen and ??omppula, 2007).

Past research (Losccoco, 1993) indicated that small business is the engine of economic growth in developed and developing economies. Comparison of the performance of female owned and male -owned small businesses has received some attention in western countries, especially in United States and United Kingdom (Changati, et al., 2006). While comparison of small business owners" characteristics received attention in western countries, the relationships have not been examined in developing countries, (Learner, ??rush, 2002; ??isrich,1997; ??ingh et al., 2001).

Lots of research has been done on small business and performance and there is evidence that women-owned businesses are under performing menowned business. Past research examining the performance difference of both women-owned and menowned businesses using size and growth indicators show that women-owned firms underperform compared to men-owned firms Coleman, (2007) Goerzen, (2007) found out that family businesses perform better than non family businesses. Many reports of women owners of the small business state that starting and operating a new business is more difficult for women than men. Comparatively women, unlike men, are involved in different sectors of businessesses tend to be significantly smaller than firms owned by men and remain heavily concentrated in the service and retail sectors (Du Rietz and Henrekon 2000; Leicht Kalleberg 1991; ??oscoccoet al., 1991).The Small Business Administration (SBA) reported that 53.7 percent of women-owned firms were in the service sector in 1992; where as 44 percent were in retail trade (Women in ??usiness, 1998) which shows differences in choice of small business sectors.

Previous studies observed women-owned firms were likely to register lower sales and profits ??Carter et al., 2007).Two theoretical explanations have been presented, gender difference and resource base view. Women-owned firms have continued to struggle in a variety of areas. These theories offer a basis indicating the difference. Women have fewer resources which are required to start a business, fewer opportunities, different intentions and social networks that can facilitate the start of a business compared to men. The performance differences have been attributed to structural positions women and men have occupied in place of work and society, while others attribute to interpersonal orientation, (Cartel, 2007).Mukhtar ??2002) asserted that the issue of gender differences is based on social construction theory which relates men to ”maleness” and women to ”femaleness”. This difference has been reflected in past studies to influence performance of women-owned and men-owned, (Women in Business, 1998). Resource based theory explains that both human capital and financial capital are necessary components for business success and survival of the firm. Human capital is the key in the operations of the small business, thus business owner with adequate education, experience, and skills can face the challenges of the business undertakings. Financial capital is also equally important in any business undertaking. Thus lack of resources in either of these key areas can hamper a firm”s ability to grow.

Small firms embrace and even face more challenges in spite of availability of resources required to start or run the business, women-owned businesses still under perform as opposed to men-owned businesses in measures of size and growth. The explanations of under performance is that, womenowned small business tend to use moreinformal financial sources and fewer of formal external sources of equity to fund or facilitate their business as opposed to men. Past research ??Coleman et al., 2009) found that the use of informal internal resources hampers the ability of women to grow and to diversify their businesses.Another structural concern in empirical studies compared the performance of male-owned and female-owned firms and showed that businesses headed by women tend to be smaller than those headed by men, when the firm size is measured in gross revenues, number of employees or profit level, (Lee-Gosselin, 2006). It was noted further that some evidence shows women businesses grow less quickly than those owned by men ??Cooper et al., 1994). The social roles for women in the area of family responsibilities as compared to men, differences in aggressive business activities, may contribute to their business performance (Cliff, 2008), Unger, et al., (2011) examined that female business owners and noted that women deliberately choose to keep their companies small. Other research indicated that women have slow growth expectations, Cliff, 2008).

In a study in Norway, Kolvevereid, (1992)observed that men entrepreneurs were more likely to register positive growth intension than women business owners though, there were no much difference shown. The author of this study supported the past findings, that women underperformance in their small business undertaking is a result of their attitude towards the business and also their choice of small business firms as compared to men .In other words studies confirm the approach of women to business is different from men. Men and are more expanding and growing their businesses as opposed to women.

A few past studies have examined why women do not do as well as men in businesses while considering resource use perspective in a more general way, however this study discusses the use of some specific resources in relation to performance of gender headed SMEs in Kenya. These resources are formal forms of finance, have long been argued to be critical resource in small business firms.

Another important area of women underperformance is reflected on how women access finance for starting and operating business units.Previous research found that, women are more likely to use informal finances such as family savings, household income, inheritance, grants and friends to finance their business. It is important to note that female-ownedbusinesses start with lower levels of overall capitalization andlower ratios of debt finance than male-owned businesses. Men attempt to obtain external capital often than women. Accessing these funds is dependent on the relationship between the credit officers and the owner manager. Buttner, (2008) collaborated the study by Brush, (2006), these authors argued that women-owned small business are often dependent on informal sources of financing as opposed to men in accessing loans to run their businesses.

