EFFECTS OF NON-GOVERNMENTAL ORGANIZATIONS ACTIVITIES ON SUSTAINABILITY OF SMALL BUSINESS ENTERPRISES IN KENYA. CASE OF TUMAINI FUND FOR ECONOMIC DEVELOPMENT INTERNATIONAL.

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ABSTRACT

Despite the growing contribution of small businesses to the GDP in Kenya and in many other economies, they continue to struggle for survival and the help from Non-governmental Organizations (NGOs) does not seem to provide a remedy. There is need to provide an explanation as to how the relationship between NGOs and small businesses manifests. The purpose of this study is to establish the effects of NGOs activities on sustainability of small businesses. Specifically, the study sought to establish the effect of financial assistance by NGOs, technical assistance by NGOs, training services offered by NGOs and formation of pressure groups facilitated by NGOs on the sustainability of small businesses in Nairobi County. This research was a descriptive study using cross-sectional survey method. The population target comprised all the 134 registered small enterprises located within the Nairobi County that receive assistance from the Tumaini Fund for Economic Development International (TFEDI). This research study used a stratified random sampling method to select 40% of the respondents. The data was collected through a structured questionnaire and analysed using appropriate statistical tools. The quantitative data in this research was analysed using descriptive statistics such as the frequency, percentage, mean and standard deviation while regression analysis at 95 % confidence level was used to determine the relationship among the variables. The findings were presented in frequency tables, charts and graphs. The study found that financial assistance by NGOs negatively affectsfinancial sustainability of small businesses as the NGOs offer funding with flexible payment, without collateral and at lower interest rates while at the same time offering saving schemes which are very beneficial. The study also deduced that technical assistance affect financial sustainability of small businesses with a coefficient of 0.406 and p=0.002. The study finally concludes that formation of pressure groups facilitated by NGOs also affects the sustainability of small businesses in Nairobi County with a coefficient of 0.219 and p=0.047. The study therefore recommends that the NGOs should be quick to measure the success rate of SMEs by considering factors like high repayment, outreach and financial sustainability and growth, but these may not be successful if their activities do not reflect in the growth of SMEs.

INTRODUCTION

Background of the Study

Small enterprises form an essential part of economic development because of the role they play in contributing towards the Gross Domestic Product (GDP) among developing and developed nations. In some regions like the European Union (EU) SMEs represented 98 percent of the firms which served as a crucial foundation for the labor market in the member countries (Smallbone and Rogut, 2005).

A small enterprise can be a microenterprise, a small enterprise or a medium enterprise. A microenterprise is a business organization having a maximum of 10 employees; a small enterprise has a minimum of 11 employees and a maximum of 50; while a medium enterprise has between 50 and 150 employees (Stevenson and St-Onge, 2005).

Non-governmental organizations (NGOs) are legally constituted corporations created by natural or legal people that operate independently from any form of government (Carter, 2004). In Kenya the NGO sector has been undergoing tremendous growth. However, the growth has been paired with the increasingly diverse problems facing the people of Africa, one of which is poverty alleviation. Since 1980 NGOs have changed the manner in which they conduct business for, according to Israel (2007), the NGO sector is viewed as a substitute to the state programs in serving the poor through SMEs.

The NGO sector continues to experience many problems especially in financing. Carter (2004) acknowledges the worsening state the financial market especially in the mainstream banking which serves a small enclave of society made of the elite and the export sector while ignoring the majority poor. Carter (2004) continues to argue that the new NGO activities advocated for a development model that involves the poor directly by engaging them through income generating activities.

Since 1986, the government of Kenya has continued to provide support to NGOs to make them major contributors in the development of small businesses as channel of increasing employment. This is mainly so because traditional mainstream banks have continuously shied away from providing financial services to small business clients. The banks instead have rigorous vetting processes on small businesses requiring them, among other things, to have business plans and projects (Kameri, 2000).

Statement of the Problem

Despite the fact that small businesses have continued to grow and contribute significantly to the GDP in many world economies, they continue to struggle with financing and non-financial difficulties and need assistance. Mainstream banks and lenders are unable to meet these financial needs. Furthermore, the businesses need technological and managerial knowhow to enable their improvement in sustainability. NGOs have provided the much needed financial and technical support to these businesses.

It is for this reason that it is important to evaluate the involvement of the NGOs in small businesses has remedied the problems faced given that 80% of small business in Kenya die between the third and the fifth year of operation due to lack of financial resources, inadequate management experience and absence of technical support (Bowen *at el*., 2009). This study sought to establish the effect of NGOs on financial sustainability among small businesses in Kenya. The study sought to fill this gap by answering the questions: do the financial assistance, technical assistance, training services and pressure group activities provided by NGOs improve the financial sustainability of small businesses in Nairobi County?

Study General Objective

The general objective of this study was to establish the effect of NGOs activities on sustainability of small businesses in Nairobi County with reference to Tumaini Fund for Economic Development International (TFEDI).

