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An Assessment of Financial Literacy and the Performance of UWEZO Funded SME's in Kirinyaga County, Kenya

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Abstract
The study sought to assess the financial literacy and performance of Uwezo funded SMEs in Kirinyaga County. Lack of finance has been attributed to be the cause of poor performance of SMEs necessitating the government of Kenya to initiate programs such as UWEZO fund to provide the much needed finances for the success of these SMEs. Among the Kenya government initiatives is the financial literacy training program that is provided to the UWEZO fund beneficiaries as a prerequisite for getting the funds. Guided by financial literacy theory the study surveyed the level of financial literacy among 88 uwezo funded SMEs who were randomly selected and assessed the effect of the financial literacy on the performance of the SMEs. The findings of the study reveal that there is a significant positive relationship between financial literacy and the performance of the sampled SMEs. It was established that the SME owners had good financial literacy skills in terms of personal savings, record keeping, credit management and budgeting but had difficulties in implementing these skills in their day to today business decisions. The study therefore recommends that the providers of the financial literacy training programs should have a review program to ensure that the SMEs are able to apply the skills acquired to be able to make better business decisions. The study also recommends that a similar study can be conducted on the same SMEs to identify the cause of the knowledge gap.
Key words: Financial literacy, personal savings, record keeping, credit management

1. Introduction

The contribution of small and medium sized business entities towards the economic development of any country cannot be ignored. These small and medium sized enterprises contribute greatly towards creation of employment and economic growth and development. The performance of these enterprises is a key concern to the government as well as to economic regulators both in the developed and developing countries. Today many countries depend on the success of small and medium enterprises to create jobs and drive economic growth. In Kenya, SMEs contribute to over 80% of the country's employment and over 40% of the country's GDP according to the Kenya National Bureau statistics (KNBs, 2012).

Literature in prior studies has been associating SME failure with lack of access to finances (Kamau, 2013). This has prompted governments, regulatory bodies as well as financial institutions to develop substantial support mechanisms with the aim of increasing the ease with which SME's access Finances. One such initiative is the Uwezo fund which is one of the Kenyan government's flagship programs for the vision 2030 which was established with the aim of enabling the youth, women and persons with disability access finances to promote businesses and enterprises at constituency level. It also doubles as one of the programs aimed at achieving one millennium development goal which strives to reduce extreme poverty and eradicate inequality. A considerable amount of funds has been disbursed to SMEs with particular focus to the youth, women and persons with disability. According to the GOK statistics by the end June 2016, Ksh5.1Billion was approved and distributed to groups throughout the country. Out of these Ksh 68.7 Million was disbursed to Kirinyaga County. Despite all the economic recovery strategies (ERS) put in place by the government to improve living standards, Poverty incidence is still high with low standards of living since studies carried out in Kenya indicate that 47% of the total population are poor (Masingu, 2013). Research findings paint a mixed picture on the performance of the Uwezo funded enterprise' performance. Kasilu (2014) attested to the fact that majority of the self-help groups who had accessed funds had challenges with repayment of their loans. Though majority of the groups had received training as part of the requirement for accessing the Uwezo funds, Nyanchama, Atembo and Nyangau (2016) and Ashiku (2014) concluded that training enhanced the effectiveness of utilization of funds hence ought to be given priority before the groups are given the funds. Despite having the seed capital needed to support their establishment, SMEs are found to be faced with a new challenge of how to manage these finances for the benefit of growing their enterprises.

Financial literacy is considered to be current research in the area of economic literature. Lusardi and Mitchell (2014) defined financial literacy as the ability of people to process economic information and make informed decisions towards business planning, wealth creation and debt management. A financially literate SME owner/manager was defined as someone that knows what are the most suitable financing decisions on the business performance at the various growth stages of the business; knows where to obtain the most suitable products and services; and interacts with confidence with the suppliers of these products and services (USAID, 2009). It encompasses a variety of key skills with regard to the establishment of business entities and making the right decisions to seeing their success. This study focuses on finance related literacy skills which include record keeping skills, saving skills, credit management skills, budgeting skills with the aim of identifying their impact on the performance of Uwezo funded SMEs in Kirinyaga County.

Objectives of the study

(i) To assess the effect of record keeping skills on the performance of Uwezo funded Small and Medium enterprises in Kirinyaga County.