Another very important issue to consider is how the women business owners and men business owners ensure the firm resources are managed and controlled in order to achieve the business objectives set. Generally the past research indicated women management of the firms” resources is not as adequate as men (Hayness, et al., 2000) indicated women owned businesses are more likely to record an increase of transferring the business money to domestic use compared to men. Additionally the authors indicated that even though the women small businesses are important in the country”s economy, the past research noted that there are significant differences in both men and women businesses with the women businesses registering low growth rates and also in terms of gross revenues compared to men businesses.

Women compared to men have different roles to play in society; this has driven them to approach business undertaking along their traditional social roles. Social structures differences have impact on performance in relation to work or business. The role of the family in society in developed and developing countries showed some factors affecting the performance of women-owned and men-owned small business. Moreover, such studies examining and comparing the performance of female-owned and maleowned small firms in developing countries are limited, especially in the context of Kenya. The scarcity of this type of research makes it particularly important to explain the extent to which these western findings are applicable to developing countries given the differences in social structures between developed and developing economies. Kenya presents social structures and economic structure that differ from many developed and developing countries. There is little or no research on the performance of Kenyan female-owned versus maleowned small and medium firms in the retail sector.

Firm resources play an important role in the performance of small business. Though resources are available to both men and women to start or run their businesses, women -owned business still perform less or low compared to men when measured by job creation, profits and sales turn over, sales revenues (Losccoco, 1993). Past research indicates that women owned small businesses continue to lag behind in terms of growth and size compared **??**Coleman, 2007) to men owned small businesses .Some studies have noted that the low performance registered in women business may be attributed to their different motives of starting and operating their business compared to men and also the resources the posses. Past studies indicate that women have fewer resources than men focusing on specific resources like financial, resources which affect performance of SMEs **??**Brush &Changati, 2006 **??** Schutjens&Wever, 2000; **??**angasharu&Pekka, 2002;Cartel et al., 2007).

2 II.

3 Purpose of the Study

The purpose of this study was to explore the gender variations in financial resource use and performance of Small and micro enterprises (SMEs). The study explored whether there is disparity in performance of women owned and menowned businesses a nd whether this resource have any variations in performance considering gender perspective. The main purpose the study was to see if gender in different resources use contribute to success or performance and to examine the difference in definition of success.

The unique contribution of this study examines the importance of the firm"s resources mainly in the service sector in terms of gender variations in resource use and firms performance. In addition, a considerable amount of study has examined the relationship between firm resources and firm performance butmore specific is the relationship of formal and informal finance resource. However it was also found that there was strong evidence that owner manager involvement and management of the resources is positively related to firm performance outcome especially when the specific resources-finance structure (formal and informal)are closely aligned to performance resources and performance being pursued.Therefore this study shall add value to management studies, in theory and practice the findings will be useful in theory development and also guide the business owners on the use of the financial resource. The study provides recommendations that can be implemented by the policy makers considering mainstreaming the gender issues in SMEs practices.

4 III.

5 Research Objective a) Main Objective

The main objective of this study was to examine the relationship between firms" internal resources and performance of small and micro enterprises.

6 b) Specific Objective

Specifically the study seeks to address the following:

Determine the relationship of use of forms of finance resource and performance of SMEs. 1.3.3 Hypothesis There is no significant relationship between financial resource use and performance of SMEs.

7 IV.

8 Literature Review a) Theories guiding the study

The social role theory emphasize that women take different line in responsibilities compared to men, and that their roles are attributed to emotional expressions nurturance, kindness and more personal and associated to domestic activities while men attributes are characterized by assertiveness, aggressiveness ,independence and more associated to public responsibilities. This scenario has prepared both men and women to adopt different roles and women undertake business differently when compared to men. These differences may influence the outcome, especially quantitative measures such as total sales growth among others. In this study therefore the RVB social role and human capital theories have been used to focus on the relationship between the resources and firms performance and how gender variation in resources affect the firms" performance. b) Gender Use of Financial Capital Resource and Performance Financial capital refers to funds which may come from the family in business, extended networks, and from commercial banks or other financial institutions or equity infusion from existence source **??**Coleman,2007). Financial structure which the study focuses is formal and informal form.

Informal source of finance; Informal source of finance refers to credit received from family savings, personal savings, friends, relatives and informal money lenders.