Specific Objectives

The study sought to achieve the following:

i. To establish the effect of financial assistance by NGOs on the sustainability among small businesses in Nairobi County
ii. To establish the effect technical assistance and training by NGOs on sustainability among small businesses in Nairobi County
iii. To establish the effect of the formation of pressure groups facilitated by NGOs on the sustainability of small businesses in Nairobi County

Research Questions

The following research questions guided this study.

i. What was the effect of financial assistance by NGOs on the sustainability of small businesses in Nairobi County?
ii. What was the effect of technical assistance by NGOs on sustainability of small businesses in Nairobi County?
iii. What was the effect of training services offered by NGOs on the sustainability of small businesses in Nairobi County?
iv. What was the effect of the formation of pressure groups facilitated by NGOs on the sustainability of small businesses in Nairobi County?

Scope of the Study

This study was limited to the effect of NGOs activities on sustainability of small businesses through financial assistance, technical assistance, training and pressure group activities. Small businesses are firms that have work forces between one and 250 despite the subdivisions into micro, small and medium enterprises. Further, the study limited itself only to SMEs operating within Nairobi County that have been funded by Tumaini Fund for Economic Development International (TFEDI). The assistance provided to small businesses in Kenya by NGOs was formalized through the ministry of trade in 2007 and is active to date. However, this study focused on the five years starting 2007 to 2012.

Limitations of the Study

It was not possible to accurately capture the true picture of the relationships between the variables as they are in the population of SMEs in Nairobi County. This was however controlled by using purposive sampling so that the sample was a replica of the population. It was also not possible to tell how true and accurate the data obtained was. This was controlled by having the questionnaires filled by the managers of the small businesses. Finally, the responses were mainly qualitative in nature, and therefore Likert scale was used to capture and measure the responses, for instance, opinions.

Delimitations of the Study

This study had three delimitations. First, the study was not able to cover all the SMEs in Nairobi County. The researcher therefore used a sample of the SMEs funded by Tumaini Fund for Economic Development International (TFEDI) within Nairobi County. Secondly, the findings had errors that were likely to be at variance with the population parameters. To control this, the researcher used census sampling in order to make the sample as representative as possible. Further, the data was collected from the small businesses through a structured questionnaire with questions targeting the relevant information only.

Justification of the Study

NGOs provide a lot of support to small businesses in Kenya though financial assistance, technical assistance, provision of training services and the facilitation of the formation of pressure groups to champion their grievances. As a result, the expectation is that small businesses should be performing better shown by longer survival and profitability. However, studies show that in Kenya, small businesses do not last beyond five years. This call for an investigation into how this involvement of NGOs in the various ways they are involved affects the sustainability of the small businesses. For this reason, this study will be conducted.

Significance of the Study

This study would contribute to the body of knowledge by identifying the effects of NGOs on sustainability of small business enterprises in Kenya. The study would provide a general framework to researchers, policy makers, professionals and managers to guide future researches.

The donor community would get an insight into the effect of the activities of NGOs on small businesses in Nairobi. All the funding that NGOs use to finance activities of small businesses comes from the donor community. The donor community would then be able to tell if the approach being used to aid small business is succeeding before making up necessary decisions.

The Kenyan government would also benefit from this research for there will be insight into whether or not the policy of development through involvement of NGOs in small business is having the desired effects or not. As a result of the findings, the policy makers in the government will make appropriate decisions concerning the ways in which NGOs can participate in small businesses in Kenya.

Assumptions of the Study

The assumption of this study was that the small businesses would be willing to provide the requisite information, and that the information provided was true and accurate. The study also assumed that the respondents were aware of the effect of NGOs on performance of their enterprises. It also assumes that the country would be stable and that everything would be normal without interruptions hence the time frame for data collection would be as stipulated.

LITERATURE REVIEW

Introduction

The ways through which NGOs affect the sustainability of small businesses can be explained through four theories namely: trade-off theory, pecking order theory, institutional theory and organizational learning theory. This chapter reviews each of these theories and provides a review of past studies concerning how NGOs have affected financial sustainability among small businesses.

History of NGO Intervention in Small Businesses

In the G20 Seoul summit 2009 held in Pittsburgh, the leaders proclaimed that there was need to create a financial inclusion experts group that would, among other things, scale up models of financing small businesses due to the role the small businesses play in economic development among developing countries. The summit focused on the Small enterprises finance gap which blamed on a mismatch between the needs of the small firms and the supply of financial products (Global Unions, 2010).

The G20 leaders, while addressing the challenges being faced by the small businesses in developing countries, emphasized on a support mechanism to small businesses through public support schemes. This initiative confirmed that small businesses faced a lot of weaknesses and possible market failures in the mainstream bank financing space. One of the interventions of public sector was the involvement of the NGOs (Global Unions, 2010).

The call for NGOs participation in small businesses started in the early 1970s. The World Bank (2010) and other observers came to the same conclusion that small businesses needed support from the public sector in creating an enabling environment. The World Bank (2010), further, posited that this participation included appropriate policies, favourable regulations, and reliable infrastructure. The organisations that got involved in small business during that period were, ILO, World Bank, UNIDO, USAID, suppliers of entrepreneurial training like the UK's Cranfield School of Management. The kind of assistance that these organizations offered and have continued to offer to small businesses include among others: skills in business, production, marketing; appropriate tools and technology; access to materials and other inputs; access to information; innovations in production process and product differentiation; access to transportation; access to markets and financing for fixed assets and working capital (World Bank, 2010).