(ii) To examine the effect of Savings Skills on the performance of Uwezo funded Small and Medium enterprises in Kirinyaga County

(iii) To establish the effect of Credit management Skills on the performance of Uwezo funded Small and Medium enterprises in Kirinyaga County.

(iv) To establish the effect of budgeting Skills on the performance of Uwezo funded Small and Medium enterprises in Kirinyaga County

2. LITERATURE REVIEW

2.1 Financial literacy theory

Financial literacy has become of much interest among finance researchers. It covers the combination of investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (Atkinson & Messy, 2005). It is based on the notion that those with financial knowledge and skills have more capability of making more informed and better financial decisions. The aim of financial literacy is to increase peoples' ability to manage their businesses in a more mature and profitable manner. Advocates of financial literacy theory believe that when business owners are more knowledgeable on financial issues they possess immense potential to negotiate for better financial deals, invest their savings in more profitable investment vehicles and hence increase their net worth. Several studies showed that financial literacy is positively related to self-beneficial financial behaviour (Hilgert, Hogarth, & Beverly, 2003).

2.2 Empirical Review

Researchers on the field of SME performance have done commendable research work in the recent past. Several studies have observed that SMEs' contribute greatly towards the economic development of both developing and developed economies (Kimunduu, Otieno & Shisia, 2016). Despite this level of importance studies have shown that the performance of SMEs' is still wanting hence prompting a new area of study on the determinants of SME success. The current trend of the role of education on SME performance has elicited a lot of interest among researchers. Several studies have been carried out on the role of financial literacy on performance of SMEs (Nyabwanga et al, 2011 & Kimunduu et al, 2016) with results providing evidence of a positive association between financial literacy and the performance of SMEs.

2.2.1. Savings and SME performance

Studies have shown that one of the key constraints of SME success is inability to access operating capital to fund their business ventures (Kinyua, 2014). Despite of the effort put in place by the financial institutions to finance SMEs a lot needs to be done to ensure that they have adequate resources to operate optimally. Due to their inherent nature of operating small, SMEs do not have the luxury of accessing financing like the big organizations since they are considered as risky borrowers. As a result of lack of proper funding their growth is constrained. Koech, Oyungi and Memba (2015) established that the source of funding significantly affects the growth of SMEs. Onugu (2005) argues that despite the incentives, programs, policies and support aimed at revamping the SMEs, they have performed rather below expectation in Nigeria. While an average operator would always hinge their failure to lack of access to finance, evidence has shown that fund/finance contributes only about twenty-five percent to the success of SMEs, which sounds insignificant. Thus, the creation of other appropriate support systems and enabling environment are indispensable for the success of SMEs in Nigeria (Ekwem, 2011). Some these include the ability to manage the scarce funds to achieve optimal benefit for the business. Personal savings has been cited as a major source of SME capital for entrepreneurs (Kamunge et al, 2014).

2.2.2 Record keeping and SMEs' Performance

Keeping records on the transactions undertaken by a business entity acts as the bases for the preparation of financial reports which a key in accessing the performance of the entity. Large and complex organizations use high technology computerized accounting systems to facilitate the process of record keeping. In small entities the number of transactions is expected to be few and less complex compared to large organizations. Keeping proper records has been attributed to easy access to credit from financial institutions (Kipngetich, 2016) since they act as a basis of evaluating the credit worthiness of the entity. G20 Seoul Summit (2010) eluded that SMEs' face a challenge of information asymmetry due to lack of accounting records, inadequate financial statements or business plans which make it difficult for them to access credit. Similar views were extended by Kipngetich

(2016) who added that lack of financial literacy skills including operating skills, accounting skills and finance skills still present a formidable challenge for SME borrowers. The quality of the accounting information is greatly affected by the quality of accounting systems used. Diamond and Khemani (2006) identified that SMEs' use either manual accounting system which are supported by very old and inadequately maintained software applications and hardware. This has a damaging effect on their functioning hence adversely affect the appropriateness and reliability of the collected accounting information.