9 Formal Source of finance

Formal form of finance is credit from commercial banks and other financial institutions which are termed as external sources.In any small business, financial capital structure (formal and informal) is a key component to success of the business if it is adequately used or managed.

This study used financial resource which is both formal and informal forms. Financial capital pertains to the available funds which may come from the family in business, extended networks and some formal financial institutions (Danes et al., 2006) or debt and equity infusions from external sources. Other measures of financial capital are reflected in business liabilities cash flow problems and business income. While past studies postulate that human capital and financial capital has been ??Coleman, 2007) as shown to explain success in the firm performancein different ways. Financial capital refers to available funds which may come from the family in business,extended networks and from formal financial instituitions or debt and /or equity infusion from external sources, ??Coleman, 2007 andDanes et al.,2007).

Research also indicates defined resources contributes to firm perfromance. Several studies have attempted to explain how financial capital contribute to the performance of businesses,however it is noted that despite the availability of these resources women business owners are revealed not to be performing better as well as in small business compared to men business owners as they face barriers in accessing loans and that women business owners as opposed to men business owners use less formal external financing which affect their business perfromance.As confirmed by the past evidence (Orser and ??iding,2000) informed that women owner business owners were more worried about accessing the credit from the banking instituitions and more so hesitant t o apply for credit from the commercial banks and other banking instituitions.

Other past studies, (Danes et al.,2006) revealed that females tend to encounter problems in obtaining loans from the banks or financial institutions, as compared to men who obta in the loans from the formal source like commercial banks without problems.One study of the Canadian firms by ??oleman (2009) supported the study done by Fabowale (1995) and noted that women have difficulties in accessing credit from the commercial banks and they were less likely to be granted loans.Coleman (2002 observed that women were significantly more reluctant to apply for the loans from the bank or from any other financial institution; she further indicated in her findings that women have a higher expectation of denial, and this may contribute to their low level of growth. Studies of Canadian firms (Riding & Swift, 1999) noted that women were less satisfied with their banking relationships, although they were less likely to be granted loans. Other scholars like ??Changatiet al.,1996) noted that women tend to use informal source of finance rather than formal of sources of equity for their business firms .The researchers attributed the use of informal source of finance hampers their ability to grow their businesses. The statement presented is supported by this study because if women rely on informal resource of finance as opposed to formal source of finance will inhibit them from growing, as the funds from informal sources cannot sustain the business. This argument is enhanced by ??aynes et al.,(2000) who found that women family business owners had lower levels of income and that their firms had lower levels of equity than men-owned firms. Additionally women compared to men are more likely to use informal source of finance and credit cards for shorter term financing. Finance as a resource play a very important role in influencing firms" performance.This has been observed in past studies mainly in developed economies. There has been little or no research of the same done in developing economies reflecting on the influence of finance on the firm performance. This study addresses this situation by using small and medium business issues in a developing country -Kenya.

Past studies indicate that women-owned businesses are more likely to transfer the money from the business to the household compared to men, ??Haynes, Onochie, Musike, 2007). This study supported the findings posited by past studies, thus when women transfer their business money into household expenditure will experience deficit which can affect their business performance.

It is more generally accepted that women are more likely to use informal finances such as family savings, household income, inheritance, grants and friends to finance their business. Additionally womenowned businesses start with lower levels of capital than men-owned businesses.Eriksson, Katila, and Mervi, (2009) collaborated the study done by ??Brush,1992; ??rush et al.,2001; ??oleman,2000) and women-owned small business are often dependent on informal sources of financing such as personal savings, loans from the family,and friends, home equity loans credit cards indicated There is a general observation that women firms are small compared to men firms. ??airlie and Robb (2009) distinguished between menowned business and women-owned business and their work explain men-owned business are more likely to have many employees in their business firms as opposed to womenowned business. Storey, 2005).Hitt and Ireland (2005) revealed that finance resource has an impact on the performance of both menand womenheaded firms. This study supported the past studies observation, the fact that both informal and formal source of finance plays a key role in influencing the firms "performance hence if women do not secure loans from banks or from other financial institutions the womenowned businesses will register low growth compared to menowned businesses. From the studies it is confirmed that financial resource has relationship with firms performance, this study tries to find out whether this resource has most influence on firms performance.

In sum, women inability to access or secure finance gives an indication that a shortage of financial capital resource can be a major barrier to their small capital resource and credit are facing a big challenge as opposed to men, though women face more problems compared to men.

