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# KNOWLEDGE MANAGEMENT ON PERFORMANCE OF WOMEN ENTERPRISES IN KENYA

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**ABSTRACT:** Entrepreneurship is considered to the backbone of economic stability among the developed anddeveloping economies. Despite this view, little has effort has been done by researchers to unfold contradictionsfrom empirical evidence on the link between knowledge management and performance of women enterprisesthus pertinence for this study. This study aimed at establishing the association between management knowledgeand financial knowledge on performance of micro women enterprises. Variables of this study were informed byknowledge- based theory. The target population for study comprised 168 respondents who were randomlyselected from 56 beauty enterprise which operated in Kibera informal urban settlement in Nairobi City County.Random sampling technique was used to select respondents. The sample size of the study involved 118respondents. The respondents of the study were owners of beauty enterprises. Descriptive statistics such as mean scores, standard deviations and coefficients of variations were used to describe basic behaviour of data whilestatistical association between variables was determined using regression method. Management and financialknowledge were found to significantly and positively explain performance of women enterprises. Knowledgemanagement is considered to be the driver of competitiveness for women enterprises. This study recommendsthat; the government of Kenya should provide an enabling environment to promote entrepreneurship spirit.Training and providing financial support to women entrepreneurs are critical factors for sustainabledevelopment.

**Keywords**: Knowledge Management, Financial knowledge, Management knowledge, Women enterprises,Enterprise performance, Self-employment

## I. INTRODUCTION

Entrepreneurship is recognized as a driver of economic development if appropriate mechanisms are put in place (Alemany, 2014). To minimize the rate of poverty in third world countries, investment in entrepreneurship is key(Maylor, 2010). Even though there is no common consensus on the definition of entrepreneurship among scholar, generally is regarded as the process of identifying a viable business idea, mobilize limited resources to transform the idea into actual products or service that address human needs and wants in exchange for money. Despite challenges attributed with entrepreneurship such as financial, production, marketing and human resource development (Alemany, 2014), effective formulation and implementation of policies among countries is considered to aspects that facilitate success of entrepreneurship growth (Walstad, William, Rebeck & Richard, 2010). Small enterprises are regarded by Daniel (2010) as entities that employ maximum of five workers. Conversely Siwadi and Mhangami (2011) describe small enterprises as that informal and managed by one individual. Salami and Samuel (2007) argue that performance of any enterprise is viewed to be a function of knowledge management. Enterprises that are effectively managed are likely to maximize profits, increase volume sales, enhance customer loyalty as well remain relevant in the business environment. Sha (2004) on the other hand opines that, for sustainable performance any business knowledge management is a critical factor.

Even though performance concept is viewed from different perspectives among scholars, it is generally defined as the extent to which an enterprise achieves its objectives in a more efficient and effective manner (Robb & Susan, 2009). Similarly, Onugu (2005) regard performance as the ability of the organization maximize its output from limited inputs injected in the system. Nderi and Mwangi (2015) aver that performance of any enterprise is determined by a combination of entrepreneurial skills that range from financial skills, project management skills, marketing skills and human resources management. Economic Co-operation and Development (2009) observed that for any small enterprise to performance effectively, financial knowledge is key. The ability of the entrepreneurs to scan the business environment, formulate objectives and strategies are aspects determined by the level of knowledge. Implementation of strategies to achieve the set organization goals is purely dependent on the knowledge of entrepreneurs (Omwono, Oyugi & Wanza, 2015). Poorly performing enterprises are attributed with poor management. Enterprise managed by knowledgeable entrepreneurs are likely to perform effectively unlike enterprises managed by unskilled entrepreneurs (Mottola & Gary, 2012).Mwania (2015) contends that entrepreneurs will have a competitive advantage if they can develop financial budgets, predict market dynamics and possess human resources management skills. The author concludes that performance of small enterprises is a function of operators' competencies.

Knowledge is combination of experience, skills, insights and expertise possessed by an individual or knower (Njoki, 2013). Knowledge management is multidisciplinary approach of managing organizational resources with an aim of achieving the set objectives in a more efficient and effective manner (Mahdi, 2011). Conversely, knowledge management is regarded by Mosoti and Masheka (2010) as a process which involves how information is obtained, analyzed, stored and shared among members of a system with an aim of achieving the organizational objectives. Performance of women enterprises in this study is considered to be influenced by management knowledge and financial knowledge. Management knowledge is the ability of the managers of the enterprise to formulate plans, organize, motivate employees and measure the plans against the set standards (Pearce & Robinson, 2007) while financial knowledge is the ability of enterprise managers to develop financial plans, implement and measure the plans against the set financial goals (Moore & Danna, 2003).Maylor (2010) opines that women entrepreneurs are equally playing the same role as that of male entrepreneurs if effectively empowered.