2.2.3. Credit management and SME Performance

Access to credit has been cited as a major challenge for most organizations especial small and medium enterprises. Several studies have proved the association between Credit management and performance of entities (Omara, 2007; Nyabwanga, 2011; Kamunge, Njeru & Tirimba, 2014; Koech et al, 2015; Kipngetich, 2016). Proper management of credit facilitates the acquisition of high amount of loans since financial institutions consider the organization as a less risk borrower. Due to their small size SMEs' face a challenge of credit management policies which are frequently ad hoc, less systematic and informal in nature (Mungal & Garbharran, 2014). This hinders the banks and other financial institutions from providing the much needed facilitation hence low level of growth and survival.

Studies have shown conflicting evidence on the level of credit management financial literacy. Kipngetich (2016) found that SMEs even though they assessed the risk associated with the loans by comparing different sources they did not have any knowledge of evaluating the effect of interest rates on the profitability which can be used as a key determinant on the ability to pay the loan principal and interest. Hence the conclusion that SME credit management literacy was low. Simiyu (2008) investigated the challenges faced by micro finance institutions and identified that managing credit risk was one of the major challenge which SMEs have to overcome to be able to survive and thrive in the current environment of competition from large organizations.

2.2.4. Budgeting and SME performance

Research literature provides evidence of the association between Budgeting literacy and performance of entities (Josh et al, 2003; Mahmood, 2008; Chidi & Shadare, 2011; Kipngetich, 2016). Unlike large companies which tent to have detailed budgeting process, small entities may not have structures which support budgeting process. They may not even have the knowledge required to prepare the budget (Kipngetich, 2016) nor the understanding of the importance of having a budget as a road map to their operations. Chidi and Shadare (2011) asserts that budgeting among the SMEs' face significant challenges due to accountability issues, lack of cooperation and participation, lack of understanding of the budgeting process, inability to meet set deadlines as well as setting of unrealistic estimates which makes the implementation of the budget in practical. These challenges are compounded by inadequate accounting systems which do not facilitate the provision of accurate and adequate data on timely bases for the monitoring of revenues and expenditures as well as budget planning (Mahmood, 2008).

3. Methodology

3.1. Research design

A research design refers to the overall strategy that is used to integrate the different components of the study in a coherent and logical way with the aim of effectively addressing the research problem logically and as unambiguously as possible (De Vaus, 2006). Descriptive cross-sectional survey design was adopted for this study. A descriptive study is one in which information is collected from the respondents without changing their environment (Jackson, 2009). They are also conducted to demonstrate the association between the variables under study without manipulating their natural occurrence. The study adopted a cross sectional approach to survey the respondents and collect both quantitative as well as qualitative data pertaining the variables under study with the aim of making inferences about their relationships.

3.2. Target population

Cooper and Schindler (2003) defined target population as the entire group of individuals, events or objects having common observable characteristics. The target population for the study was 424 women who had benefitted from the uwezo funds by 2013 as per the Kirinyaga county integrated development plan 2013-2017.

3.3 Sample size and sampling procedure

A sample is the part of the population that helps a researcher to draw inferences about the population (Kothari, 2006). 128 women were randomly selected from the total target population of 424. This represented 30% of the population which was considered a good representative according to Kothari (2006) and which allowed for the generalization of the results to the population.

3.4. Data collection tools and Procedure

Primary data was collected by distributing questionnaires to the sampled 128 SMEs. The questionnaires consisted of both likert scale questions as well as open ended questions to gain more information on the level of financial literacy and the level of performance. Questionnaires were considered appropriate for the study as they have the ability to generate considerable amount of data from a large group of respondents (Mugenda and Mugenda, 2003). The questionnaires were hand dropped by research assistants and picked on an agreed time.

3.5 Data analysis and presentation

The collected data was cleaned, edited, properly organized and input into an SPSS (version, 22) to facilitate the analysis. Descriptive and inferential statistics were used to establish trends, patterns and relationships on both qualitative and quantitative data which could provide meaningful insight on the required parameters.

4. Research findings and discussions

4.1 Response rate

Table 4.1 shows the number of people who responded to the questionnaires distributed and those who failed to respond. Out of the 128 women who were sampled, 90 of them responded and returned their questionnaires but 2 of them were rejected due to inadequacy of the information provided. This amounted to 88 questionnaires which represented a response rate of 68.7% which was considered appropriate for the study.

