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Microfinance Services andFinancial Performance of Small-Scale Women Enterprises InKilifi County,Kenya.

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Abstract:
Background: *small-scale enterprises owned by women continue to face numerous challenges that affect their financial performanceDespite their contribution to economic empowerment and poverty reduction among rural communities in Africa. In Kenya, nearly 400,000 SMEs don't last over two years. This raiseconcerns over their financial sustainability and survival. The study sought to explore how small-scale women enterprises perform financially in Kilifi County, Kenya. The study's specific objectives were; to determine whether access to credit, financial literacy training,and savings mobilization have influencesin the financial performance of small-scale women enterprises in Kilifi County, Kenya.*
Methodology*: The study used an exploratory research design with a population sample of 350 out of 1286 registered women entrepreneurs in Kilifi County. Both primary and secondary data were collected using self-administered questionnaires while Multiple linear regression was used to analyse data aided Statistical Package for Social Sciences (SPSS) 26.0.*
Result: *The study found that obtaining credit and savings mobilization had a statistically significant effect on the performance of finances while financial literacy training had no statistically significant effect.*
Recommendations: *The study recommends an adoption of a simple loan application procedure, tailored and affordable of microfinance loans as well as the establishment of uniquesavings schemes by MFI.*
Keywords:*Microfinance services, financialperformance, savingsmobilization, financial literacy, small and middle-sized Enterprises.*

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I. Introduction

Background

The growth and financial strengthof small enterprises owned by women is critical for improving livelihoods and economic development, both in developed and underdeveloped nations. These enterprises contribute millions to the economy annually (Roomi, Harrison, and Beaumont-Kerridge, 2019), and play a substantial role in the manufacturing and service sectors(IMF,2018). Equally, women-owned small enterprises are instrumental in rural areas, fostering innovation, job creation, and economic growth (Mutandwa, Kanuma, &Tubanambazi, 2015). However, challenges like limited access to funding and business support hinder their financial performance.

InKenya, government interventions and microfinance services have positively impacted the productivity and performance of small enterprises owned by women (Tilahun and Dereje, 2021KIPRA, 2010; Migiro, 2014). Kenyan WSEs, in particular, make significant contributions to the national GDP and job market. Despite their importance, WSEs still face challenges related to access to credit, information about available financing options, high interest rates, and management issues.Microfinance institutions (MFIs) are well suited to deal with these challenges facingwomen in small businesses. The MFIshave unfolded to offer financial services, access to credit, and training on financial management, all of which have a significant influence on their overall performance and growth(Akotey&Adjasi, 2016; Wolmarans &Meintjies, 2015). Specifically, the number of registered MFIs has been on an upward trajectory andmade a fundamental stridetowardsmall, and medium-sized enterprises (MSMEs) financing (CBK,2021). This accentuates the importance of MFIs in supporting the growth of small businesses in Kenya.Gideon, Oyugi, and Munyithya (2015) showed that MFIs offer solutions customized to serve small traders without financial power as compared to commercial banks.

According to Mutuma (2014) and Phillip (2011), inadequate operating capital has been a significant factor leading to the shutdown of more than 25% ofsmall businesses established in Kenya, highlighting the imperative role of access to credit for women-owned small enterprises (WSEs). Additionally, asshown by Ajuna, Ntale, and Ngui (2018),MFIs provide nonfinancial services, such as financial management training, which has been shown to enhance the success of WSEs. Training in financial planning and accounting record-keeping improves the financial management skills of women entrepreneurs, enabling them to become more effective business managers (Njoroge and Jagongo (2016). Consequently, Entrepreneurs who receive training in financial management and entrepreneurship tend to perform better (Alene, 2020; Wangari, 2017). MFIs also encourage savings, with trust in these institutions being crucial for saving mobilization. Institutions that assure the safety of deposits attract more micro-savings from women entrepreneurs. Nevertheless, Simplified withdrawal procedures and customizable saving products further promote micro-savings (Gathongo, 2014; Dean, 2011; Rajamani, 2021)

Financial performance is a measure of overall financial health indicated by the profit levels, innovation, operational cost management, revenue growth, customer satisfaction, and productivity (Myers, 2015). According to Florica & Catalina, 2014) the financialstatus of a firm can be broadly categorized into five key areas, including their ability to manage finances, the availability of liquid assets, income levels, their capacity to repay creditors, and access credit. The ability to generate profits, in terms of income relative to sales, assets, stock value, and owner's share, is a defining aspect of financial performance. Studies have shown that growth in sales and increased profit margins directly impact the financial performance of firms, underlining the significance of these metrics in evaluating the financial health of WSEs. In this study, financial performance is calculated in relation to profit growth and percentage growth in sales, aligning with established performance measurement methods.