Empowerment of women economically can result to economic growth as opposed to gender disparity ideologies (Longenecker, Moore, Petty & Palich, 2006). The slow pace of economic growth in most of the developing countries is directly attributed to gender issues (Longenecker, Moore, Petty & Palich, 2006). Kiraka, Kobia & Katwalo (2013) content that the problem of unemployment in third world countries can only be resolved if the government is committed in empowering entrepreneurs. Providing financial support and relevant skills to entrepreneurs can result to improved performance of the small businesses as well as the economy. The ability of the government to provide security, political stability, financial support, training, marketing and technological support can positively influence performance of small enterprises. Ongori and Migiro (2011) contend that despite the commitment women entrepreneurs have towards business ventures, social challenges are inevitable. Equally, Kuratko and Hodgetts (2007) acknowledge that small enterprises in developing countries are prone to challenges of managing credit facilities, social processes and regulatory policies.

Kapila (2008) postulates that women enterprises have been performing poorly for decades due to lack of supportive policies, lack of social support, inadequate trainings and poor management skills. Alemany (2014) avers that performance of enterprises can be measured using financial and non-financial antecedents. Financial antecedents can involve profit, liquidity, return on investment and return on equity while non-financial performance metrics involve: change management, relevance, new product development, customer loyalty, employee motivation and technology integration in the system. According National MSEs baseline survey (1999) are perceived to operate businesses attributed to traditional women roles such as retail shops, hairstyling, restaurants and hotels unlike men who operate businesses across sector. World Bank (2014) indicates approximates that more than half of the businesses operated world-wide are managed by women. Whilst, Suda (2010) acknowledges that due to changing business trends, women have ventured into various fields of production ranging from the manufacturing sector to service sectors. According to Robb and Susan (2009), women entrepreneurs in Kenya choose various businesses that are available in the economy and they are differentiated by the extent of experiences, access to finances and the level of their education. Despite all these, women entrepreneurs face major challenges that drive them to choose the type of business that would suit them. Some of these challenges relate to operating and expanding their enterprises and culture and traditions that favour their men counter parts over women (Common Wealth Secretariat, 2012).

According to Kenya Bureau of Statistics (2010), women population in Kenya is approximated to be more than 50%. Despite this percent of women, most of the businesses are operated and owned by men (Kiraka, Kobia & Katwalo, 2013). Subsequently, International Labour Organization (2008) noted that 80% of the businesses in the informal sector are managed operated and managed by women entrepreneurs. Challenges of growth for women enterprises are not only associated with government policies but also individuals' weaknesses. For Kenya to fulfil initiatives of Vision 2030, support of small enterprise is critical (Organization for Economic Cooperation and Development, 2012).World Bank (2014) noted that women enterprises in Kenya are experiencing challenges such as management, capital for expansion, competition from well established firms and non-adherence to legal requirements such as licensing. This study was considered pertinent as it sought to identify the link between knowledge management on performance of women enterprises in Kenya.Increased rate of unemployment, high chances of failure of women enterprises by 50% as opposed to those of men were issues of concern for this study. Slow pace of economic growth rate and gender related issues are issues of concern not only to the women entrepreneurs but also to the government of Kenya (World Bank, 2015 & KNBS, 2010).

Despite extensive studies have been conducted to examine on the link between knowledge management and performance, it is evident that a few studies have examined the relationship between knowledge management and performance of women enterprises in informal urban settlement in Kenya. For instance, a study by Kiraka et al. (2013) concentrated on the enterprise growth and innovation, a study by Siwadi and Mhangami (2011) examined performance of women enterprises in Zimbabwe, Mararo (2013) focused on knowledge management practices among insurance companies in Kenya and a study by Miringu (2010) was geared towards knowledge management as a strategic tool in Barclays bank of Kenya. From the findings of these studies, it is noted that there exist contradictions in evidence on the link between knowledge management and performance. Some of these studies examined variables of the current study partially and in isolation. Some studies were informed by different theories that were not explicit in explaining variables of the current study. Most of the studies were inclined towards large enterprises and ignored small enterprises. In contrast, the current study addressed the research gaps by focusing on how management and financial knowledge influenced performance of women enterprises in Kibera informal urban settlement in Kenya. Further, the current study adopted a cross-sectional research design to collect and analyze data. Due to absence of a model that holistically explain the link between knowledge management and firm performance, it was against this premise this study sought to examine the influence of knowledge management on performance of women enterprises in Kibera informal urban settlement in Kenya.