Table 4.1 Response rate

Population category	frequency	percentage
Responded	88	68.7
Not responded	40	31.3
Total	128	100

4.2 Descriptive findings

4.2.1 Personal Savings skills

With regard to personal saving skills the sampled women are seen to have good saving skills on average as per the results of table 4.2. Majority of them agreed that their personal savings improved after going through the financial literacy training (mean = 3.45). Majority of them also indicated that their performance in terms of sales growth improved as a result of the improved personal saving skills (mean 4.32). Most of them set aside a fixed amount of savings from their profits periodically (mean= 3.17). Though on average the savings skills seem to be high , they lag behind with regard to separating personal money from that which belong to the business (mean= 2.53) as well as having a separate bank account for the business (mean=2.32). Majority (mean= 1.87) of the women seemed not to have opened an emergency fund account for their families which is a crucial skill for ensuring that they do not have to drain their business income on emergent issues which are uncertain as to their occurrence.

Table 4.2 Personal Savings skills

	Mean	**Std. Deviation**
we have an active personal savings account in a bank	2.44	0.876
We have a separate bank account for my business	2.32	0.953
we do not mix personal cash with business cash	2.53	0.852
we keep a fixed amount of savings from profits every month	3.17	1.451
Our savings skills improved after the financial literacy training	3.45	0.875
Personal savings skills have improved our sales amount	4.32	0.545

4.2.2 Record keeping skills

Table 4.3 below shows the results with regard to record keeping skills of the sampled women owned SMEs'. The results reveal that even though their record keeping skills improved after they attained the financial literacy skills (mean=3.45) as well as their sales growth (mean= 4.67), majority (mean 4.04) say that they still seek the advice of qualified accountants to help them in the preparation of their financial reports. This could be attributed to having a weak (mean= 2.51) system of recording their transactions as well as not being able to prepare their financial reports on time (mean= 2.03) despite of having a good filing system (mean=3.01).

Table 4.3 Record keeping skills

	Mean	**Std. Deviation**
We record all the daily transactions in a systematic manner	2.51	0.712
We prepare financial reports on timely basis	2.03	0.921
We seek the advice of trained accountants to prepare the financial reports	4.04	1.041
We have a filling systems for all the documents	3.01	0.781

4.2.3. Credit management skills

The results on table 4.4 with prove that the sampled women are not well versed with proper credit management skills. Even after undertaking the financial literacy training their level of credit management skills is still low (mean= 2.34), despite majority (mean= 3.78) of them indicating that their sales level improved after the credit management training. Even though they consult different banks before taking a loan (mean 3.17) they still end up seeking the advice of professionals (mean= 3.42) to assist them in making their borrowing decisions. This could be attributed to inability to calculate the interest rate (mean= 1.44), inability to evaluate the credit risk (mean= 2.01) or even being able to assess their loan repayment ability before getting the credit (mean=2.54). Having low credit management skills could have contributed to the low level of loan repayment (mean= 2.52) as seen in table 4.4 below.

Table 4.4 Credit Management Skills

	Mean	Std. Deviation
We are able to calculate the interest rates before borrowing a loan	1.44	0.867
We ask for advice on borrowing from professionals before borrowing	3.42	0.953
We assess the ability to pay the loan before we borrow	2.54	0.852
We consult different banks before borrowing	3.17	0.871
We have no challenges with repaying all the borrowed uwezo funds	2.52	0.872
We evaluate credit risk before borrowing a loan	2.01	0.712
Our credit management improved after the financial literacy training	2.34	0.942
The credit management training skills have improved our sales level	3.78	0.545

4.2.4 Budgeting Skills

Table 4.5 shows that on average the women have good budgeting skills. Majority (mean= 2.91) have confidence that their budgeting skills improved after they undertook the financial literacy training which in turn has improved their sales level (mean=3.78). Due to the act of taking budgeting as a very important aspect (mean=2.56) it has led them to be able to prepare timely budgets (mean=2.45), meet the set budget estimates (mean= 3.26) as well as review their budgets on a monthly basis (mean=2.94). The aspect of involving the other members of their business in budgeting process lagged behind (mean=2.05) which is a common practice for SME's owners not to trust their employees with their business.

