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Microfinance Services and Financial Performance of Top 100 Mid-Sized Firms in Nairobi City County, Kenya

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Abstract

With the current changes in the interest rate regimes small and medium enterprises are finding it challenging to access financial services from mainstream banks hence turning to microfinance institutions. This study sought after the impact of access to microfinance services on financial outcomes of Top 100 medium sized firms in Nairobi City County Kenya. This study which also adopted a descriptive research design; analyzing 21 reoccurring firms in the Top 100 medium sized firms in Nairobi City County Kenya as ranked by KPMG between 2016-2018. The general manager finance managers from each of the firms was the main units of analysis. The study utilized a census sampling of 42 of the respondents, relying on both data sources. The semi-structured questionnaire was the dominant research instrument, collecting secondary data from audited financial statements of the top 100 SMEs. The research applied descriptive statistics such as mean, standard deviation and coefficient of variation. Further the research utilized regression analysis and ANOVA tests in analysing the research hypothesis. The regression results led to the conclusion that 82.5% of financial outcome of the firms is predicted by microfinance services. The study further established that government regulations significantly moderated ow MFI initiatives relate to firm profitability. The posited that financial institutions such as Saccos and mainstream banks can develop products tailored to meeting the capital and entrepreneurial gaps in the SME industry. These will help in filling the gaps created with the slow-down in the growth of microfinance sector which cannot adequately bear the burden of supporting the SME industry. Further, in light of the current Covid pandemic, the central government should look at reviewing the now-stopped stimulus packages and moratorium on VAT and other taxes. This will be critical to the survival of the SME industry and driving firm performance.

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Introduction

Micro-finance institutions are important players in the finance services industry, providing financial and non-financial services to other actors in the SME sector. Most countries consider this sector a key in improving the state of the economy. This sector is increasingly becoming key to the growth of economies worldwide (Mwangi, 2011). According to Wanjohi (2010), SMEs are important aspects of promoting sustainable economic development. Some developed nations such as Taiwan and Japan credit some of their economic success to the efficiency and stability of their large SME sectors, with Switzerland generating surpluses during the 2008 financial recession by recording an annual 2% to 2.5% growth rate between 2008 and 2012 (Guo & Woo, 2016). The Financial Sector Deepening -FSD (2015) opines that when SMEs are credit constrained it severely affects their possibilities to grow and innovate. Madole (2015), in a study to examine how access to microfinance credit influences SME productivity in Tanzania found that bank credit obtained by SMEs in Morogoro improved their turnover both in terms of employees, profits, sales turnover, business diversification and increased business capital and assets. Cooper (2012) indicates that micro finance services have been one of the main accelerators for the growth of Kenyan SMEs. Ogindo (2006) notes that micro finance services functioned as tools that can be relied on to do the function of banks to individuals and SMEs who may have difficulty in accessing banking services. The Kenyan government has recognized the vital role SMEs play in stimulating economic growth, job creation, poverty alleviation and improving the citizens living standards (AFRICOG, 2012), hence the government's involvement in improving SME performance so as to promote economic growth through competitiveness and generation of employment opportunities and income distribution. Mira and Ogollah (2013) also opine that due to financial scarcity, mentorship programmes, credit facilities and business formalization, SMEs can expand, modernize so as to satisfy their customers. This adversely affects their overall performance. The Association of Microfinance Institutions of Kenya (AMFI) is the main association governing microfinance institutions in the country and it was founded under the societies Act by top Kenyan microfinance institutions (Cooper N. , 2012). AMFI aims to ensure that there is provision of general policy guidelines, adherence to ethical practices and the association's direction (Bashir & Ondigo, 2018). Microfinance services include offering deposit options, loans, payment services, money transfer and insurance to multiple products (Mennonite Economic Development Associates, 2009). They are offered to members of the society who are less capable members to increase their business capability and acumen enabling them to become self-reliant and can be either financial or non-financial. Non-financial services encompass investment training and business skills (Kisaka & Mwewa, 2014; Rotich, Lagat, & Kogei, 2015). Microfinance may also encompass micro credit, micro savings and micro insurance (Rotich, Lagat, & Kogei, 2015). Makena (2011) indicates that SME success is dependent on their ability to access credit, insurance services and payment services. Madole (2015) studied how microfinance services relate to SME financial performance and found that the relationship between MFIs loans and SMEs productivity is significantly positive. Kisaka and Mwewa (2014) evaluated the effect of microfinance services on empowerment of women and found that microfinancial services have improved their access to funds thus improving their independence and range of options. Cooper (2012) examined how microfinance services impact SME growth in Nairobi and found a strong positive impact on performance.

