

The role of financial information on the performance of women owned groceries in Meru Town, Kenya

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Abstract

Women workers throughout the world contribute to the economic growth and sustainable livelihood to their families and communities. Today the economic status of women is accepted as an indicator for society's stage of development. However, this is constrained by inability of women to access financial services. This study sought to investigate the role of financial information on the performance of women owned groceries in Meru Town, Kenya. The target population in this study consisted of 4,333 women owned groceries in Meru Town. A total of 353 participants were sampled. Primary data was collected using a questionnaire constructed by the researcher. Prior to the actual data collection process, a pilot study was conducted in Nkubu Town. Split half technique using Spearman Brown prophesy formula was employed to compute the reliability coefficient. Data was analyzed with the aid of SPSS version 22 as a tool of analysis. A multiple regression model was used to determine the degree to which availability of financial information influence performance of women owned groceries. Data was presented in form of tables and figures. The study established that availability of financial information positively and significantly influence the performance of women owned groceries in Meru Town.

Keywords

performance,
groceries,
financial
information,
availability

Introduction

The contribution of small and medium enterprises to a country's economy is unprecedented. Its influence on job creation cannot be underestimated. Majority of women owned businesses fall in this sector. More than 11.6 million firms in the USA are owned by women, employing nearly 9 million people, and generating \$1.7 trillion in sales as of 2017 (Schürmann et al., 2019). Even though entrepreneurs owning SMEs face a multiple number of challenges, women owned businesses face more challenges. One of these challenges is the inability to access financial information on a timely basis (Mandishaya et al., 2015). While there are more women than ever starting and leading businesses, female entrepreneurs still face some unique challenges in the U.S. such as lack of funding, low self-confidence and market saturation (Fallon, 2019). As in the West, women in Nigeria experience difficulties relating to family commitments and access to finance – as well as problems gaining acceptance and accessing networks (Mordi et al., 2010). Women in South Africa face various challenges such as low financial literacy, negative attitudes of banks, lack of awareness of development finance, lack of financial confidence and lack of appropriate products (Mandipaka, 2014). In Kenya, MSEs Baseline survey, recorded that 612,848 women in Micro and Small Enterprises (MSEs) in Kenya, accounting for 47.4 per cent of all those in MSEs (Orwa et al., 2019). However, they face serious challenges such as lack of finance, discrimination, problems with the city council, multiple duties, poor access to justice, lack of education, among others (Mwobobia, 2012).

A study by Ngeki (2016) established that financial literacy positively influenced SME performance, and that the relationship is positively moderated by financial capital availability in South Africa. Similarly, a study by Njeru et al (2013) showed that choice of source of financing showed a statistically significant association with information availability, in form of newspapers and magazines, shows and exhibitions and

personal contacts. Additionally, a study by Mwithiga (2016) found that the proprietors' level of monetary literacy was not independent of net revenue and that there was adequate proof to suggest that monetary literacy is associated with cash situation of the enterprise. Moreover, Mwithiga (2016) study indicated that organizations run by proprietor with higher money related education performed better and were able to manage capital well as opposed to those with little financial proficiency. Another study by Memon et al (2019) indicated that firms with enough financial capital recognize new opportunities significantly via opportunity recognition mediator, where partially mediating the relation between financial availability and financial/innovative performance. Another study by Chamwada (2015) found that financial literacy and size of the firm had significant positive influence on the financial performance while the influence of the amount of capital invested had insignificant influence. The results of the multiple regressions revealed that there was a significant strong positive relationship between financial literacy, capital invested, size and financial performance of SMEs. This is an indication of the importance of financial information towards performance of various enterprises.