Table 4.5 Budgeting skills

	Mean	Std. Deviation
We have the ability to prepare our budget estimates on timely basis	2.45	1.025
We have the ability to meet the set budget estimates	3.26	0.971
We review the budget estimates on monthly basis	2.94	0.876
We involve all the members in preparing budgeting estimates	2.05	0.921
We consider the budgeting process to be very important	2.56	0.764
Our budgeting practices improved after the financial literacy skills	2.91	0.903
The budgeting financial literacy skills has improved our sales growth	3.56	0.342

4.3 Regression Analysis

To establish the association between financial literacy and the performance of SMEs, a regression analysis was carried out and the results used to test the hypothesis. From the results on table 4.6 the value of the adjusted R^2 = 0.721. This implies that 72.1% change in the level of performance of the SMEs could be attributed to financial literacy training on saving, record keeping, credit management and budgeting at 95% confidence level.

Table 4.6 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878[a]	.780	.721	0.22460

a. Predictors: (Constant), Financial literacy

The analysis of variance table 4.7 shows that the regression model was significant at P-value= 0.002 at 5% significance level. The calculated value (F) is greater than the critical value (3.214> 1.997). This implies that all the independent variables (financial literacy skills on savings, record keeping, credit management and budgeting) had a significant positive effect on SMEs performance as indicated on table 4.7 below.

Table: 4.7 ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.724	4	0.421	3.214	.002[b]
	Residual	7.006	84	0.103		
	Total	8.73	88			

a. Dependent Variable: performance
b. Predictors: (Constant), Financial literacy

The regression coefficient table 4.8 below shows that when all the independent variables are held constant the level of performance is 1.522. a unit increase in the level of personal savings skills would lead to 0.478 unit increase on the level of SMEs performance when all other variables are held constant when all other variables are held constant . A Unit increase in the level of Record keeping skills would lead to 0.481 unit increase on the level of SMEs performance when all other variables are held constant. A unit increase in the level of credit management skills would lead to 0.362 unit increase on the level of SMEs performance when all other variables are held constant. A unit increase in the level of budgeting skills would lead to 0.274 unit increase on the level of SMEs performance when all other variables are held constant. All the independent variables had significant effect on the level of performance as all their p-values< 0.05. record keeping and personal saving skills have the highest level of influence on the SMEs performance as compared to credit management skills and budgeting. The regression equition is therefore expressed as

$Y = 1.522 + 0.478X_1 + 0.481\,X_2 + 0.362\,X_3 + 0.274\,X_4$

Table 4.8 Regression coefficients

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	1.522	1.121		1.321	0.002	1.36	9.39
Personal savings skill	0.478	0.214	0.201	2.120	0.001	.69	7.26
Record keeping skills	0.481	0.201	0.374	3.618	0.003		
Credit management skills	0.362	0.133	0.124	2.536	0.000		
Budgeting skills	0.274	0.122	0.213	2.745	0.001		

a. Dependent Variable: reporting index

4.4 Discussions of findings

The study findings established that financial literacy skills contribute significantly to the performance of SMEs. A positive and significant relationship has been established between financial literacy skills and the performance of SMEs. Osinde et al (2013) observed that entrepreneurs who received business development skills recorded an improvement in the growth of their sales. These findings concur with the views financial researchers such as Atkinson and Messy (2005); Remund (2010); Nyamboga et al (2014); Eniola and Entebang (2016) among others who argued that financial literacy is and should be taken as a crucial tool for SME performance. Financial literacy skills help investors to understand the financial products and services which give them the confidence to face financial risks and opportunities by making more informed decisions.

The findings reveal that personal savings skills have a positive influence on the performance of SMEs. The beneficiaries were found to have active savings accounts in which they saved a fixed amount out of their profits on a monthly basis. This is contrary to the findings of Nyamboga et al (2014) who established that, though SME owners had bank accounts they were not active which they attributed to the lack of profits made by the SMEs. Even though they had good savings skills, the SMEs could be faced with a problem of managing the accounts which can be evidenced by the lack of an emergency kitty to take care of unforeseen needs. This could lead to spending their savings on un-budgeted expenditures. One of the major constraints of SMEs success has been attributed to lack of access to capital (Kinyua, 2014). SMEs are considered as high risk borrowers due to their low operating capacity coupled with unstructured way of operations. This means that there is need to encourage them to save more so as to reduce the capital gap created by lack of access to capital.