Statement of the Problem

SMEs are responsible for more than 85% of private owned business and are responsible for more than 50% of employment and GDP of most countries in Africa (Birundu & Mwangi, 2015). Similarly, in the context of Kenya, SMEs provide employment to citizens who in turn enhance economic development. As such, the performance of the SME sector is crucial if Kenya is to

realize the 10% growth rate targeted by the Kenya Vision 2030 strategy (Kinyua & Mungai, 2018). Furthermore, in line with the government initiative for spurring economic growth, SME performance is key. This is however, dependent on their access to micro finance services. Hence it is imperative to examine the extent and nature to which MFI services affect the fiscal outcomes of the Top 100 mid-sized firms. Kenya Top 100 Mid- sized companies survey found out that 68% of the participants were in the growth phase, yet growth was being constrained by several challenges including lack of access to credit, inadequate working capital, increased competition, lack of key staff, and flattening revenue growth (Rimberia, 2017). The Kenya Economic Survey (2016) indicates that medium sized firms have faced relatively low performance as compared to other economic sectors as indicated by the 4.3% growth rate. Muganda (2016) notes that between 8% to 12% of medium sized firms fail to retain their top performance rating dues to myriad of challenges that face their growth levels. Despite this, many researchers report opposing findings on how they perceive MFI services relate to firm growth, hence this study sought to expand on the available evidence. In response to the research gaps documented above, this research sought to fill the above research gap and enhance the empirical evidence available by examining the how microfinance services relate to performance of the Top 100 mid-sized firms in Nairobi City County Kenya.

Objective of the Study

To investigate the effect of micro finance services and financial performance of Top 100 medium sized firms in Nairobi City County Kenya.

Research Hypothesis

The study sought to test the following null hypotheses:

H_{01} *Micro credit services have an insignificant effect on financial performance of Top 100 medium sized firms in Nairobi City County Kenya.*

H_{02} *Micro Insurance services have an insignificant effect on financial performance of Top 100 medium sized firms in Nairobi City County Kenya.*

H_{03} *Micro training services have an insignificant effect on financial performance of Top 100 medium sized firms in Nairobi City County Kenya.*

H_{04} *Micro savings services have an insignificant effect on financial performance of Top 100 medium sized firms in Nairobi City County Kenya.*

Literature Review

Theoretical Review

This Economic Theory of Entrepreneurship was developed by Mark Casson in 1982. Casson, (1982) holds that entrepreneurship is a result of conducive economic conditions; he therefore asserts that economic development and entrepreneurship are interdependent hence with favourable economic conditions entrepreneurship develops faster. Casson further affirms that monetary incentives are the main reasons why entrepreneurs engage in their activities and they are streamlined by tax policies, operational policies, sources of financial support and raw materials, infrastructural access, investment and marketing opportunities, information access and prevailing market conditions. It implies that financial performance of SME businesses has a direct link to economic growth which can only occur within a conducive macro environment of the national economy concerned. This theory was thus be critical in the current study in establishing how the various government regulations have influenced microfinance institutions in their efforts to spur growth within the SME industry in the country. Coined by Penrose (1959), the Resource Based View theory postulates that resources are a critical part of an organization's operation. Akio (2005) traces the Resource Based view theory to the work of Penrose and proposed that the growth of a firm is not instantaneous but occurs over time

through resource and organizational learning. The greater the learning curve the more success the firm will witness since it was able to adjust to changes in the market. The output got from organizational resources is key in ensuring productivity. Further, the manner in which resources are used determines the yielded results. Similar resources, when combined for use for various reasons and when used in different combinations yields different output (Penrose, 1959). This theory thus views both micro training and micro savings services offered individually to the SME as critical unique factors that SMEs can leverage on to spur growth. Thus, the theory helped in underpinning the examination of both variables as key capabilities that firms can harness to promote better performance.