In Kenya, there have been many efforts over the past few years to provide as much assistance as possible to small businesses. The latest support to small businesses has been through the ministry of trade through Assistance to Micro and Small Enterprises Programme (ASMEP). ASMEP kicked off in 2007 with the support of the European commission (EC). Its main objective was to improve private sector development through small businesses. The assistance offered includes institutional and capacity building and provision of tailor made solutions to specific sectors to the small businesses (ASMEP, 2007).

Tumaini Fund for Economic Development International (TFEDI)

Tumaini Fund for Economic Development International (TFEDI) is a local Non-Governmental Organization (NGO) based in the slums also known as ghettos of Nairobi city Kenya. It is set up in order to fight the widespread poverty in Nairobi's slums and many social problems creating poverty.

Tumaini Fund is also registered as Micro-Finance under Small Assistance Enterprise Program (SEAP). Tumaini's vision is to see a society where the children, youth, women and men are healthy and financially capable of meeting in their basic needs. Its objectives include: create and enhance economic opportunities; create wealth through empowering people; getting more of the poor active in doing business; help poverty reduction by providing sustainable and high impact financial services to the poor; to promote small and medium enterprises (SMEs) at community level; mobilize and disburse funds and other resources in order to offer financial services.

Tumaini Fund for Economic Development International commenced operating in Kenya, in 2005. The main activities of TFEDI involve providing micro finance for people who live in the Slum community in Nairobi Kenya. It provide a means to create and enhance economic opportunities.

Trade-off Theory

The trade-off hypothesis goes back to Kraus and Litzenberger (1973) who gave consideration to a balance between the costs of agency and bankruptcy and the tax saving benefits of debt. The theory explains the fact that corporations usually are financed partly with debt and partly with equity. The theory argues that there is an advantage to financing with debt embodied in the tax benefits of debt and there is a cost of financing with debt embodied in, the costs of financial distress (including bankruptcy costs of debt and non-bankruptcy costs). The marginal benefit of further increases in debt declines as debt increases, while the marginal cost increases, so that a firm that is optimizing its overall value will focus on this trade-off when choosing how much debt and equity to use for financing.

This theory provides the possible explanation as to why firms seek funding the way they do. They will go for funding that will increase the benefit to the business while minimizing the costs of the extra debt. The funding provided by NGOs is friendlier than that provided by the mainstream sources. It should follow that small business that use funds from donors through NGOs should perform well as a consequence of using such funding.

Pecking Order Theory

The pecking order theory was put forth by Myers (1984) as a model of explaining the ranked preference of sourcing finance for a business organization. Myers (1984) argued that adverse selection implied that retained earnings were better than debt and debt better than equity. According to Myers (1984) a firm is said to follow a pecking order if it prefers internal to external financing and debt to equity if external financing is used. This also happens when a firm ranks sources of financing based on the costs and the benefits of the financing from those sources.

This theory is related to this study in that small businesses like, any other business, tries to source financing starting with friendlier sources before the unfriendly sources. The sources affect financial sustainability by way of reducing bankruptcy costs. The role of NGOs is the provision of business friendly financing that is expected to improve the financial sustainability of the small businesses.

Institutional Theory

Institutional theory as indicated by Scott (2004) addresses the deeper and the more flexible aspects of social structure. It considers the processes, rules, norms and routines by which structures become established as authoritative guidelines for social behaviour. It inquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse.

Institutional theory argues that institutions mitigate aim at reducing uncertainty and establishing a stable structure to facilitate interaction while enhancing efficiency. Consequently, interaction between NGOs and small businesses will tend to stabilize after some time (Allard and Martinez, 2008). This theory is related to this study in that small businesses and NGOs form a type of stable relationship that will control how they interact and their level of efficiency and financial sustainability.

Organizational Learning Theory

According to Joel (2001), organizational learning denotes a change in organizational knowledge and it typically adds to, transforms, or reduces the organizational knowledge. He further argues that organizational learning theories attempt to understand the processes which lead to (or prevent) changes in organizational knowledge, as well as the effects of learning and knowledge on behaviors and organizational outcomes.

The core learning-related idea was that organizations experience recurrent decision situations, and, in response, develop performance programs, that is, highly complex and organized sets of responses. Organization adapt to many things, including past performance and performance of reference groups. The outcome is that program adaptation is a result of random encounters with improvement opportunities.

This theory is related to this study because the manner in which small businesses interact with NGOs stimulates learning process. The learning which small businesses get out of interaction with each other and the NGOs leads to the nature of performance realized. The response is also stimulated by the pressure exerted by forces that push for the desired change.

Empirical Literature Review

Financial Assistance

Zindiye(2008) conducted a study which investigated factors affecting the sustainability of small and medium enterprises in the manufacturing sector of Harare, Zimbabwe. The study was a descriptive survey covering

241 of 609 SMEs in the manufacturing sector. The study found that, among other issues financial management was a contributing factor to the poor financial sustainability of SMEs.

A study by Ferreira and Rodrigues (2011) was conducted to find out the relationship between financing policy and financial sustainability in the Brazilian textile industry. The study was a survey on 180 companies that had been operational for the period 1998 to 2006. The results showed that financing had significant influence and there was a negative correlation between financial sustainability and debt. This indicated that poor financing, possibly with large debts negatively affected financial sustainability of firms.