10 c) Firm Performance

The dependent variable of this study is firm performance as measured in terms of growth in the sales revenues, firm"s reputation, employee turnover, volume in sales indicated by level of earnings the business unit gets annually. Moreover virtually, in most societies success in the business field is almost assessed by income ??Losscoccoet al.,1991).Firm growth has also been cited as a key measure of performance in prior research (Haber and Reichel, 2005). However ??Dess et al.,1984) posited that small firms use success or failure as performance measure in their resarch policy give evidence that it is difficult to use objective measures which use restricted pefromance data like financial data which the business owners are not willing to provide for research. This sudy use profits earned and sales revenues as a measure of performance.

11 Independent Varable Dependent Variable

Financial capial resource (formal and informal forms) This county has a total area of 3,218 km2(Refer to Appedix1). The study was carried out in North Rift Region, Uasin-Gishu County, Eldoret Municipality (EM). The main justification of the area is that the municipality has diverse small businesses mushrooming all over the Municipality, little or no research has been done in this area considering the gender variation in resource use and performance of SME"s hence a new area for research study, the area also is near the researchers" work station.

12 b) Research Design

This study adopted explanatory design in order to establish relationships between resources (Financial capital resource, and performance of small and medium businesses in Eldoret Municipality, in North Rift region of Kenya. In this study causal relationship/correlation research design was adopted. This design was appropriate as it minimizes bias as this was subjected to probability sampling which gave reliable data to be collected. The design was appropriate also it allowed the use of questionnaires and interview schedule so as to gain insight of the variables of the study.The data collected in this study was measured using interval scale, thus the measurement levels in this study determine the type of analysis to be used. However the Likert scale used in this study is the most common scale which is a popular example and practicable applicable of "interval scale." The study targeted 1200 business owners of small and medium enterprises in which men-owned businesses were separated from women-owned businesses before the analysis was done After separation, each gender group is randomly sampled of which 315 men and 285 women were drawn from each group giving a sample of 600 which was optimum sample which was reliable, flexible, efficient and representative. However small enterprises comprises of 1 to 19 employees while micro enterprises contain 20 to 49 employees as per the definition of employees Thus this procedure enabled all items in the defined population have an equal and independent chance of being selected in sample (Anderson and Gerbing,1988).The study targeted population groups of enterprises licensed/registered under the Ministry of Trade and Industry and those licensed by EMC to businesses and not fully registered by the Ministry of Trade and Industry. 3.4 Data collection and presentation Numerous researchers have suggested that in order to achieve a better insight into whether or not gender-resources based differences exist in performance of SMEs further research is needed, but with simultaneous control of other variables such as industry, business Size and age. This study tests the effect of resources on performance in a sample of small and medium enterprises business owners in retail service sector in Eldred Municipality, Kenya.Data was collected through the use of questionnaires and interview schedule,administered by both the research er and research assistants.

Data collected were analysed using both descriptive statistics; means, standard deviation, and standard error-and inferential statistics including Analysis of Variance(ANOVA)Independent sample ttest, Statistical measures were generated using Statistical Packages for Social science (SSPS) Version 17. This statistical package was chosen because it provided comprehensive statistical capabilities as well as features that make easier to access and manage data; select and perform analysis.

13 VI.

14 Discussions of the Findings and Results

15 a) Gender Variation in SMEs Performance

The gender variation in SMEs performance was measured using seven items with each having ten likert scaled items. The mean and standard deviation descriptive statistics were used to compare the performance of SMEs as summarized (Table 4.3). The males sales revenue was found to have the highest mean in this study (6.91, sd=2.479) representing a performance of 70%, while that of female (5.68, sd=2.768) was low with a performance of 57%. The mean sales to profit ratio for male (6.37, sd=2.357) was higher than that of female ??5.27, sd=2.611), showing that the male obtains profit to sales ratio of 64% compared to 53% of females. The mean of firms reputation of male (6.34, sd=2.146) was higher than that of female (4.87, sd=2.788), indicating that male business persons had 63% reputation on their firms compared to 49% of female. The mean employee turnover was low for both male (4.81,sd=2.867)and female(3.78,=sd=2.534) business owners, with males registering higher mean than females, the mean achievement/satisfaction of female was higher (6.00,sd=1.52) than that of men (5.77,sd=1.779).The mean for growth of other assets was higher for males ??5.85,sd=2.225) compared to(4.75,sd=2.7) of females. The findings of the study showed that among the items used to measure the gender variation in resource utilization and performance of SMEs the sales revenue, profit to sales ratio and perceived satisfaction were the predictors of performance in SMEs.