Empirical Review

Gitari, (2012) looked at factors that impact women entrepreneurs' profitability in Ngara Market. The study found out that lack of streamlined information negatively affected financial access. Information access was hampered by the cost of information access, lack of technical knowhow and disinterest from the entrepreneurs. The study relied on primary data, while the current employed primary and secondary data to enhance objectivity in the study. Bula (2012) examined performance of women in small firms in Kenya and the inferential analysis indicated that family characteristics and responsibilities as well as the marital status had an insignificant impact on firm outcomes. The study indicated that lack of adequate financial management skills and improving access to financial services can improve the firms success. The study fails to investigate how individual microfinance services affect SMEs financial results. Mira and Ogollah, (2013) studied challenges facing access to credit facilities by women-led business ventures in the CBD in Kenya and concluded poor alignment of information between the two institutions significantly influenced ownership and performance. When SMEs fail to post their financial performance records, streamlining information on financing the SMEs becomes difficult making financial institutions to be unable to perform their advisory role on services available for their businesses. The study however considered women enterprises whereas the current study focuses on the Top 100 medium sized firms in Nairobi City County Kenya. Osano and Languitone (2016) examined factors that influence financial access on SME profitability in Maputo, Mozambique. Focussing on 242 SMEs and 324 staff among the banks, the researcher used descriptive and inferential research design adopting structured questionnaires in the data collection, findings showed that support to the small businesses and access to finance by SMEs are directly related. The study indicated that insurance products were a key support product for better access to financial linkages for SME's. The study however focused on SMEs in Mozambique whereas the current research targets Top 100 mid-sized firms in Nairobi City County Kenya. Bashir and Ondigo (2018) investigated how financial products affect productivity among Nairobi-based SMEs. Adopting a descriptive survey design and targeting 30, 253 businesses, the questionnaires used were analysed through correlation and regression analysis. Analysis indicated that Micro insurance products, though not significant positively affect financial performance of SMEs. The study involved all SMEs while the current will only include the top performing SMEs in the country. These firms operate in different counties in the country, thus enhancing the reliability of research findings. Mutandwa, Taremwa, and Tubanambazi (2015) studied factors determining Rwanda SMEs productivity conducting a survey with 52 SMEs and using both quantitative and qualitative data collected from questionnaires and financial statements. The findings revealed that marketing and entrepreneurship skills significantly affect SME performance. The study however focussed Rwandese SMEs and not on Kenyan SMEs. Sani, Mohd-Khan, Noor, and Saifoul (2018) assessed how microfinance training impacts the quantity of loans received by SMEs in Nigeria. The study adopted a Poisson regression model to analyse 195 SMEs and used a two-stage sampling and simple random sampling technique. Results indicated that several training sessions

significantly and positively impacted the volume of losses reported. The study adopted a simple random sampling whereas the current study employed census sampling technique. Omondi and Jagongo (2018) studied the effect of microfinance services and fiscal results of SMEs run by Kisumu-based youth in Kenya. Using a descriptive research design, youth owned firms registered in Kisumu County, the researcher adopted semi-structured questionnaires in the data collection process. Descriptive and inferential statistics used showed that a unit change in savings mobilization resulted in a .886 increase in firm productivity. The study however considered SMEs in Kisumu County and not the Top 100 Kenyan mid- sized companies. Rotich, Lagat, and Kogei (2015) studied how microfinance services affect performance Kenyan SMEs. Targeting 429 Kiambu-based MSMEs and sampling 270 firms, the researcher applied multiple regression analysis and found that access to savings schemes significantly impacted of MSME productivity. The study only focused on the MSMEs in Kiambu County. Ismail and Atheru (2017) looked into the impact of microfinance services on financial outcomes of Kilifi-based SMEs. The study utilized quantitative data analysis with findings indicating that lack of financial literacy limited the savings culture among SMEs as all as awareness of available microfinance products which limits SME productivity. The study only considered the SME's in Kilifi Town. The current study sought to establish how the government moderated the relationship between the two research variables.