Mach and Wolken (2011) conducted a study whose aim was to examine the effects of credit availability on the survival of small firms over the period 2004 to 2008 in the United States. The study found that credit constrained firms were significantly more likely to go out of business than non-constrained firms. Moreover, credit constraint and credit access variables appeared to be among the most important factors predicting which small U.S. firms went out of business during the 2004-2008.

Bates, Lofstrom and Servon (2011) conducted another study in the US to find out why lending programs targeting disadvantaged small business borrowers achieved so little success. The study was based on the premise that financing requirements are a barrier limiting the ability of aspiring entrepreneurs to create small businesses. The authors' analysis yielded no evidence that financial capital constraints are a significant barrier to small-firm creation and performance.

Fairlie and Robb (2009) conducted a study in which they investigated the performance of female-owned businesses, while making comparisons to male-owned businesses in Santa Cruz, USA. They explored the role that human capital and financial capital played in contributing to why female-owned businesses had lower survival rates, profits, employment and sales. The study found that female-owned businesses were less successful than male-owned businesses because they had less start-up capital among other factors.

Technical Assistance

Rwanda's Ministry of Trade and Industry (2010) concerning the financial knowledge of small business owners in Rwanda found that that most small borrowers lacked experience and understanding of financial organizations and did not have the necessary technical skills to make successful applications. The study also found that most financial products from commercial banks to most small businesses were unfriendly. Many small businesses suffered from lack of technical and business skills that included ICT, technical and industrial knowledge, finance, accounting and management. There was also limited innovation and competitiveness. These led to the poor financial sustainability of the small businesses.

Wymenga et al (2012) conducted a study to establish the performance of SMEs in the EU countries based on the sophistication of the technology they used. The study found that in E.U. SMEs involved in high-tech manufacturing experienced a stronger recovery from the depths of the 2009 recession than their counterparts in low-tech manufacturing. Employment growth in high-tech manufacturing SMEs was below that of low-tech SMEs. Using the changes in numbers of employees to measure performance among small businesses, the study found that in 2009-2011 nine countries in the E.U that had a greater proportion of SME employment were those in high- and medium high-tech manufacturing. The study indicated that technical assistance had a positive impact on the financial sustainability of a small business.

Solomon and Perry (2011) sought to determine whether technical assistance has a similar impact on the financial sustainability of new ventures and other small businesses in Washington. In addition, they examined whether some small businesses benefit more from technical assistance than others. In terms of management and technical assistance, they tested whether assistance with financial management, marketing strategy, human resources, obtaining capital, etc had a significant impact on financial outcomes. The study found that financial sustainability, measured in terms of revenue growth, employment and profitability, was more likely to result from technical assistance when firms are larger, regardless of industry or type of assistance provided.

Chrisman and McMullan (2000) conducted a study to explain why outside assistance might influence new venture performance. They tracked the longer-term performance of two samples of entrepreneurs who received SBDC technical assistance and subsequently started businesses. Results indicated that the ventures had higher than expected rates of survival, growth, and innovation, suggesting that outsider assistance during the early stages of a venture's development can influence its subsequent development. Early-stage outsider assistance can be extremely important because events that occur at the pre-start-up and start-up stages of venture development can leave a long-term, hard-to-change impression upon the organization.

Pressure Groups Activity

Pressure groups among NGOs are one of the most well-known regulatory sources in the civil and business sector. They are especially important for their information-gathering work and for their exploitation of publicity as a way of influencing business behaviour. They therefore form a strong method of improving the environment in which small businesses work especially with respect to the government (Hutter and O'Mahony, 2004).

Fergus (2003) in his work cited in Oxford University Press and Community Development Journal indicated that some NGOs undertake group strengthening and training (for instance in processes of recruitment and management, structure and leadership, financial and business management skills and so on) before, for instance, marketing, activities are initiated, or as part of the intervention. The danger of not assessing the performance of existing groups and providing any necessary training in group strengthening is that marketing activities implemented with these groups can fail due to general group weaknesses, rather than problems with the marketing.

Fergus (2003) studied farmer co-operative enterprises and their findings highlight the importance of not over-estimating group capacities, and the need for long-term involvement in building group capacities. Often groups fail because they have been formed too quickly and too much is expected of them. They also found that group enterprises are more likely to succeed when based on joint marketing rather than joint management/ownership of assets, because the latter requires more complex skills and experience. It is also important to consider what group size is most appropriate and whether there is a culture of working as a group.

The Co-operative League of the USA (CLUSA) working with CARE in Mozambique has developed a very thorough approach to the development of farmers associations.

They have attempted to make this approach more sustainable by developing the capacity of a local NGO to take-up and continue these activities, and by promoting a structure within the farmers' associations that permits on-going development. The approach has been criticised for being too costly, but the results to date, albeit over a short duration, are nonetheless very impressive. There is now a need to critically evaluate this approach, to identify the direct and indirect subsidies provided by the NGOs, and assess which components have most prospects of sustainability (Craig *et al.*, 2000).