The sales revenue, profits to sales ratio, growth of other assets, firm reputation and achievement /perceived satisfaction were items identified to enhance performance of business owners in SMEs. The growth of other assets and perceived satisfaction enhanced theperformance of females in SMEs, while sales revenues, profits to sales ratio, employee turnover and firms reputation enhances performance in males business owners.). From the study the formal sources of finance was varied between male and female since the accessing the bank credit by male has led to male creating other business outlets compared to their female counterparts, similarly the more male business owners indicated that after receiving bank credit it has led to decline of business performance as compared to female business owners. After receiving bank credit the results revealed that more males sometimes put the bank credit into non business activities as compared to their female counterparts. The formal sources of finance were found to be more beneficial to the male as compared to female business owners.

16 d) Gender Variation in Informal Financial Capital Resource

The gender variation in the informal sources of finance was varied during the study as shown in (Table 4.5). From the findings it showed that the accessing of credit from friends relatives, family and other money lenders was more difficult for male as compared to female business owners. The mean of male (4.03, sd=2.85) was higher than that of female ??3.51, sd=2729), showing that male may finance their business from other sources apart from informal capital. Majority of the female(4.48, sd=2.4) and male (3.64, sd=2.42) viewed that after receiving credit from friends, family, relatives and other money lenders, sales had improved. This indicates that the informal financial capital resource has improved sales for female more than for female. From the results it showed that after female receiving credit from friends, family, relatives and other money lenders, their sales sometimes improve as compared to their male counterparts. This was attributed to a higher mean of female (4.90, sd=2.19) as compared to (4.41, sd=2.4). Majority of female (3.88,sd=2.5) indicated that after receiving credit from family, friends, relatives, and other money lenders is sometimes put into other use apart from the business activity, as compared to male/men ??3.64,sd=2.35). The other factors revealed no much differences after receiving bank credit from family friends, relatives and money lenders the as sales have improved, created other businesses, and it has led to d e cline in business among others. From the study findings it showed that the gender variation in informal sources of finance had led to improve of in sales in female businesses as compared to that of male. A one-way between-groups analysis of variance was conducted to explore the gender variation in the relationship between financial capital resourceas shown in (Table 4.15). Resource Utilization was divided into two groups according to their financial capital structure. There was a statistically significant differencep<.05 in formal financial capital resource [F (1,594) =4.582, p=.00] and no statistically significant difference on informal financial capital resource [F (1, 589) =.507, p>.00]. Since the effects in use offormal financial capital resource were found to be significant, it implies that the means differ more than would be expected by chance alone.

17 Findings a) The Relationship between Financial Capital Resource and Firms Performance

The first research objective of this study was to determine the effect of the relationship between Financial Capital resource and performance of SME"s. This facilitated in answering whether financial capital resource had relationship on business owners firms" performance.

From the study the formal sources of finance was varied between males and females with women using mainly informal source of finance while men use mainly the formal source of finance, (Table 4.5). This agrees with ??Changatiet al., 1996) who noted that women tend to use informal source of finance rather than formal sources of equity for their business firms unlike men, however this variation was also enhanced by ??Haynes et al., 2000) who highlighted that women compared to men are more likely to use informal source of finance and credit cards for shorter term financing.

The study findings also showed that higher proportion of males/men after receiving bank credit they sometimes put into non business activities as compared to females.(Table 4.4) These findings are contrary to studies by ??Haynes, Onochie, & Musike, 2007) who argued that women-owned businesses are more likely to transfer the money from the business to the household compared to men. From the study findings it showed that the formal source of finance was found to be more beneficial to males/men compared females/women, (Table 4.4).This is supported by empirical studies of (Orser and ??iding, 2000) who postulated that women credit cards.