Women have a tantamount subscription to economic spur by enhancing job creationin the formal and informal sectors (Bula &Tiagha, 2012). In Kenya, they account for about 48% of all MSMEsand contribute 20% of the country's GDP (IFC,2016, UNDP 2015). However, they face challenges dominated by access to financial resources for business operations Haider & Asad, 2017. Kilifi County, in Kenya, hostsabout 1280 women-owned SEs operating/spread across in diverse sectorsand the numbers are ever-increasing annually (SOURCE). Despite the government's efforts to promote their participation in procurement, they re still hampered by difficulties in obtaining loans which impede their growth and ability to access government tenders (CWID, 2019).

Statement of the Problem

Access to financial facilities offered by MFIs is a major factor that drives development in different economies. There are a number of Microfinance institutions in Kilifi County, poverty levels remain high in the county, and the sustainability of Kenyan Small and Medium-sized Enterprises (SMEs) is in question, with many failing to survive beyond two years. While past research has explored the influence of MFIs on SME growth, it has primarily centered on loans and overlooked other services provided by MFIs. The study endeavored to forge the connection by examining the effects of microfinance services on the financial performance of WSEs in Kilifi County, taking into account access to loans, financial literacy training, andsavings mobilization and, all in the context of rising inflation.

General Objective

The study’s overarching goal was to ascertain the effect of microfinance services on the financial performance of small-scale women enterprises in Kilifi County, Kenya.

Specific Objectives

The specific objectives of this study were to:

i) Establish whetheraccess to credit facilities contributes to improved small-scale women entrepreneurs’ financial performance in Kilifi County, Kenya.
ii) Determine if financial literacy influences the financial performance of small-scale women enterprises in Kilifi County, Kenya.
iii) Establish the impact of mobilizing savings on the financial performance of small-scale women enterprises in Kilifi County, Kenya.

II. Empirical Literature Review

Access to Credit and Financial Performance

The study done by Muguchu (2010) on the connection between access to credit and financial capability established that SMEs experienced obstacles in access to credit and lacked awareness of MFI financial services, hampering their financial achievements. Similarly, Saumu and Maina (2020) conducted a study in Kilifi County, demonstrating that credit access from MFIs had a positive impact on Women-owned Small Enterprises (WSEs) in the area. However, these studiesexcluded MFI managers, potentially limiting their representativeness.

Waithanji (2015) examined the impact of loans provided by Microfinance institutions on the financial performance of SMEs and established that access to credit and financial performance were positively correlated, with interest rates and loan terms playing a significant role. Similarly, Omondi and Jagongo (2018) investigated how MFIs affected SMEs owned by young entrepreneurs in Kisumu County, finding that increased access to credit was directly linked to improved financial performance. Collectively, these studies underscore the importance of credit access from MFIs in enhancing SME financial performance, while also highlighting the need for more research focused on Women-owned Small Enterprises and the involvement of MFI managers in Kilifi to address existing gaps in the literature.

Financial Literacy andFinancial Performance

Cherugong's (2015) study in Trans Nzoia County. Kenya found that financially literate SMEs exhibited more permanent employees with significant annual growth. However,this study includedboth male and female-owned MSMEs. This study aims to address this gap by focusing mainly on women-owned small enterprises in Kilifi County.Mwaniki (2014) conducted a similar study in Nyeri County, discovering that knowledge of managing debt and accounting literacy affected the growth of SMEs sampled. However, this study mainly featured medium enterprises, limiting its generalizability to small enterprises. The present study focuses on enterprises owned by women in Kilifi, Kenya.

Olima's (2013) study on Kenya Revenue Authority employees showed that financial literacy significantly impacted how individuals managed their finances, serving as a reference for developing and improving financial education programs. The gap here is that the study was not conducted on SMEs or WES, so this study focuses on financial literacy training for Small Scale Women Enterprises in Kilifi, Kenya.Kalekye and Memba (2015) examined whether financial literacy had a bearing on financial success of on businesses owned by women in Kitui County, Kenya. It was found financial literacy had a significant positive effect on the profitability of businesses owned by women. however, the study used a small sample size of 60 women, which is not representative. This study addresses this gap by using a larger sample size of registered Small-Scale Women Enterprises in Kilifi, Kenya.