Women's access to financial services especially loans is the biggest constraint preventing them from growing women entrepreneurship (Matheka, 2015). In spite of this, women-owned businesses are making a significant contribution to the Kenyan economy. Their businesses account for about one-half (48 percent) of all micro-, small-, and medium-sized enterprises (MSMEs), which contribute around 20 percent to Kenya's GDP (IFC, 2021). Of the 462,000 jobs created annually since 2000 in Kenya, 445,000 jobs have come from the informal sector, where 85 percent of women's businesses are found. IFC (2021) argues that eliminating gender-based inequalities in education, access to land and access to agricultural inputs in Kenya could result in a one-off increase in as much as 4.3 percentage points in GDP growth, and a sustained year-on-year increase of 2.0 to 3.5

percentage points in GDP growth. It was also noted that in Kenya only 1 percent of land titles are owned by women, with 5 to 6 percent held in joint names thus women are unable to secure loans for their businesses (IFC, 2021). As argued by Mandishaya et al. (2015), one of the challenges faced by women enterprises is the inability to access financial information on timely basis. This could be hindering their access to finance services and hence limiting the performance of their firms. On the backdrop of this, this study sought to the influence of availability of financial information on performance of women owned groceries in Meru town, Kenya.

Materials and Methods

A descriptive survey design was adopted in this study. The research was carried out in Meru town, Kenya. The target population in this study consisted of 4,333 women owning groceries in Meru Town. This study used simple random sampling procedure to sample the respondents. The study used the Creative Research Systems (2012) sample size calculator, which is an online application, to determine sample size. The study used a confidence level of 95% and confidence interval of 5. Computation from the calculator indicated that 353 sample size of the respondents was sufficient for the study (Creative Research Systems, 2012). Primary data was collected using a questionnaire constructed by the researcher. Prior to the actual data collection process, a pilot study was conducted in Nkubu Town. Split half technique using Spearman Brown prophesy formula was employed to compute the reliability coefficient. Data was analysed with the aid of SPSS version 22 as a tool of analysis. A multiple regression model was used to determine the degree to which each financial services influence performance of women owned groceries.

Results and Discussion

The study administered a total of 353 questionnaires among women who owned

groceries in Meru Town. A total of 287 questionnaires were filled and returned. This constituted a return rate of 81.3 %. According to Morton et al. (2012), a 70-85% return rate is very good, while a return rate above 85% is regarded as excellent. Since this study obtained a return rate of 81.3 %, the return rate for this study was considered to be good.

The results indicated that 90 (31.4 %) of the respondents were aged 24 years to 29 years, 88 (30.7 %) were aged between 30 to 35 years, 64 (22.3 %) were aged above 35 years while 45 (15.7 %) were aged 18 years to 23 years. This implies that majority of the respondents were aged 35 years and below. This is an indication that majority of grocery businesses are owned by youths within the study area. It can be argued that high rate of formal unemployment among youths have driven them to engage in grocery business to make ends meet. Nonetheless, given that all the respondents were aged above 18 years they were in a better position to answer questions related to this study.

The results also indicated that 75 (26.1 %) of the respondents were diploma holders, 51 (17.8 %) had primary education, 49 (17.1 %) had high school education, 43 (15.0 %) had post-secondary certificate while 41 (14.3 %) of the respondents were degree holders. Only 28 (9.8 %) of the respondents indicated that they had no education at all. Based on these results it can be argued that majority of the respondents had basic education even though only 55.4 % of the respondents had post-secondary education. This could imply that a significant number of the population in the study area drop out of school to engage in economic activities. Nonetheless, given that majority of the respondents had basic education, it can be asserted that they were better placed to answer the study questions.

The study further showed that 107 (37.3 %) of the respondents were married, 96 (33.4 %) were single, 49 (17.1 %) were separated while 35 (12.2 %) were widowed. This implies that majority of the respondents had ever been married prior to the time the study was conducted. This could indicate

that majority of the respondents had family responsibilities which could be driving them to engage in an economic activity, grocery business. Given this finding, it can be said that majority of the respondents were responsible person and hence could answer research questions appropriately.