## II. THEORETICAL AND EMPIRICAL REVIEW

### 2.1 Knowledge-Based Theory

Knowledge-based theory was advanced by De Carolis (2002). The theory holds that organizations are viewed as systems that comprise people with diverse knowledge and skill (Mararo, 2013). The theory argues that knowledge is positively associated with organizational competitiveness if effectively managed. Organizations committed to hire highly experienced, knowledgeable and skilled workers are likely to perform better as opposed to organizations that hire unskilled workers (Kapila, 2008) The theory opines that, firms that invest in research and development and well as use the existing information as a strategic resource can perform effectively. Knowledgeable workers are highly creative and flexible to implement new changes as compared to employees without appropriate knowledge (Sudi, 2010). The theory suggests that, organizations dedicated to knowledge management can are better placed in the turbulent business environment than those organizations which consider human capital as a cost. Regular trainings attended by workers, mentorship programs, employee succession programs and delegation of duties and responsibilities are catalysts of organizational competitiveness (Kiraka et al., 2013). This theory was applicable in this study based on the fact that women enterprises are likely to perform effectively if management practices such as planning, organizing, staffing and leadership are appreciated.

### 2.2 Financial Literacy Theory

Financial literacy theory was developed by Modigliani and Brumberg (1954). The theory suggests that individual behaviours are informed by dual-process theories; intuition and cognition perspectives. The dual process theories are associated with individual reasoning and social cognition. The theory argues financial literature involves the capacity of entrepreneurs to understand financial products and their confidence to take financial risks and opportunities. The ability to make informed decisions as well as where to get help from are key aspects that contributes to organizational performance (Harold, 2009). The ability of entrepreneurs to make informed financial decisions is determined by the level of awareness concerning financial matters. Understanding on how to spend money obtained and factors that influence economic stability of enterprise is key. Diversification into new areas of production not only enhances financial soundness of an enterprise but compliments the overall productivity of the firm (Kooontz, Donnell & Weihrick, 2009). Training entrepreneurs on financial matters not only enhances their level of awareness on how to utilize financial resources but also contributes to informed financial decisions (King & McGrath, 2002). This theory was applicable in this theory as it shed more light on how women entrepreneurs can utilize financial knowledge to make informed decisions which in turn results to improved enterprise performance.

## III. EMPIRICAL REVIEW AND CONCEPTUAL FRAMEWORK

### 3. 1 Management Knowledge and Performance

Mwania (2015 established found a significant and positive relationship between knowledge management between knowledge management and performance of enterprises. However, the study revealed that many women entrepreneurs did not have knowledge on business management. The level of educational was found to influence enterprise performancepositively. The study identified that lack of entrepreneurial trainings and lack of markets for local produce were factors that contributed to slow pace of enterprise growth. The study observed that many women lacked house helps to assist at home and only few women had supportive spouses who could assist at home. Most of the small enterprises not only perform poorly due to financial challenges but also inability to cope up with changing industry regulations. Findings of this study were not generalized in this study based on the fact that the study was confined to a different context and at the same time variables of the study were partially examined. Rather than focusing on women enterprises, the study generalized the small enterprises thus contradictions in evidence. Empirical studies conducted have shown contradictions in evidence on the relationship between knowledge management and firm performance (Kimaru, 2014, Mugambi, 2013, Kagendo, 1999, Mugwara, 2000).

A study by Kamaru (2014) sought to establish challenges that were faced by small and medium scale enterprises owned by women but ignored to examine the link between knowledge management and enterprise performance. Equally, the theories that were used to inform variables of the study inadequately explained how knowledge management can positively explain enterprise performance. Government interventions such as fiancial support and training are considered to be factors that influence enterprise performance (Mugambi, 2013). However, these findings are questionable whether they will hold true if the study is replicated in a different context using a different category of respondents. Consequently, based on the fact the study examined variables of this study in isolation and different metrics were used to inform each variables, it was impossible to generalize the findings in this study. Kagendo (1999) on the other hand, established that there existed differences between financial literacy and enterprise performance. The study revealed that gender issues, financial constraints and lack of motivation were aspects that contributed to poor performance of enterprises. Ahmad, Xavier, Perumal, Nor and Mohan (2011) identified that performance of small business enterprise was driven the level of knowledge possed by entrepreneurs. However, the study was confined to Malaysia which is a developed economy contrary to a developing economy of the current study.