Research Methodology

Positivist's approach calls for independence and bias-free behavior in conducting a study so that the subjects of the research do not come affected. The study applied the positivism research philosophy. This allowed for both a quantitative and qualitative research methodology to be applied in the study. A descriptive research design was adopted and it looks at a phenomenon, answering critical question such as how variables relate to one another. The study target population was the 21- Top 100 medium sized firms that have consistently appeared on the KPMG report of 2016-2018. The study further applied random sampling since it gives each possible respondent from the population has an equal chance of participation. Therefore, the sample size comprised of two managers of the 21 firms translating to 42 research respondents. Structured questionnaires with a five level Likert scale ranging from (neither agree nor disagree, strongly disagree, disagree, agree, and strongly agree) was the main data collection tools. Secondary data was collected from the audited financial statements of the Top 100 medium sized firms for the year 2016- 2018. The study employed a combination of descriptive, inferential and content analysis. The descriptive analysis that was employed are frequencies, percentages, means and standard deviation. The inferential analysis utilized correlational analysis, regression analysis and test of significance using ANOVA.

Results and Discussion

Response Rate

The secondary data for the study was extracted from statements offered by the firms, KPMG and Nation Media Group. The study employed a census survey of 42 individuals selected from the 21 operational SME firms. The study was able to obtain 93% (n=39) responses from the distributed 42 questionnaires. The response rate was deemed suitable for the data analysis as it was representative of the sample population. The findings also showed that 56% (n=22) of the respondents had a graduate degree and 36% (n=14) had a master's degree which was an indication of educational diversity among the top management teams within the SMEs. The results also showed that 67% (n=26) of the participants were finance managers while 33% (n=13) were the managing directors of the firms. This indicated that the selected sample had access to the relevant information being sought to solve the study problem.

Financial Performance

The study examined the financial returns of the Top 100 SMEs, ROA was the main measure. Data was sourced from reports published between 2016 and 2018, and the statistics are shown below.

Table 1 Summary of Financial Performance

	Returns Asset 16	Returns Asset 17	Returns Asset 18
Mean	.1271	.1362	.0938
Std. Deviation	.16338	.10254	.10017
Skewness	2.047	.787	.748
Std. Error of Skewness	.501	.501	.501
Kurtosis	5.477	.109	.358
Std. Error of Kurtosis	.972	.972	.972
Minimum	-.12	-.01	-.07
Maximum	.66	.38	.32
Valid	21	21	21

Source: Researcher (2021)

The findings showed that on average the 21 selected SMEs have a ROA of 12.71% in 2016 which expanded to 13.62% in 2017 and contracted to 9.38% in the year 2018. The results also showed that within the period the lowest ROA was attained in 2016 at -12% with a high of 66% being achieved within the same year. Generally, the findings show that the selected Top 100 participants have posted positive returns within the period of the study as results of the positive ROA margins achieved.

Micro Credit Services

Objective one reviewed the micro credit services offered to SMEs by seeking responses from the participants on the advance loans, micro loans and digital loans received in the period 2016-2018.

Table 2 Summary of Micro Credit Services

	2016			2017			2018		
	1	2	3	1	2	3	1	2	3
Loan facilities received from MFI	11	22	6	10	19	5	25	8	6
Loan facilities received from MFI without collateral	20	17	2	24	15	1	23	21	2
Overdraft advances received from MFI	16	11	12	25	12	2	22	10	4
Digital Loan facilities received from MFI	15	20	4	21	16	2	21	15	3
Average	15.5	17.5	6	20	15.5	2.5	22.75	13.5	3.75
Std. Dev	3.20	4.15	3.74	5.96	2.5	1.5	1.48	5.02	1.48

Source: Researcher (2021)

The study showed that most of the participants (n=22) indicated they received on average two loan facilities from MFIs in 2016 while (n=22) of the participants received at least one loan from MFIs in 2018. Findings also indicated that atleast (n=20) of the participants received one loan facility without a collateral in 2016 while only 2 participants were able to receive 3 loans without a collateral within the same period.

Micro Insurance Services

Objective two sought after the micro insurance services offered to the SMEs by MFI institutions. The participants were presented with various statements on the various risk management and insurance policies in place.

Table 3 Summary of Micro Insurance Services

	2016			2017			2018		
	1	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Insurance policies with MFI	29	8	2	33	5	1	31	6	1
Risk identification plans in place	31	3	2	35	3	1	34	4	1
Risk avoidance strategies implemented	19	7	0	23	9	1	24	8	1
Risk reduction measures adopted	25	11	2	29	5	1	30	9	1
Average	**26**	**7.25**	**1.5**	**30**	**5.5**	**1**	**29.75**	**6.75**	**1**
Std. Dev	4.58	2.86	0.87	4.58	2.18	0	3.63	1.92	0

Source: Researcher (2021)

The findings indicated that most participants agreed that on average 26 SME had access to atleast one micro insurance service in 2016, as compared to 30 in 2016 and 29 SMEs in 2018. The results also showed that 34 respondents agreed that their firm has had a risk identification plan in place in 2018 as compared to 1 participant who indicated they that had 3 plans in the same period.