Savings mobilization and financial performance

Shem and Rösner's (2003) study found that SMEs saved with MFIs due to affordable minimum savings account balances and group assistance. They used their savings to hedge against price fluctuations and adverse market conditions. However, their study included both commercial banks and MFIs, whereas this study specifically focuses on MFIs offering services to registered Small Scale Women Enterprises in Kilifi, Kenya.Madara, Onyango, and Nyagol (2020) conducted a study across several counties in Western Kenya and found that savings mobilization significantly influenced SME performance. Microcredit and savings accumulation supported the development and growth of SMEs. This study aims to address the gap by specifically targeting Small Scale Women Enterprises in Kilifi, Kenya.Omondi and Jagongo (2018) study of Kisumu County in Kenya, found that the accumulation of savings had a positive correlation with SME performance, with each increment in savings resulting in a 0.886 increase in business performance. However, this study focused on SMEs owned by youths and cannot be generalized to women-owned small enterprises. The present study concentrates on small enterprises that are women-owned in Kilifi, Kenya

III. Methodology

Research Design:

The study used exploratory research design which allowsthe researcher to determine the factors influencing financial performance in the target population and paving the way for further research (Wang & Cheng, 2020). This design is cost-effective and well-suited for analysing various variables (Mugenda & Mugenda, 2003; Hashem, 2015; Hansen & Machin, 2018; Miksza&Elpus, 2018).

Target Population:

The target population for the study was 1281 registered women-owned enterprises with single business permits in Kilifi. This population was identified through records from the Kilifi County government (Saumu& Maina, 2020). A well-defined population with a common characteristic of interest to the researcher is essential for the study (Mugenda & Mugenda, 2003; Velentgas, Dreyer, Nourjah, Smith, & Torchia, 2013; Nassaji, 2015).

The sample sizes

The sample size for this study consisted of 305 women business owners, selected from the total population of 1281 registered micro-enterprises owned by women in Kilifi County. The sample size was determined using the formula by Ray (2011). The researcher identified the total accessible population, the 1281 registered micro-enterprises, through the Kilifi County Department of Trade. Random sampling was used for the study. The businesses operated in various sectors, including transportation services, ICT, communication services, liquor, workshops, health products, agricultural products, mining, and restaurants. The sample distribution for each stratum was calculated using the Taro Yamane formula, resulting in a total sample size of 305.

Data Collection Instruments

This study utilized a structured questionnaire as its primary data collection instrument, consisting of four sections: demographics, questions related to the impact of credit access, financial literacy training, savings mobilization, and financial performance measurement.

Reliability and Validity of Study Instruments

Forreliability,A pilot study was utilised. throughadministration of questionnaires to two groups of five women micro-entrepreneurs in Kilifi County who were not part of the main study. The researcher assessed the level of agreement among the responses from the pilot test. The Cronbach alpha coefficients computed for each variable, such as access to credit, financial literacy training, saving mobilization, and financial performance, were all above 0.7, indicating high reliability. For validity, the questionnaires wereshared with research experts from the School of Business, and incorporated their feedback into the final questionnaire.

Data Collection Procedure:

Primary data was collected from 211 respondents selected through random sampling, who completed the self-administered questionnaires. Additionally, interviews were conducted with managers from six microfinance institutions in Kilifi, County in Kenya. Secondary data was gathered by reviewing records from financial institutions related to loan repayment, training programs, and the financial results of businesses owned by women. Consent and permission were obtained from both respondents and microfinance institutions before data collection.

Data Analysis and Presentation

Qualitative data were gathered through in-depth interviews with microfinance institution (MFI) managers, while quantitative data came from self-administered questionnaires. Quantitative data were analysed using SPSS, while qualitative data were analysed through analysis of the contents. multiple regression analysis was utilized to establish the connection betweenfinancial performance(dependent variable) and access to credit, financial literacy training, and savings mobilisation(independent variables). Diagnostic tests such as Normality and multicollinearity tests were conducted before running the regression model to ensure its validity.
The study adopted the following regression model
Financial performance (Ys) = $\beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon$,
where
Ys is the financial performance, $\beta 0$ is the constant, X1 represents access to credit, X2 is financial literacy training, X3 stands for savings mobilization, and ε is the error term.