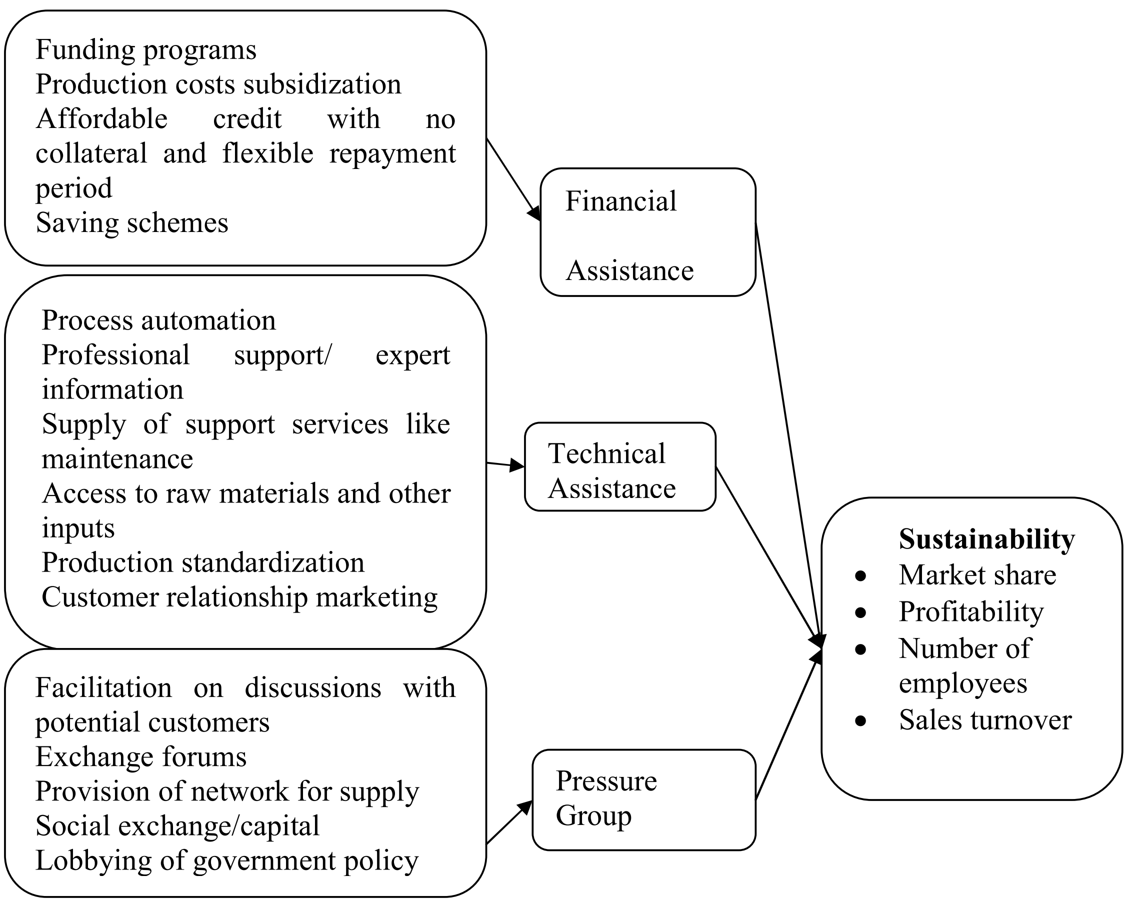
According to OECD (2004) a regulatory policy should aim at creating a level playing field for all types of businesses. In practice, there is an imbalance in both economic and political power, which enables larger firms to influence the business the environment more substantially, sometimes creating difficulties for small and medium firms in accessing information. In addition, the costs of conforming to regulations can be proportionately higher for the small firm. NGOs have the role monitoring governments and large organizations in advocacy for the Small Businesses. The advocacy is done in areas like direct and indirect taxes at local, regional and national level; business licensing and registration; impact on transactions between businesses and businesses and consumers; protection of the environment, health and safety; and access of small enterprises to resources of the government and other public authorities.

As shown in the empirical review the findings concerning the effect of financial assistance, technical assistance, training and pressure groups activity on financial sustainability of small business is not universal but dependent on the environment within which the activities are conducted. Further, research in Kenya concerning how NGO involvement in small business activities is lacking. This study will fill this gap by investigating how the financial assistance, technical assistance, training services and pressure group activities provided by NGOs improve the financial sustainability of small businesses in Nairobi County.

Conceptualization

Yosef (2009)defines conceptual framework as a network, or "a plane," of interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena. The concepts that constitute a conceptual framework support one another, articulate their respective phenomena, and establish a framework-specific philosophy. It also includes the ideas and beliefs a researcher holds about the phenomena being studied.

The independent variables of this study were: financial assistance, technical assistance, training and pressure group activity. These variables are the factors through which NGOs affect the financial sustainability of small businesses. Financial sustainability, therefore, is the dependent variable. Figure 1.1 shows how the variables relate.



Independent variables Dependent variable

Figure 1.1. Operational Framework

METHODOLOGY

Introduction

This section presents the methods and procedures that were used to carry out this study. Specifically, the chapter spells out the research design, the population that was studied, the sampling strategy, the data collection process and how data was analyzed and findings presented.

Research Design

This research was a descriptive study using cross-sectional survey method. A descriptive research design describes or defines a subject, through creating a profile of a set of problems, people, or events, by collecting data, tabulation of the frequencies on research variables and the analysis of how the variables interact (Cooper and Schindler, 2006).

This research approach is appropriate for this study based on the fact that the aim of the researcher was to collect detailed and current information that would identify and describe the current situation concerning the effect the NGOs activities have on small businesses financial sustainability in Nairobi County. The survey enabled a comparative analysis of the variation of the effects from one small enterprise to another.