Alemany (2014) supported the need for women to be equipped with formal knowledge to succeed in their business enterprises. The author added that education opportunities should be used to eradicate poverty in the society. Entrepreneurs should be trained and capacity building in areas of finance, marketing, production and managerial skills. Heldman (2011) posits that entrepreneurial management has been associated with organizational performance. Entrepreneurial managers are likely to perform better that ordinary managers in the changing business environment. The only way managers can sustain organization performance is enhancing creativity and innovation culture among workers through mentorship and trainings. Mugwara (2000) on the other hand revealed that management knowledge has remained a competitive practice on the performance of micro enterprises. Equally like large enterprises, entrepreneurs operating small enterprises must have management skills to enhance performance of their firms. Kuratko et al. (2005) avers that, for the success of any business, formulation of objectives, implementation and evaluation are necessary steps on the success of an enterprise. Mobilizing resources and motivating workers to work towards organizational goals are aspects promoted by knowledgeable managers. Clear organizations structure in organizations are likely to enhance communication and coordination of activities. Mechanistic organizational structures always tend to hinder formulation and implementation of decisions or policies compared to organic structures that enhance coordination and flexibility in decision making.

**3.2 Financial Knowledge and Enterprise Performance**

Financial knowledge is viewed to be the driver and enabler of firm performance (Omwono, Oyugi & Wanza, 2015).Studies have indicated a direct link between financial literacy and the business performance of entrepreneurs (Eniola, Entebang & Abiodun, 2016). On the other hand, other studies have indicated indirect effect of financial literacy skills and business performance of entrepreneurs (Engström & McKelvie, 2017). Feng, Morgan and Rego (2017) content that, in the dynamic business environment, and complex financial markets, financial information is viewed to be critical in relation to the success of business performance of entrepreneurs (Eresia & Raath, 2013). Vulnerability of small of entrepreneurs to information asymmetry is associated with complexity of business environments (Dahmen & Rodríguez, 2014). Exploitation of growth opportunities among entrepreneurs is positively linked to efficienct utilization of financial services (Engström & McKelvie, 2017). Eniola and Entebang (2015) opine that scholars and researchers have appreciated that financial literacy among entrepreneurs is one of the competencies that results to enterprise growth Financial resources are considered to be the most critical resources that enable organizations to convert and reconfigure other resources into value adding goods and services (Feng, Morgan & Rego, 2017).

Many researchers have examined the link between financial literacy and business performance of entrepreneurs by ignoring to focus on women enterprises (Eniola, Entebang & Abiodun, 2016, Eresia & Raath, 2013). Equally, many studies have used resource-based theory to explain the link between financial literacy and business performance of entrepreneurs thus disregarding knowledge based theory which is viewed to be explicit in explaining the association between financial literacy and performance of small enterprises Alemany (2014) ascertains the, the concept of business performance has attracted substantial debate among scholars in terms of its measurement from one context to another. However, business performance from the traditional perspective is measured using financial and non-financial perspectives (Ahmad et al. 2011). Businesses that maximize profits and minimize costs can be termed to be financial stable contrary to businesses that record losses and incur high costs of operation (Mottola & Gary, 2012). Financial well-being of small and large enterprises is purely determined by financial knowledge, skills and possessed by the managers (Mueller & Dato, 2013). Ability of the organization to innovate, manage financial risks, develop new products and overcome indebtedness is attributed to informed financial decisions among mangers (Eresia & Raath, 2013; Fatoki, 2014; Feng et al., 2017).

Ahmad et al. (2011) argue that the ability of leaders or managers to anticipate future changes and develop mechanisms of implementing change is determined by the organization culture and employee mind set to new changes. Omwono, Oyugi and Wanza (2015) established that employee knowledge can positively influence organizational performance which can be measured in terms profits, volume of sales, employee satisfaction, and minimal costs of operation, stakeholder satisfaction and ability to integrate technology in the system. Leaders have the capacity to develop contingence plans to rectify deviations realized after implementation of a particular strategy (Sha, 2004). Ongori and Migiro (2011) revealed that women are unlikely to seek financing for their working capital from banks or any other mode of financing for fear of being turned down. It was further noted that women choose to engage in businesses that are cheap and easy to run and do not require high capital or skills and experience. Women have resorted to self-help groups that have structures to support them financially (Eniola et al., 2016 & Yoong, 2011). Constraints of conceptualization and operationalization variables of this study from one context to another formed the basis of this study. Whilst, contextualization and methodological constraints also informed this study.