Micro Training Services

The third variable examined the various micro training services offered to the Top 100 SMEs in Kenya. The respondents were presented with various statements covering entrepreneurial and financial management training and the findings are shown below.

Table 4 Summary of Micro Training Services

	2016			2017			2018		
	1	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Financial training programs attended	15	17	7	17	16	6	21	10	3
Entrepreneurial training seminars conducted	22	13	3	20	11	7	25	14	4
Leadership training seminars conducted	24	15	2	23	10	5	21	10	2
Team building exercises conducted	30	7	2	30	9	0	30	7	2
Employee training workshops organized	19	6	1	28	4	3	28	7	3
Average	**22**	**11.6**	**3**	**23.6**	**10**	**4.2**	**25**	**9.6**	**2.8**
Std. Dev	5.02	4.36	2.10	4.84	3.85	2.48	3.63	2.58	0.75

Source: Researcher (2021)

The study showed that in 2018, atleast 21 respondents agreed that their firm has had attended one financial training programs as compared to 17 responses in 2017. The study further indicated that in 2018, 25 respondents agreed that their firm has agreed they had conducted entrepreneurial training seminars, 14 respondents showed they had conducted two seminars while only 4 respondents noted they had conducted 3 entrepreneurial trainings within the same period.

Micro Savings Services

The fourth variable focussed on the accessibility of micro savings services to the SME and the respondents were queried on the group and deposit saving products availed to them.

Table 4.5 Summary of Micro Saving Services

	2016			2017			2018		
	1	**2**	**3**	**1**	**2**	**3**	**1**	**2**	**3**
Individual savings products operated	17	4	5	20	9	3	25	7	2
Deposit accounts maintained	36	2	2	31	2	3	33	2	3
Investment options undertaken	20	5	4	19	14	5	18	13	4
Group saving programs operated	21	10	6	19	8	7	23	8	4
Average	**23.5**	**5.25**	**4.25**	**14.75**	**8.25**	**4.5**	**24.75**	**7.5**	**3.25**
Std. Dev	7.37	2.95	1.47	7.95	4.26	1.66	5.40	3.91	0.83

Source: Researcher (2021)

The results indicated agreement among participants that their firm operated one individual savings product while only 7 SME operated atleast two individual savings products. The participants (n=31) also agreed operated one deposit account in 2017 as compared to 33 respondents in 2018. Within the year 2018 only 3 respondents agreed that their firm has had atleast 3 deposit accounts in operation.

Regression Analysis

Regression analyses were employed to support the study hypothesis. A multiple linear regression model was utilized to determine the magnitude of influence of the independent variable on the dependent variable.

Table 6 Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.908[a]	.825	.650	.21794	2.148

a. Predictors: (Constant), Micro Savings, Micro Credit, Micro Insurance, Micro Training
b. Dependent Variable: Return on Assets

The regression results above yielded a coefficient of determination of .825 which implied that holding all other factors constant, 82.5% of changes in the financial performance of medium sized firms can be predicted by microfinance services. This indicates that other factors not considered can predict 17.5% of the changes in the financial performance.

Table 4.7 ANOVA Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.895	4	.224	4.712	.000[b]
	Residual	.190	4	.047		
	Total	1.085	8			

a. Dependent Variable: Return on Assets
b. Predictors: (Constant), Micro Savings, Micro Credit, Micro Insurance, Micro Training

An F statistic of 4.712 indicated that the model was significant, which is higher than the critical value of 2.61. This was supported by a probability (p) value of 0.000 ($p < 0.05$), indicating that the model used can statistically significantly predict the outcome variable, showing that MFI services support improved firm returns.