In the study the majority of female business owners viewed that after receiving credit from friends, family, relatives and money lenders sale had improved compared to men, hence this source of finance has boosted women businesses as compared to menand supported by ??Changatiet al., 1996) who noted that women tend to use informal source of finance rather than formal of sources of equity for their business firms. The findings of this study are similar to those from an extensive literature by (Haynes, et al., 2007) that have shown that most women-owned businesses are more likely to transfer the money from the business to the household compared to men owned businesses. A Pearson correlation analysis was done to establish the relationship between the independent variables and the dependent variable. The findings of the first four hypotheses were presented below; 1. There was no significant relationship between financial capital resource use and firms performance (r=-135, p>0.01)

According to the summary statistics and correlations for the total sample presented in (Table 4.23). The financial resource [r= -135, p>0.01] was positively correlated to the firm performance. business owners were more worried about accessing the credit from the banking instituitions and more so hesitant to apply for credit from the commercial banks and other banking instituitions. Similarly one study of the Canadian firms by **??**oleman (2009) supported the study done by Fabowale (1995) and noted that women have difficulties in accessing credit from the commercial banks and they were less likely to be granted loans. As indicated in the past studies the informal source of finance is money from friends, ,family, relatives and money lenders, however the findings of this study confirmed women preferred this source of finance compared to men. This agrees with the studies of (Eriksson, Katila, & Mervi, 2009) collaborated in the study done by (Brush, 1992; **??**rush et al., 2001;Coleman, 2000) which postulated that women-owned small and medium businesses are often dependent on informal sources of financing such as personal savings, loans from the family, and friends, home equity loans Similarly the findings of this study indicated that more males" business owners indicated that after receiving bank credit it has led to decline of business performance compared to female business owners, (Table 4.4). This statement diverges or disagrees with the past studies which indicate that women as opposed to men divert the credit received from commercial banks into non business use.

From the study findings most female/women business owners in this study indicated that after receiving credit from friends, family, relatives and other money lenders is sometimes put into other use other than business activities, (Table 4.5). This findings agrees with studies done by **??**Haynes, Onochie, & Musike, 2007) who argued that women-owned businesses are more likely to transfer the money from the business to the household compared to men. This is an indication that if women use credit from the bank in non business activity may lead to decline in their businesses (Table 4.4).Moreover, the findings of this study postulated that the gender variation in informal source of finance had led to improvement in sales in female/women business as opposed to males/men. These findings diverge from empirical study **??**Haynes et al., 2000) and (Storey, 2005) who confirmed that if women rely on informal source of finance as opposed to formal source of finance, may inhibit to sustain their business. The findings showed that formal source of finance had a significant relationship with performance of SMEs (Table 4.14 and Table 4.21). This is supported by research findings by Hitt and Ireland (2005) who argued that finance resource has an impact on the performance of both men-and women-headed firms. Hence the findings agree with the past studies **??**Coleman 2007; Loscocco and Leicht 1993; Hitt and Ireland 2005) who postulated that financial capital resource has influence on the profitability of the firms.

18 VIII.

19 Conclusion

The findings of this study indicate that financial resource use has effect on performance of SMEs with men business owners registering high growth compared to women business owners Year 2015 (E) [1,2,3]

Figure 1:

43

10 Volume XV Issue IV Version I E) (Global Journal of Human Social Science	Performance Sales Revenue Sales to profit ratio	Male Mean 6.91 6.37	Sd 2.479 2.357	Female Mean 5.68 5.27	Sd 2.768 2.611
	Growth of the other assets	5.85	2.225	4.75	2.706
	Employee turnover	4.81	2.867	3.78	2.534
	Firms reputation	6.34	2.146	4.87	2.788

[Note: © 2015 Global Journals Inc. (US) -Year 2015 Source: Survey Data, 2012 b) Descriptive Statistics of Gender Variation in use of forms of Financial Capital Resource]

Figure 2: Table 4 . 3 :

44

Male		Female	
Mean	Sd	Mean	Sd

Figure 3: Table 4 . 4 :

45

Source:Survey Data, 2012

Figure 4: Table 4 . 5 :

4

Variable	Gender	N	Mean	Std. Deviation	t-value	p-value
Formal	Male	306	4.0383	1.96827	2.178	.030
	Female	282	3.6905	1.90220		
Informal	Male	306	4.0845	1.66940	-.693	.490
	Female	282	4.1753	1.50660		
Source:Survey Data, 2012						

Figure 5: Table 4 .

4

		Sum of Squares	df	Mean Square	F	Sig.
Formal	Between Groups	17.266	1	17.266	4.582	.033
	Within Groups	2238.294	594	3.768		
	Total	2255.560	595			
Informal	Between	1.282	1	1.282	.507	.477

Figure 6: Table 4 .

4

	Performance	Financial
Performance	1	
Financial	-.135	1

*[Note: **. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed). a. N=600 Source: Survey Data, 2012]*

Figure 7: Table 4 .

[2]Financial Resource as Drivers of Performance in Small and Micro Enterprises in Service Retail Sector: a Case of EldoretMunicipality, Uasin Gishu Country, Kenya

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