IV. Data Analysis, Presentations and Interpretation

Response Rate

As indicated in Table 4.1, The study distributed 305 questionnaires to participants, with 221questionnaires completed and returned, while 84 were left blank. This resulted in a response rate of 72.46 percent, which is considered excellent (Mugenda & Mugenda, 2003), indicating a sufficient response rate for the study
Table 4.1 Response Rate

Table 4.1*:* Response rate

Questionnaires Status	Number of Questionnaires	%
Response	221	72.46
Non-response	84	27.54
Total	305	100.

Source: Researcher Data (2023)

Descriptive Statistics

Actual survey results evaluated the degree of agreement among the stakeholders with various assertions about microfinance services in connection to financial finance on a Likert scale interval from 1 to 5 and closed-ended questionnaires. The results are discussed in section 4.3.1

Access to credit andFinancial Performance

The outcome portrayed in Table 4.2indicates thatmost businesses (67%) were registered with Micro Finance Institutions, and a significant portion had acquired loans from MFIs. Importantly, the study established that the MFI loans had a positive effect on increasing the stock within the businesses.

Table 4. 2: Access to Credit

	Yes		No	
	F	%	F	%
Businessregistration	147	67	74	33
Loan acquisition	154	70	67	30
Increase in stock	139	63	82	37

Most of therespondentspointed out that loans from MFI had a positive impact on increasing stock and theirbusiness's profits. Averagely the respondents indicated that loans assist businesses in meeting growing demands in the market, and contribute to business expansion and diversification. These findings suggest that MFIs have an important task in boosting the financial performance of micro-enterprises by providing essential business capital and fostering entrepreneurship. They align with the research by Amsi et al. (2017), which highlighted the role of MFIs in addressing the capital requirements of small and medium enterprises.

Table 4. 3: Role of MFIsin Financial performance

Statements	N	Minimum	Maximum	Mean	Std. Deviation
Credit facilities led to growth in business profit.	221	1.00	5.00	3.2398	1.07087
Access to creditled to sales increase	221	1.00	5.00	3.2986	1.00519
Access to credit enabled Diversification of investments	221	1.00	5.00	3.2172	1.01707

Source: Researcher Data (2023)

Financial Literacy andFinancial Performance

The study assessed whether SME entrepreneurs had received formal training on financial prowess, the extent of their training and whether this training contributed to effective financial performance. The result presented in Table 4.4 indicatesthat mostof the respondents (56%)have hadsome formal training on finances. These results indicate that MFIs in Kilfi County have made efforts to provide training to SMEs, although not all SME owners have received training.

Table 4. 4: Financial Training

Responses	Frequency	Percentage
Yes	123	56
No	98	44
Total	**221**	**100**

Source: Study Data (2023)

The study examined whether the training received by entrepreneurs was relevant to theirbusiness operations. The results of this assessment are presented in Table 4.5.

Table 4. 5: Relevance of Financial Training

Responses	Frequency	Percentage
Yes	194	88%
No	27	12%
Total	**221**	**100**

Source: Study Data (2023)

The outcomes presented in Table 4.5 demonstrate that the formal training attended was relevant to their business operations. This implies that MFI training plays a significant rolein assistingentrepreneurs in managing their businesses effectively, which includes maintaining proper business records and enhancing customer service. These findings align with Bennett (2004), who emphasized the importance of training business individuals to develop skills in production and enterprise management to ensure profitability from acquired loans.Subsequently, the respondents indicated the impact of the financial training as presentedTable 4.6.

Table 4. 6: Effect of Financial Literacy

Statement	N	Minimum	Maximum	Mean	Std. Deviation
Financial Literacy training has enabled me to grow my business profit.	221	1.00	5.00	2.33	1.31
Financial Literacy training has enabled me to increase my sales.	221	1.00	5.00	2.36	1.31
Financial Literacy training led diversification of investments	221	1.00	5.00	2.32	1.30
Valid N (listwise					

Source: Study Data (2023)

The findings in Table 4.6 indicate that the majority of respondents on average indicated that financial literacy significantly enhanced employee skills and capabilities, leading to improved performance in Business growth, growth in sales, and diversification of investments. This highlights the need toencourage SMEs to embrace financial literacy provided by MFIs in enhancing employee skills, subsequently contributing to superb financial performance. Well-trained employees are more adept at delivering superior customer service, which, in turn, attracts more customers to these businesses. These results contradictthe research conducted by Ismail and Atheru (2017), which demonstrated owners who had received financial literacy training were more adept in loan repayments and record keeping.