### 3.3 Conceptual Framework

The conceptual framework shown below conceptualizes at performance of women enterprises is influenced by management and financial knowledge. Metrics preconceived to measure management knowledge are planning, employee motivation and control while that measures financial knowledge include: financial plans, loan repayment and fund access. Finally, antecedents considered to measure performance of women enterprises are profits, sales and customer satisfaction.

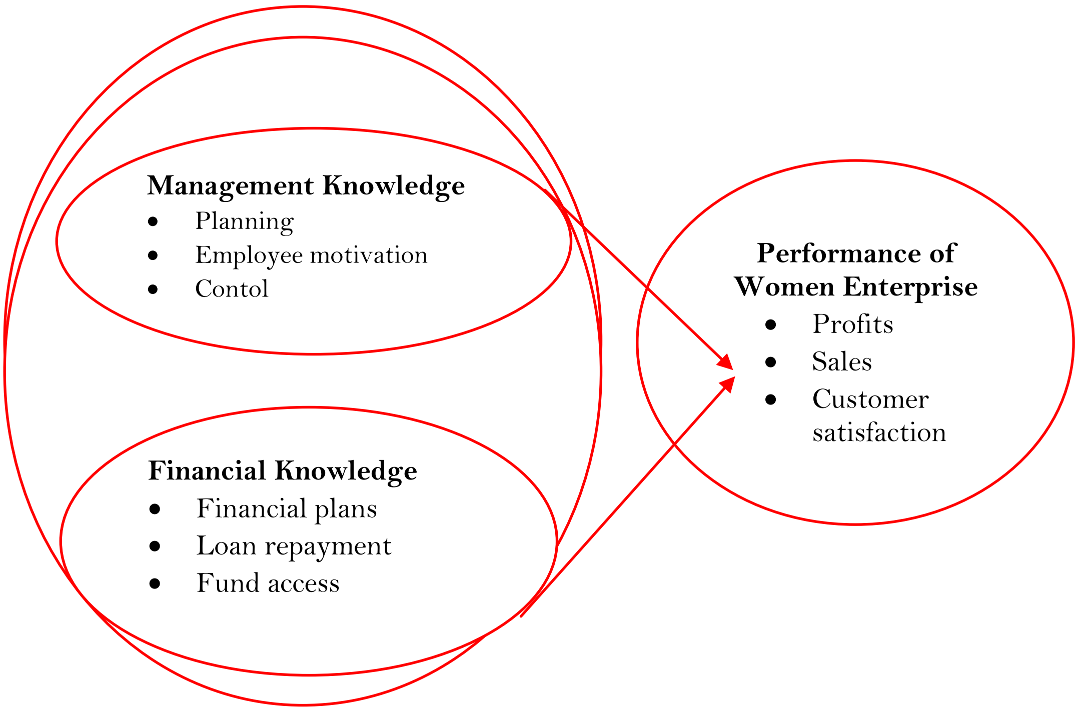


Figure 1: Conceptual Hypotheses
Source: Current Author

As shown in Figure 1, it can be hypothesized based on the findings of empirical studies that:

**$H_{01}$:** There is a positive significant relationship between management knowledge and performance of women enterprises.

**$H_{02}$:** There is a positive significant relationship between financial knowledge and performance of women enterprise.

## IV. METHODOLOGY

Cross-sectional research design was adopted. The target population of this study comprised of 168 respondents who were selected from 56 Beauty enterprises that operated in Kibera Informal Urban Settlement. The list of the small enterprises was obtained from the Nairobi City County, department of Trade. Random sampling method was used to select respondents. A sample of 118 respondents was arrived by using Israel (2009) technique. Respondents of the study were specifically women entrepreneurs who owned the enterprises selected. Self-developed questionnaires were used to collect primary data. Descriptive statistics such as mean scores, standard deviation and T-values were used for basic description of data while regression method was used to ascertain the statistical association between variables of the study. Findings of the study were presented in form of Tables. The response rate of the study was 82% (97 respondents) while none response rate was 18% (21 respondents). The response rate of 82% was considered appropriate and consistent with Field (2009) who attests that the response rate above 50% is acceptable in social studies. The findings of this study were presented in form of Tables.