Table 4.8 Regression Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.538	.223		2.416	.000
	Micro Credit	.033	.016	.654	2.064	.002
	Micro Insurance	.108	.050	3.696	2.153	.008
	Micro Training	.101	.034	2.439	2.972	.000
	Micro Savings	.057	.027	1.298	2.129	.040

a. Dependent Variable: Return on Assets

The resulting regression equation becomes;

ROA= α + .033MCS + .108MIS + .101MTS+ .057MSS+ .223

Hypothesis One (H_{01}) stated that micro credit services have an insignificant effect on financial performance of Top 100 mid-sized firms in Nairobi City County Kenya. The results showed that micro credit services had a coefficient = .033, Sig = .002<.05. This implied there was a significant effect of micro credit services on the firm's financial returns, thus rejecting the null

hypothesis of the study. This indicated that a change in micro credit services by a unit will lead to a .033 change in the financial outcomes of the firms. Gitari, (2012) in their study also noted that favourable terms were significant to expanding the financial performance of the Ngara Market

Hypothesis Two (H_{02}) stated that micro insurance services have an insignificant effect on the firms' financial outcomes. The findings demonstrated that micro insurance services had a coefficient = .108, Sig = .008<.05, implying that micro insurance services improve the firms' financial outcomes, thus rejecting the study's null hypothesis. This showed that a change in micro insurance services by a unit will lead to a .108 change in profitability. Bashir and Ondigo (2018) are also of the view that micro insurance products can help improve financial performance of SMEs though the interaction is not significant.

Hypothesis three (H_{03}) stated that micro training services have an insignificant effect on the firm's profits. Results showed that micro training services had a coefficient = .101, Sig = .000<.05, implying that micro training services significantly improve the firm's financial outcomes, thus rejecting the null hypothesis. This indicated that a change in micro training services by a unit will lead to a .101 change in the financial outcomes of the firms. Sani, Mohd-Khan, Noor, and Saifoul (2018) research showed that availability of numerous training programs helped in expanding the loan accessibility and performance of the SMEs.

Hypothesis four (H_{04}) stated that micro savings services have an insignificant effect on the firm's financial outcomes. The results indicated that micro savings services had a coefficient = .057, Sig = .040<.05. A unit change in micro savings services would result in a .057 change in the firm's financial outcomes. Omondi and Jagongo (2018) in their study also found out that improving savings mobilization is key to enhancing the financial performance of SMEs. Rotich, Lagat, and Kogei (2015) supported the results by indicating that increased access to savings programs significantly affected SME performance.

Conclusions

The study concluded that a jointly micro credit, micro savings, micro training and micro insurance were significantly vital to better financial performance outcomes within medium sized firms. The research findings support the conclusion that micro credit services significantly improve the firms' financial outcomes. The study concluded that increasing the loan facilities accessed, limiting the collateral requirements for loans, accessibility of overdraft advances and digital loan facilities significantly lead to better financial performance. The second study objective examined micro insurance services' impact on financial outcomes concluding that micro insurance services have a significant positive effect on fiscal outcomes. The findings implied that availability of insurance policies, risk identification plans, risk reduction measures and implementing risk avoidance strategies significantly lead to better financial outcomes. The third objective reviewed the effect of micro training services on the firm's financial outcomes, concluding that micro training services significantly improve SME financial results. The research concludes that accessibility to financial training, entrepreneurial training seminars, leadership training, team building exercises and employee training workshops are positively associated with financial performance of medium sized firms. The study fourth objective reviewed the effect of micro savings on the financial outcomes and determined that an increase in individual savings, deposits accounts maintained, investment options and group savings significantly contribute to improved financial results.

Recommendations

The study further recommends that financial institutions such as Saccos and mainstream banks can develop products tailored to meeting the capital and entrepreneurial gaps in the SME industry. These will help in filling the gaps created with the slow-down in the growth of microfinance sector which cannot adequately bear the burden of supporting the SME industry. The study recommends that the firms should improve their alliances with financial institutions firms as this will increased the firm's capacity to mobilize financial resources. The study recommends that the management team should involve employees in developing risk identification and avoidance plans which will help the firm to be risk averse and improve protection of the firm assets. Firms should improve their collaborations with the management team of financial firms to have more routine financial and entrepreneurial training activities that will help expand the management of the firms and foster employee productivity which are all key to better financial outcome. In regard to the micro savings objective, the research recommends that the medium sized firm should promote a savings culture within their branch networks as this will help improve the reserves available for the firm's utilization in hard times.

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