The results also indicated that 126 (43.9 %) of the respondents indicated that their businesses had been in existence for over two years, 117 (40.8 %) had businesses that had been in existence for between one and two years while 44 (15.3 %) of

them had business that had only existed for less than one year. This implies that majority of the respondents were in a better place to respond to questions related to grocery business and financial services.

The study gathered information on performance of women owned groceries. The respondents were requested to indicate their level of agreement with statements related to performance of women owned groceries. The results are shown in Table 1 (SD = strongly disagree, D = disagree, U = undecided, A = agree and SA = strongly agree).

Table 1: Performance of women owned groceries

Statement	SD	D	U	A	SA
My grocery is very profitable	0	38	74	102	73
I am able to pay my suppliers on timely basis	22	47	35	101	82
I hire people on temporary basis to help me in running my grocery	67	116	17	54	33
I have permanent employee(s) who help me in running my grocery	173	60	11	38	5
I am able to pay my employees on timely basis	105	123	17	37	5
The number of customers for my business has been growing over time	12	19	35	73	148

The results indicated that 102 (35.5 %) of the respondents agreed and 73 (25.4 %) of them strongly agreed while 38 (13.2 %) of the respondents disagreed with the assertion that their grocery businesses were profitable. This implies that over 60 % of the respondents had profitable enterprises. This is an indication that majority of the respondents monitors the performance of their ventures and hence were better placed to provide information on the performance of their entities.

The findings in Table 1 also showed that 101 (35.2 %) of the respondents agreed and 82 (28.6 %) of them strongly agreed while 47 (16.4 %) of the respondents disagreed and 22 (7.7 %) strongly disagreed with the statement that they were able to pay their suppliers on timely basis. This an indication that that over 60 % of the respondents

were able to pay their suppliers on time which is an augmentation of the finding that majority of the respondents' businesses were performing well.

The information in Table 1 also indicated that 116 (40.4 %) of the respondents disagreed and 67 (23.3 %) of them strongly disagreed while 54 (18.8 %) of the respondents agreed and 33 (11.5 %) strongly agreed with the assertion that they hire people on temporary basis to help them in running their grocery. This implies that majority of the enterprises run by the respondents are small and hence they are not in need of additional staff. This could also be an indication that income from enterprise is small and hence cannot sustain an additional staff.

The study also found that 176 (60.3 %) of the respondents strongly disagreed and 60 (20.9 %) while only 38 (13.2 %) of the respondents agreed and 5 (1.7 %) of them strongly agreed with the statement that they had permanent employee(s) who helped them in running their grocery. This further augments the assertion that majority of the enterprises run by the respondents are small and hence they are not in need of additional staff. This also supports the argument that income from enterprise is small and hence cannot sustain an additional staff.

The results in Table 1 indicated that 123 (42.9 %) of the respondents disagreed and 105 (36.6 %) of them strongly disagreed while only 37 (12.9 %) of the respondents agreed and 5 (1.7 %) of them strongly agreed with the assertion that they were able to pay their employees on timely basis. This implies that just like the finding that only a few of the respondents were able to hire either temporary or permanent staff, only a few were able to pay the additional staff on timely basis. This also supports the assertion that earning from the respondents' enterprises is often small to afford additional staff.

The study also indicated in 1 that 148 (51.6 %) of the respondents strongly agreed and 73 (25.4 %) of them agreed while only 19 (6.6 %) of the respondents disagreed and 12 (4.2 %) of them strongly disagreed with the statement that the number of customers for their businesses had been growing over time. This implies that majority of the respondents' businesses had been growing over time. This is an indication that majority of the respondents constantly monitored the performance of their enterprises.

The respondents were also requested to state whether they have ever received any financial training. The results indicated that majority of the respondents (78%) had ever received financial training. This implies that they could be able to discern how availability of financial information affect performance of their enterprises.