## V. RESULTS

**Table 1: Descriptive Statistics for Management Knowledge**

| **Indicators of Measurement** | **Mean** | **S.D** | **T-value** | **P-values** |
|---|---|---|---|---|
| I have long term vision of my business | 4.26 | .884 | 38.11 | 0.022 |
| I have clear objective to achieve by end of the year | 4.21 | .664 | 24.14 | 0.010 |
| I have basic management skills to enable me make plans or strategies for my business | 3.23 | .587 | 23.95 | 0.003 |
| I manage employee who operate my enterprise with minimal difficult | 3.11 | .673 | 21.34 | 0.000 |
| I know ways of motivating my workers to perform | 3.04 | .596 | 34.11 | 0.000 |
| I can control ways my enterprise is performing | 2.59 | .498 | 29.34 | 0.000 |
| I have the ability to anticipate the present and future business trends | 2.80 | .421 | 34.12 | 0.010 |
| Overall mean score= 5.223 | | | | |

Source: Primary Data

The study sought to assess the extent to which management knowledge influenced performance of women enterprises. As depicted in Table 1, the study reveals that to a larger extent majority of the respondents were of the opinion that management knowledge had an influence on performance of their mobile money transfer services. Respondents indicated that their long term vison had an influence on performance of their business with a mean score of 4.26, objectives with a mean score of 4.21, management skills with a mean score of 3.23, employee management with a mean score of 3.04, control of the enterprise with a mean of 2.59 and ability to anticipate future trends with a mean score of 2.80. Similarly, to confirm the statistical effect of each item on the dependent variables which is performance using t-test analysis method, the study reveals that there exists a positive significant effect between independent items on the management knowledge on performance of micro- women enterprises in Kenya. As shown in Table 4.7, having long term vison of the business had the highest difference (t-value = 38.11, p-value < 0.05) while management of employees with minimal difficult had the lowest difference (t-value = 21.34, p-value < 0.05).

These findings imply that despite the fact that management knowledge was found to influence performance of women enterprises positively, it emerged that to a larger extent women entrepreneurs were challenged to develop a clear plan, communicate with employees, motivate and control operations of the enterprise due to changing business environment. Uncertainty of business trends such as change business regulations, competition and high expectations from workers were some of the aspects that dragged behind performance of mobile money transfer business in Kenya. The meagre income generated from the business was not adequate to attract and retain workers. Further, having an operational structure was a challenge that was attributed to size and ownership of the business thus making it difficult to run the enterprise as a formal entity with clear goals and strategies. The findings correspond with that of Mwania (2015); Kimaru (2014); Ismail and Mugambi (2013); Alemany (2014) & Omwono, Oyugi & Wanza (2015) who revealed that performance of small and large enterprises was not only determined by formulating objectives and strategies but also implementing strategies using motivated and trained manpower. Further, they acknowledge that management of any enterprise is dependent on top leadership and functional structures that promote participation during section making, coordination and flexibility during strategy and change implementation. They concluded that despite the size of the organization, embracing management practices such as planning, organizing, communication, staffing and controlling activities were the drivers behind competitiveness of an enterprise.

**Table 2: Descriptive Statistics for Financial Knowledge**

| **Statements** | **Mean** | **SD** | **T-value** | **P-values** |
|---|---|---|---|---|
| I have adequate information on how I can obtain funds for my business | 4.88 | .665 | 33.11 | 0.021 |
| I know various institutions that can offer me a loan to expand my business | 4.13 | .654 | 31.00 | 0.000 |

| | | | | |
|---|---|---|---|---|
| Am aware about interest rates charged by Sacco's, banks and microfinance in Embu | 3.18 | .623 | 29.42 | 0.011 |
| I have budget development and record keeping skills | 3.21 | .584 | 28.11 | 0.022 |
| I know how to minimize costs of operation and maximize profits of my business | 3.53 | .453 | 24.14 | 0.010 |
| I have no problem repaying my loans | 3.46 | .486 | 13.95 | 0.000 |
| I know implications of loan default to my business | 3.96 | .486 | 19.95 | 0.000 |
| Overall mean score= 4.563 | | | | |

Source: Primary Data

Respondents were asked to indicate the extent to which they agreed on financial knowledge influenced performance women enterprises. As shown in Table 2, the study indicates that to a larger extent, performance of micro women enterprises in Kenya was influenced by entrepreneurs having adequate information about sources of funds with a mean score of 4.88, number of institutions providing loans with a mean score of 4.13, awareness of interest rates with a mean of 3.18, budget development skills and record keeping with a mean score of 3.21, cost minimization and profit maximization with a mean score of 3.53, ability to repay loans with a mean score of 3.46 and awareness of loan default implications with a mean score of 3.96. Similarly, to confirm the statistical effect of each item on the dependent variables which is performance using t-test analysis method, the study reveals that there exists a positive significant effect between independent items of financial knowledge on performance of micro- women enterprises in Kenya. As shown in Table 2, having adequate information on accessing funds had the highest difference (t-value = 33.11, p-value < 0.05) while no problem of repaying loans had the lowest difference (t-value = 13.95, p-value < 0.05).