The study findings reveal a positive and significant relationship between record keeping skills and the performance of SMEs. Even though the respondents had proper system of tracing and recording all their transactions as well as properly filling all their documents, the results reveal that they were not able to prepare financial reports on timely basis. This is evidenced by them having to seek for qualified accountants to prepare the financial reports on their behalf. Proper financial records are a prerequisite for obtaining finance from financial institutions. Kimunduu et al (2016) postulates that SMEs fail to keep proper books of account due to their low number of transactions coupled with low value transactions. But the importance of keeping proper records cannot be under estimated; Kipngetich (2016) argues that keeping proper records has been attributed to easy access of credit from financial institutions.

The study results reveal that majority of the respondents agreed that having credit management skills improved their financial literacy as well as their performance. These findings are similar to those of Nyabwanga

(2011) who identified a positive relationship between credit management and performance of entities. The respondent seemed to lack the skills required to properly manage their credit. This is evidenced by their inability to calculate interest rate, inability to evaluate their credit risk before borrowing as well as unwillingness to assess their loan repayment ability before borrowing. All these short comings could have led to the low rate of loan repayment of the borrowed funds. The findings show that majority of them sought the advice of professionals to facilitate their borrowing. Managing credit was cited as one of the major challenges facing SMEs (Simiyu, 2008) and which can threaten their existence as well as their survival. Getting the necessary skills on credit management can be considered as a prerequisite for every entrepreneur since by their inherent nature they are faced with challenges of accessing capital.

The results pertaining to the effect of budgeting financial literacy skills and the performance of the SMEs reveal a positive and significant relationship. Majority of the SMEs owners agreed that the financial literacy training improved their budgeting practices as well as their sales levels. Despite of the above positive results their ability to prepare the budget estimates on timely basis was low which could be attributed to failure to consider the budgeting concept as of value to the business as well as not allowing other members to participate in the budgeting process. Kipngetich (2016) has similar views were he concluded that unlike large businesses which have detailed budgeting processes, SMEs lack the knowledge required to have proper budgets. Chidi and Shadare (2011) found out that budgeting among the SMEs face significant challenges due to accountability issues and lack of cooperation and participation by all other members of the team. This can be attributed to the owners not having confidence to trust other peoples' ideas into their business.

5. Summary Conclusions and Recommendations

5.1 Summary and Conclusion

The study findings established that financial literacy training in terms of saving skills; record keeping skills, credit management skills and budgeting skills have a positive effect on the performance of SMEs. These skills have been found to enhance their business management and operating skills giving them a better chance of survival. The findings established that the SMEs owners' level of personal savings skills was high which made them change their behavior towards saving. These savings acts as a crucial source of finance which is not only cheap but also risk free. The findings on the effect of record keeping on performance reveal also a positive association between the two variables. Proper record keeping skills facilitates the preparation of financial statements which are accurate, complete and on timely basis. The findings established that SME owners had proper system of recording transactions and filling system, but they seemed to lack the confidence to prepare their own financial statements hence necessitating the dependency on specialists for the preparation for financial reports. The study findings established that credit management skills positively affect the level of performance of the sampled SMEs. The inherent nature of SMEs makes them lack the capacity to access credit from financial institutions. This makes it crucial for them to be able to manage whatever credit they access very well. Credit management skills are considered a necessary tool for the success and survival of entrepreneurs. The study findings reveal that the level of credit management skills was low among the sampled SMEs. Despite of having undertaken the credit management training they seemed to again depend on professional for advice before they can seek credit from financial institutions. This has led to increased costs to their business inform of professional fees.

The study findings reveal that budgeting skills have positive effect on the performance of SMEs. Budgeting skills are necessary tools to any business entity as they facilitate performance measurement as well as evaluation. The findings established that the budgeting skills of the sampled SMEs were below average, which could be attributed to the low value attached to the budgeting process by the SMEs.

5.2 Recommendations

The study established that financial literacy skills positively affect the level of performance of SMEs. It therefore recommends that the SME owners should implement the skills acquired from the training so as to acquire the benefits in terms of better performance. The study established that the level of credit management skills as well as budgeting skills were below average. The study therefore recommends that the financial literacy trainers should review their training materials so as to ensure that the SMEs owners understand what is being taught. The study recommends that a similar study be carried out on the same SMEs to establish the cause of the knowledge gap identified in the study.

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