Target Population

Mugenda and Mugenda (2003) described population as the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. The population of this study composed of all the registered small enterprises located within the Nairobi County that receive assistance from the Tumaini Fund for Economic Development International (TFEDI). The target population of this study therefore was all the owners/managers in the 134 SMEs funded by TFEDI from 2007 to 2012 (TFEDI Records, 2012).

Table 1.1: Target Population

Business Enterprises	Target population	Percentage
Salon& Barber	6	4.5
Hotels, Fast food joints & bars	34	25.4
Jua Kali	23	17.2
Retail store/supermarkets	41	30.6
Electronics and repair	12	9.0
Furniture	5	3.7
Clothing	13	9.7
Total	134	100.0

Sample and Sampling Technique

Sampling frame is the listing of all elements of the population from which a sample will be drawn. It is a complete and correct listing of population members only (Cooper & Schindler, 2006). A sample is a set of entities drawn from a population with the aim of estimating characteristic of the population (Siegel, 2003). It is a fraction or portion of a population selected such that the selected portion represents the population adequately. Cooper and Schindler (2006) explained that the basic idea of sampling is, selecting some of the elements in a population, so that the same conclusions can be drawn about the entire population. This result to reduced cost and greater accuracy of results**.** This research study used a stratified random sampling method to select 40% of the respondents by stratifying the population depending on the kind of businesses they conducted. According to Mugenda and Mugenda (2003) a sample size of 30% and above is a good representation of the target population and therefore 40% is even better. The researcher therefore selected 56 respondents from the targeted SMEs picking the respondents using simple random sampling by use of simple random numbers.

Table 1.2: Sampling Frame

Business Enterprises	Target population	Ratio	Sample size
Salon& Barber	6	0.42	3
Hotels, Fast food joints & bars	34	0.42	14
Jua Kali	23	0.42	10
Retail store/supermarkets	41	0.42	17
Electronics and repair	12	0.42	5
Furniture	5	0.42	2
Clothing	13	0.42	5
Total	134		56

Research Instrumentation

A self-administered structured questionnaire was used to collect the data required for this study from the various registered small businesses in Nairobi County that get assistance from NGOs. The questionnaire had both open ended questions and closed ended questions. As shown in Appendix I, the questionnaire was divided into three parts: Part A, B and C. Part A, used the questions to capture the general information about the respondent SMEs concerning: number of employees, period of operation, category of the business, the annual turnover, nature of ownership, and average percentage profit and whether they receive help from the TFEDI. Part B used the matrix questions at a five point likert scale to measure the independent variables, these are: financial assistance, technical assistance, training and pressure group activities. On the other hand, part C focused on the financial sustainability of the SMEs. Other than Part A, the Likert scale of 1 to 5 was used to measure the respondents' opinion about a variable.

Pilot test

The questionnaire designed by the researcher based on the research questions was pilot tested to refine the questions before it could be administered to the selected sample. A pilot test was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample. Mugenda and Mugenda (2003) asserted that, the accuracy of data to be collected largely depended on the data collection instruments in terms of validity and reliability.

Validity

According to Somekhand Cathy (2005), validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Expert opinion was requested to comment on the representativeness and suitability of questions and give suggestions of corrections to be made to the structure of the research tools. To establish the validity of the research instrument the researcher sought opinions of experts in the field of study especially the lecturers in the department of business administration. This helped to improve the content validity of the data that was collected. It facilitated the necessary revision and modification of the research instrument thereby enhancing validity.

Reliability

Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. The researcher selected a pilot group of 15 individuals from the target population to test the reliability of the research instruments. In order to test the reliability of the instruments, internal consistency techniques was applied using Cronbach's Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicate good reliability (Mugenda, 2003). The pilot data was not included in the actual study.

Table 1.3: Reliability Coefficients

Scale	Cronbach's Alpha	Number of Items
Financial Assistance	0.784	8
Technical Assistance	0.849	6
Training	0.685	7
Pressure Group Activity	0.923	5
Overall/average	0.810	7

The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. Cronbach's Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. The findings of the pilot study shows that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7 (Mugenda and Mugenda, 2003).

Methods of Data Collection

Three methods were used to collect data. In the first method, a structured questionnaire was delivered to the owners/managers of SMEs funded by TFEDI by the researcher by drop and pick later method after the being completed. The questionnaires were delivered to managers or those involved in the start-up and day to day running of the small businesses. The completed questionnaires were collected after a week. In the second method, the researcher completed the questionnaire while interviewing the respondents, to facilitate faster collection of data. In the third method, firms that access the internet had their questionnaires mailed to them. To capture information the respondent may feel is not captured by the research instrument, the researcher interviewed the respondents on the same matter.

Data Analysis and Presentation

The quantitative data in this research was analysed using statistical package for social sciences (SPPS) version 21. In this study, parametric statistics are the major technique of statistical analysis. To analyse the effect of NGO on enterprise financial sustainability, the use of descriptive statistics such as the mean and standard deviation were the major statistical methods. The rationale for using the mean and standard deviation is that all the independent and the dependent variables in Part B of the questionnaire were quantitative in nature and the mean provided an estimation of the average response while the standard deviation provided the spread about the average response. The findings were presented in frequency tables, charts and graphs.