These findings imply that despite the fact that financial knowledge influenced performance of micro women enterprises in Kenya, to a larger extent entrepreneurs were of the view that some institutions that were relied to access loan services were not embracing customer oriented approach. Understanding customer income levels was not considered by financial institutions such as banks, Sacco's and self-help groups. It emerged that interest rates charged by some financial institutions were unreasonable based on individual level of income and change of economic trends such as inflation. Further, it was pointed out that minimizing costs of operation was a challenge since employee wages and rent were mandatory expenses to be incurred periodically. It emerged that loan default cases were unintentional but owners of the businesses had no option but to wind up their business due to inability of self-sustainability. These findings are in line with that of Chiuri (2010), Ongori and Migiro (2011); Donald, Kuratko, Duane Jeffrey, Covin and Jeffrey (2005), Siwadi and Mhangami (2011) who identified that basic financial management skills of employees or owners was the determined of enterprise performance. They concluded that having clear budgets, ability to manage and control funds and anticipate changes in the economy are expected that are attributed to performance of an enterprise. Further, it was revealed that lack of financial management skills among workers or owners can contribute to declined profits of an enterprise thus high chances of loan default and non-adherence to financial regulations.

**Table 3: Descriptive Statistics for Measures of Performance**

| Statements | Mean | SD | T-value | P-values |
|---|---|---|---|---|
| I measure performance of my enterprise using profits generated | 4.41 | .833 | 65.14 | 0.021 |
| I measure performance using customer feedback | 4.41 | .644 | 51.00 | 0.000 |
| I measure performance using costs of operating my business | 4.80 | .647 | 59.42 | 0.011 |
| Entrepreneurship has enabled my business to adopt to changes | 4.10 | .421 | 68.11 | 0.022 |
| I measure performance based on the frequency of new product development | 4.10 | .474 | 54.14 | 0.010 |
| Achievement of my objectives indicates good performance | 4.13 | .224 | 43.95 | 0.003 |
| Improved volume of sales reflects improved performance | 4.18 | .423 | 31.34 | 0.000 |
| Capability of expansion reflect good performance | 4.34 | .264 | 44.11 | 0.000 |
| Overall mean score= 4.567 | | | | |

Source: Primary Data

The study sought to establish parameters that were used to measure performance of micro women enterprises. As depicted in Table 3, the study revealed that out of the 8 statement, all the mean scores were more than 4.00, indicating that to a larger extent respondents were of the view that performance of women micro enterprises was measured using indicators such as profits, customer feedback or satisfaction, costs of operation, adoptability to changes, ability of developing new products, volume of sales or number of transactions made per day and capability of expanding. Subsequently, after conducting t-test analysis, the study reveals that there exists a positive significant effect between items used to measure performance of micro- women enterprises in Kenya. As shown in Table 4.3, generating profits had the highest difference (t-value = 61.14, p-value < 0.05) while volume of sales had the lowest difference (t-value =31.34, p-value < 0.05). These findings are in line with Siwadi and Mhangami (2011) who concur that organizations can measure performance using attributes such as profits, customer loyalty, number of customers and employee motivation, diversification and product development.

**Table 4: Correlation Analysis**

| | | Enterprise Performance | Management Knowledge | Financial Knowledge |
|---|---|---|---|---|
| **Enterprise Performance** | Pearson Correlation | 1 | | |
| | Sig. (2-tailed) | | | |
| | N | 97 | | |
| **Management Knowledge** | Pearson Correlation | .63** | 1 | |
| | Sig. (2-tailed) | .007 | | |
| | N | 97 | 41 | |
| **Financial Knowledge** | Pearson Correlation | .49** | .574** | 1 |
| | Sig. (2-tailed) | .006 | .000 | |
| | N | 97 | 97 | 97 |

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data

To establish whether there existed a significant relationship between variables, correlation analysis was conducted at 95% confidence level. Table 4 indicates that management knowledge was found to be positively correlated to enterprise performance (r (41) = .63; p<.05) as well as financial knowledge (r (41) = .49; p<.05). This implied that all the independent variables of the study had a significant statistical effect on enterprise performance.