Savings Mobilisation

The outcome regarding the influence of savings mobilization on business performanceissummarised in Table 4.7.

Table 4. 7: Savings mobilisation and financial performance

	N	Minimum	Maximum	Mean	Std. Deviation
Savings mobilisation has enabled me to grow my business profit.	221	1.00	5.00	2.7557	1.28418
Savings mobilisationhave enabled me to increase my sales.	221	1.00	5.00	2.7240	1.25800
Savings mobilisationled diversification of investments	221	1.00	5.00	2.7602	1.29736
Valid N (listwise)	221				

Source: Study Data (2023)

As Presented in Table 4.7 the majority of SMEs moderately indicated that savings mobilization had any connection with the overall performance of their businesses. Most of the respondents were indifferent on the significance of saving plans on business growth and creditworthiness. The finding suggests that some challenges may be hindering certain SMEs from accessing MFI servicesas much as they agreed there were diverse saving schemes offered by MFIsto women entrepreneurs..

Correlation Analysis

Table 4. 8:Correlations Test

		Access to Credit	Financial Literacy Training	Saving Mobilization	Financial Performance
Access to Credit	Pearson Correlation	1	.553**	.390**	.503**
	Sig. (2-tailed)		.000	.000	.000
	N	221	221	220	221
Financial Literacy Training	Pearson Correlation	.553**	1	.570**	.470**
	Sig. (2-tailed)	.000		.000	.000
	N	221	221	220	221
Saving Mobilization	Pearson Correlation	.390**	.570**	1	.648**
	Sig. (2-tailed)	.000	.000		.000
	N	220	220	220	220
Financial Performance	Pearson Correlation	.503**	.470**	.648**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	221	221	220	221

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

Source: Study Data (2023).

The resultsdisplayed in Table 4.6 indicate a varying positive and significant connection between financial performance and all assessed elements of microfinance services. These findings are consistent with those of Waithanji (2015), who obtained a similar result.

Regression Analysis

The results of the regression analysis are summarized in Table 4.9, 4.10 and 4.11.

Table 4. 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.704a	.495	.488	.63395
a. Predictors: (Constant), Saving Mobilization, Access to Credit, Financial Literacy Training				
Source: Study Data (2023)				

The Model Summary displayed in Table 4.9 shows that the Adjusted R-squared 0.495. indicatin access to credit, financial literacy training, and savings mobilization contributed 49.5 percent of the variability in the financial performance. Factors outside the model influenced the remaining 50.5 percent.

Table 4.9:ANOVAa

ggModel		Sum of Squares	df	Mean Square	F	Sig.
	Regression	85.153	3	28.384	70.627	.000b
	Residual	86.809	216	.402		
	Total	171.962	219			
a. Financial Performance						
b. Saving Mobilization, Access to Credit, Financial Literacy Training						

Source: Study Data (2023).

From the ANOVA table 4.10 it is evident that F calculated (F=70.627) less thanthe greatercritical F-value of 499.545,an indication that the overall model was significant and can be used reliably to interpret the findings. The linear regression analysis result is presented in Table 4.11

Regression result

Table 4. 11:Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Predictor	-.275	.220		-1.252	.212
	Access to Credit	.341	.067	.295	5.054	.000
	Financial Literacy Training	.016	.103	.010	.156	.876
	Saving Mobilization	.892	.100	.527	8.900	.000
a. Financial Performance						

Source: Study Data (2023).