In addition, multiple regression was used to establish on how financial sustainability influenced by the independent variables. The regression model adopted is given as follows:

$$\mathbf{Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X4+\mu_i}$$

Where

$Y=$	Business Financial sustainability	
$\beta_0 =$	Constant	
$X_1=$	Financial Assistance	
$X_2=$	Technical Assistance	
$X_3 =$	Training	
$X_{4=}$	Pressure Groups	
$\beta i =$	Coefficients of X_i	$i=1,2,3,4$
$\mu_i=$	Error term	

DATA ANALYSIS AND INTERPRETATIONS

Introduction

This chapter discusses the interpretation and presentation of the findings. This chapter presents analysis of the data on the analysis on the effect of non-governmental organizations activities on sustainability of small business enterprises in Nairobi County with reference to Tumaini Fund for Economic Development International.

Response Rate

The study targeted a total of 56 respondents. All the respondents responded and returned their questionnaires contributing to 100% response rate. According to Mugenda and Mugenda (2003) a response rate of at least 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this response rate is adequate for analysis and reporting. The researcher made use of frequency tables, graphs and charts to present data.

Background Information

The study sought to establish the background information of the business including duration that the business had been operating, number of employees in the enterprise, ownership of the business and whether the respondents receive any help from business supporting NGOs.

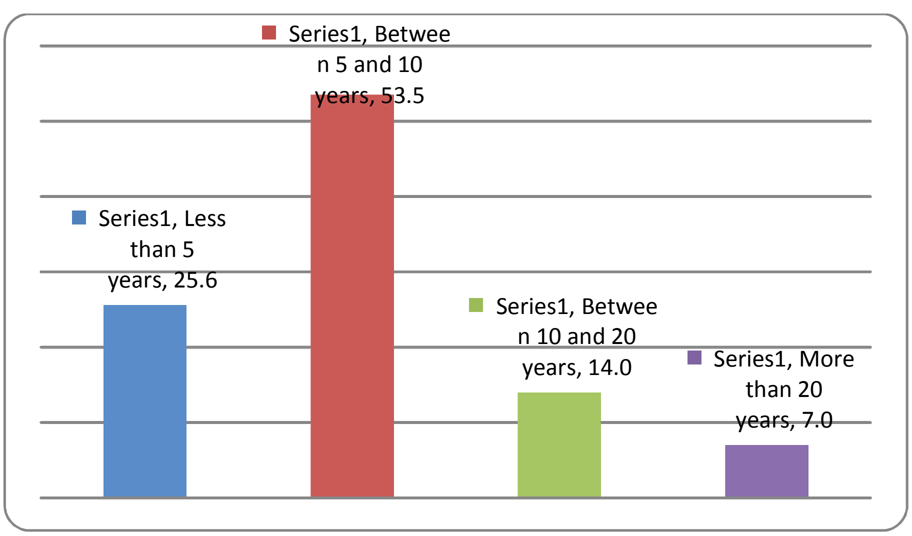


Figure 1.2: Duration that the business had been operating

On the number of years that the business had been operating, the findings in figure 1.2 show that 53.5% of the respondents indicated that their business had been operating for a period of between 5 and 10 years, 25.6% said less than 5 years, 14% said between 10 and 20 years while 7% of the respondents said their business had been operating for a period of more than 20 years.

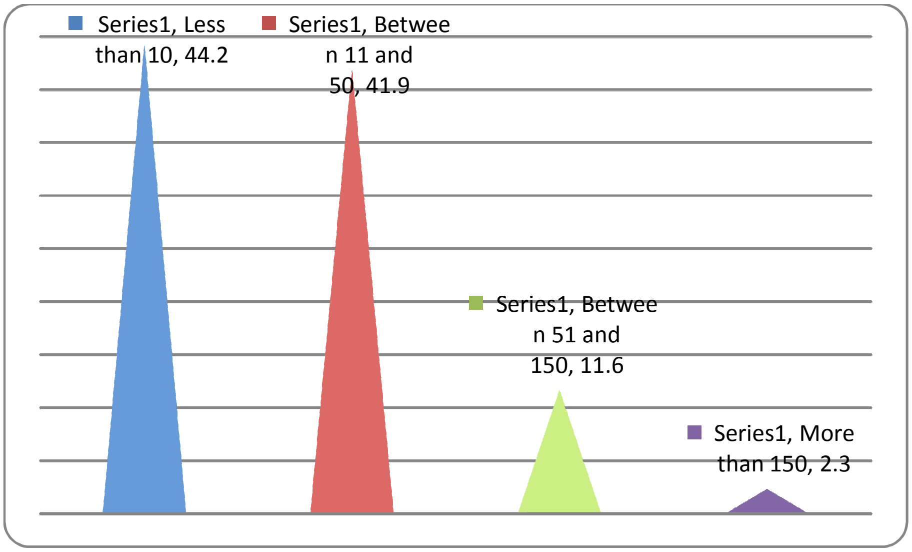


Figure 1.3: Number of employees in the business currently

The study also sought to establish the number of employees in the enterprise. According to the findings, the majority of the enterprises (44.2%) had less than 10 employees, 41.9% said between 11 and 50 employees, 11.6% had between 51 and 150 employees while 2.3% had more than 150 employees.