**Table 5: Regression Coefficient**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.256 | 1.221 | | 0.504 | 0.000 |
| | Management Knowledge | 0. 894 | 0.239 | 0.552 | 2.348 | 0.000 |
| | Financial Knowledge | 0. 795 | 0.216 | 0.487 | 2.317 | 0.001 |

Source: Primary Data

The results in Table 5 indicate that at 95% confidence level, holding all factors at a constant zero, performance would increase by 1.256. A unit increase of management knowledge (0.894) and financial knowledge (0.795) would result to an increase in the unit of performance of women enterprises (1.256). This results are demonstrated by the regression model in the form: ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$) became: $Y = 1.256 + 0.894X_1 + 0.795X_2$. These results are supported with that of Walstad, William, Ken and MacDonald (2010); Willis, Lauren (2008); World Bank (2014) and Zororo (2011) who revealed that despite slight differences between knowledge management and enterprise performance, to a larger extent, financial literacy, marketing information and planning ability can influence performance of both small and larger organizations regardless of their structure, size and ownership.

**Table 6: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.923 | 0.852 | 0.789 | 0.6273 |

Source: Primary Data

The results in Table 6 indicate that 78.9% factors of knowledge management were found to explain performance of women enterprises while 21.1% were not examined. Therefore, this study recommends future studies to examine other factors of knowledge management which can influence enterprise performance in a positive manner.

## VI. CONCLUSION, RECOMMENDATION AND WAY FOWARD

### 5.1 Conclusion

The study found a positive and significant relationship between management knowledge and performance of women enterprises in Kenya. However, it emerged that to a larger extent most of the women entrepreneurs were not embracing management practices such as planning, organizing, staffing and controlling. Formulation of plans, motivating workers and controlling organizational resources was a rare practice among micro women enterprises. Further, it was identified that management practices such as planning were considered to be of well established firms as compared to micro enterprises which were not having formal structures and policies of engaging workers.The study revealed that there is a significant positive relationship between financial knowledge and performance of micro women enterprises. However, it was pointed out that majority of the enterprises were collapsing at a high rate to poor financial management skills among women entrepreneurs.

Financial management skills such complying with loan policies, development of budgets and keeping financial records were not given the attention deserved by competitive micro enterprises. It was indicated that micro women enterprises not only remained unproductive due to poor management skills but also due to poor financial management skills to utilize the limited financial resources effectively for the growth of the enterprise. It was observed that women entrepreneurs not only took the loan to fund their business but also to invest the money in non-income generating activities or projects. The study identified that management practices such as planning, organizing, leadership and staffing and controlling to a larger extent were not embraced by women entrepreneurs in Kenya. The study established that despite the fact that financial management skills influenced performance of micro women enterprises, to a larger extent financial illiteracy among entrepreneurs contributed to poor performance of the enterprises.Based on the findings, the study concludes that management knowledge and financial knowledge are crucial for sustainable competitive edge of micro women enterprises in Kenya.

### 5.2 Recommendations

Due to the findings, entrepreneurs need to be equipped with appropriate management skills in order to facilitate their plans, communication and control of resources. The study recommends that the government of Kenya should partner with consultancy firms and higher institutions of learning to provide basic management skills among entrepreneurs thus enhanced growth of the entrepreneurial sector and sustainable economic growth. This study recommends that financial institutions should steer campaigns of sensitizing entrepreneurs of effective financial management skills. Free or subsidized trainings should be organized by Sacco's, commercial banks and microfinance institutions to enlighten entrepreneurs on budget development, loan management and financial record keeping thus improved enterprise growth and in the long run economic stability.Further, women entrepreneurs need to be empowered with financial management skills in order to be in a position to develop budgets, mitigate financial risks, comply with loan policies and keep financial records to measure the progress of their businesses.

### 5.3. The Way Forward

For validation of exiting theories, future researchers should seek to re-examine theories in other contexts to confirm whether the findings can replicate or not. Comparative studies should be conducted as well and new models should be embraced to evaluate the direct and indirect link of the variables of the study.

**Contribution/Originality:** This study contributes to existing literature by developing a direct link between knowledge management and performance of women enterprises in Kenya. This is the first empirical study to conceptualize the role of knowledge management on performance of women enterprises in Kenya. This study deviates from previous studies by concentrated on women enterprises rather than generalizing the enterprise. It attempts to unfold on how gender disparity gaps can be addressed in terms of economic empowerment among women in third world countries.

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