The respondents were further requested to indicate the institution that provided them with

the training. The results indicated that 81 (28.2 %) of the respondents were trained by MFI, 56 (19.5 %) were trained by a bank, 53 (18.5 %) were trained by women enterprise fund, 52 (18.1 %) were trained by youth fund enterprise fund, 39 (13.6 %) were trained by a SACCO while 6 (2.1 %) were trained by NGO. Based on this finding it is apparent that the government through women enterprise fund and youth enterprise fund provide most training to women running grocery business. This is followed by MFI. From the results NGO provide least training to these group of business holders.

The respondents were also requested the areas in which they were trained in. The results indicated that majority of the respondents were trained in financial services (69%) and in loan accessibility (58.2 %). a significant number of the respondents were trained in investment (33.4 %) and in mode of payment (28.9 %). The results also showed that a few respondents were trained in loan application process (18.8 %), bookkeeping (18.1 %) and in customer care services (17.4 %). training in sales marketing was the least among the respondents. Based on the findings, it is apparent that majority of the respondents had basic understanding about available financial services and how to access loans.

The respondents were also requested to indicate the mode of payments customers use to pay for goods in their enterprise. The results indicated that none of the respondents used cheques as a mode of payment. This implies that the enterprises held by the women were of small scale hence no need for cheque transactions. The results also indicated that majority, 250 (87.1 %), of the respondents used cash as a mode of transaction. This implies that majority of the respondents still use hard cash in their transactions as opposed to cashless platform. Nonetheless, the results indicated that 124 (43.2 %) of the respondents used mobile money transfer as a mode of payment. This is an indication that cashless transaction is slowly taking root among these enterprise owners. This assertion is augmented by the finding that 43 (15 %) of the respondents used cash transfer to their bank accounts as another

mode of payment. Based on the findings it can be argued that women who own grocery businesses use diverse modes of payment to transact their businesses.

A regression analysis was carried out to establish the contribution of availability of information on performance. The model summary is shown in Table 2.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.309 ^a	.095	.086	.78104

a. Predictors: (Constant), Average availability of information

From the R computed (0.510), there was a positive correlation between the independent variable (availability of financial information) and dependent variable (performance of grocery). From the r square computed (0.095) the model: Performance of grocery = constant + Availability of financial information + error, explains 9.5.0 % of the data. This implies that availability of

financial information only explains 9.5 % of the performance of women owned groceries. This is an indication that the performance of women owned groceries is also attributed to other factors which were not examined in this study. The study computed ANOVA to ascertain whether the relationship was significant. The results are shown in Table 3.

Table 3: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.189	3	6.063	9.939	.000 ^b
	Residual	172.637	283	.610		
	Total	190.826	286			

a. Dependent Variable: Average grocery performance

b. Predictors: (Constant) Average availability of information

The results showed that the model was significant (p-value = .000). The F- test for the model was significant since it had a p-value less than 0.05. In

order to ascertain the influence of each of the independent variable, the coefficients were computed. The results are summarized in Table 4.

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.230	.606		10.279	.000
	Average availability of information	1.492	.320	.305	4.657	.000

a. Dependent Variable: Average grocery performance

The results indicated that the influence of average availability of information ($\beta = 1.492$, $p = 0.000$) on performance of women owned groceries in Meru Town was significant and its coefficient was positive indicating that a women owned grocery is likely to perform better if the owner accesses financial information. From the results the linear relationship between performance of women owned groceries in Meru Town and independent variable (availability of financial information) would be as follows:

$$Y = 6.230 + 1.492X_1 + e$$

Where

Y = Performance of women owned groceries in Meru Town

X_1 = Availability of financial information

Conclusion

It was also established that majority of the respondents had undergone training especially in financial services and loan accessibility and to some extent in investment, mode of payment, loan application process and bookkeeping. The study also established that cash payment and mobile money transfer were the common modes of payment for goods from the respondents. Regression analysis indicated that the influence of availability of financial information on performance of women owned groceries in Meru Town was positive and significant. Based on the findings, it was concluded that availability of financial information positively and significantly influence the performance of women owned groceries in Meru Town.

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