Table 4.11 shows that MFI credit, financial literacy and savings mobilization, and the financial performance of SMEs in Kilifi County have a significant and positive relationship. This results in the following regression equation:

$Y = -0.275 + 0.341X1+0.016X2+0.892X3$

Where: Y = Financial Performance, X1= Access to Credit X2= Financial Literacy Training X3=Savings Mobilization. $\beta 0$, $\beta 1$, $\beta 2$, $\beta 3$, and $\beta 4$ are the regression coefficients

Hypothesis Testing

Based on the result presented in Table 4.11 The study foundthat access to credit had positive and and statistically significant impact onfinancial performance (β=0.341, p=0.0000. These results are congruent with those of Saumu and Maina (2020), who found that access to credit facilities by MFIs positively affected the performance of women enterprises in Kilifi County. Additionally,theyfound that the relationship betweenfinancial literacy training andfinancial performance was positivebut statistically insignificant (β=0.016, p=0.876) leading to the rejection of the second hypothesis. These finding is congruent with Mwaniki (2014), who established that budgeting abilities and financial literacy had positive but insignificant influence on business growth. However, these findings contradict those by Olima (2013), who found that, generally, financial literacy significantly impacts individual management of finances among the respondents.Finally, the study found that savings mobilization has a positive and statistically significant effect on financial performance, (β=-0.892, p= 0.0000). These results are congruent with those of Madara et al. (2020), who found that microcredit and savings accumulation support developing and growing SMEs. It also agrees with the finding by Omondi and Jagongo (2018), who found that savings mobilization and other products lead to the positive performance of SMEs.

V. Conclusion

The study made several conclusions. Firstly, the study found a positive correlation between access to credit and small-scale enterprises' financial performance. Therefore, there is a need to improve on matters related to access to creditwhich plays a crucial role in improving the financial performance of small-scale enterprises. Secondly contrary to expectations, the study found that training on financial literacy had no influence on the financial performance of small businesses owned by women in Kilifi County, Kenya. The outcome leads to the conclusion that financial literacy training does not contribute to improved financial performance among small-scale women enterprises but it is subject to further investigation.Finally, the finding that savings mobilization is positively correlated to the financial performance of small-scale women enterprises leads to a conclusion that there is a need to address factors such as monthly savings requirements and a history of saving with microfinance institutions.

VI. Recommendations

Firstly,the study recommends Microfinance institutions (MFIs) to demystify and rationalize the loan application procedure to enable women entrepreneurs to access more credit. The measures should encompass the minimization of complicated rules and procedures. Equally Financial institutions, including MFIs, should ensure the availability of a diverse range of loan products tailored to the diverse needs of small-scale women entrepreneurs.Secondly, to capitalize on this impact of savings mobilization,MFIs and financial institutions should encourage small-scale women entrepreneurs to save regularly and meet their monthly savings targets. Financial institutions can leverage technology to provide convenient and accessible savings options, making it easier for entrepreneurs to manage their savings.Finally, as much as the financial literacy training had no bearing on the financial performance of women enterprises in Kilifi,there is a need for enhanced Awareness and Outreach.The Government in Collaboration on with the MFIs should prioritize expanding the reach of microfinance services by actively creating awarenessof the benefits and opportunities offered by MFIs among Small and Micro Enterprises (SMEs)including supportive policies, infrastructure development, and access to markets. Equally, the Government should implement programs to bolster entrepreneurial skills among SMEs and provide SMEs with comprehensive training on financial management, emphasizing business initiation and management education. This can be achieved through various educational initiatives, workshops, and training programs.The study additionally recommends that training programs should be reviewed and improved to make them more relevant and effective byconsideringthe use of technology and digital tools to enhance financial literacy and provide entrepreneurs with easy access to resources and information.

VII. Suggestion for further studies

Further research should be conducted to explore the specific barriers and challenges faced by small-scale women entrepreneurs in Kilifi County. The study should include the economic hurdles that impact microfinance institutions in their efforts to provide financial support and training to small and medium enterprises (SMEs). This research can help tailor interventions and support programs to address their unique needs. Equally, a ccomparativestudyshould be done across different counties to explore the influence of microfinance institutions on SME growth in various counties and compare these findings with the results from Kilifi County. This comparative analysis can shed light on regional variations in the impact of MFIs on SMEs.

Contribution to Knowledge

The research outcomes add information to extend the relevance of the finance theory, especially on the role of microfinance on small-scale enterprises' financial performance in Kilifi County in Kenya. They demonstrate how small-scale enterprises are exposed to numerous microfinance services like access to credit, financial literacy training, and savings mobilization, which could jeopardize their financial performance and survival. Create a complex management structure to encourage profitable growth and upgrade the small-scale enterprises to lessen microfinance services challenges.

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