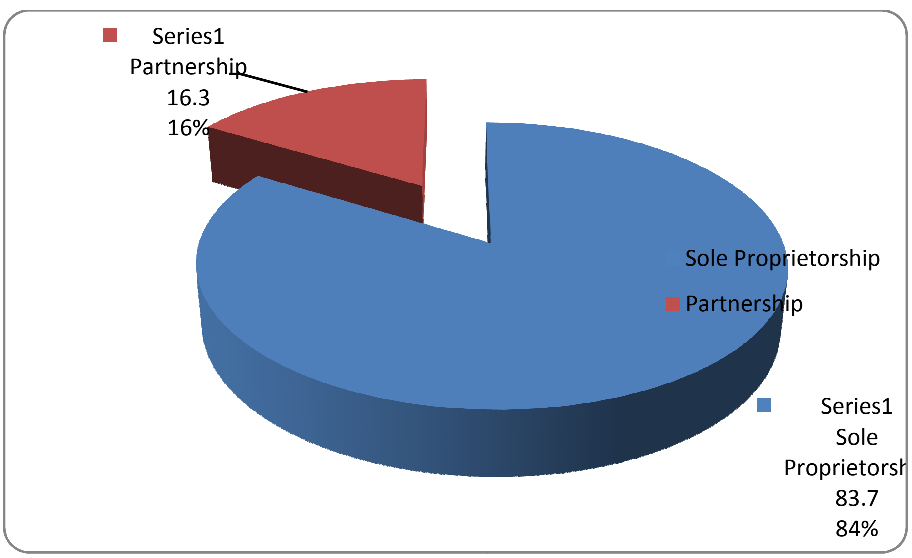


Figure 1.4: Ownership of the business

On ownership of the business, the study sought to find out the pattern of ownership of enterprises and it was found that 83.7% of the businesses were owned by a sole proprietor while those owned by partners represented a 16.3%.

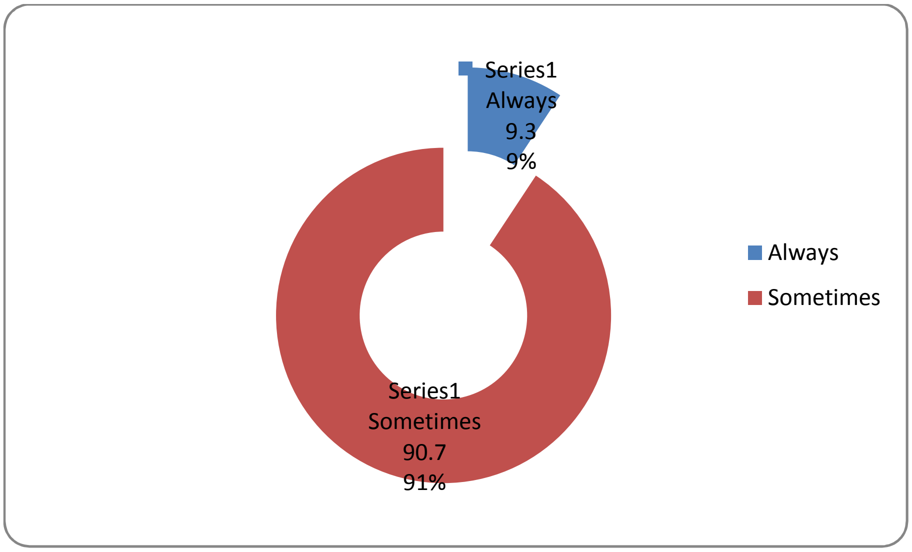


Figure 1.5: Whether the respondents receive any help from business supporting NGOs

From the findings, the study established that the majority of respondents indicated that they sometimes receive help from business supporting NGOs as shown by 90.7% while those who always receive were 9.3% of the respondents.

Table 1.4: Extent that the businesses get funded from various sources

	Mean	Std. Dev
Bank Loans	3.446	1.025
Non-Bank financial institutions (Not NGOs)	4.446	0.601
NGOs	3.250	0.640
Own Savings	4.268	0.587

The study also sought to determine the extent that the businesses get funded from various sources. From the findings, majority of the respondents were of the view that to a great extent, the businesses were funded by Non-Bank financial institution (Not NGOs) and own savings as shown by a mean score of 4.446 and 4.268 respectively while bank loans and NGOs funded the businesses to a moderate extent as shown by a mean score of 3.446 and 3.250 respectively.

Effect of Financial Assistance on Financial Sustainability

The study sought to establish the effect of financial assistance by NGOs on the sustainability among small businesses in Nairobi County by asking the respondents to indicate their level of agreement with statements relating to the effect of financial assistance by NGOs on the sustainability among small businesses. The result from the respondents is illustrated in Table 1.5

Table 1.5: Distribution of responses on level of agreement with statements on financial assistance

Indicators	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean response	Response %
The Saving schemes by the NGOs are very beneficial	56	0%	0%	2%	28%	70%	4.7	94
We get our funding from NGOs at lower interest rates	56	0%	0%	9%	25%	66%	4.6	91
We get our funding from NGOs with flexible payment	56	0%	2%	21%	43%	34%	4.1	82
There has been enough supply of funds due to NGOs	56	4%	2%	13%	39%	42%	4.2	83
No need for collateral when applying for funding	56	3%	2%	25%	52%	18%	3.8	76
There is wide variety of funding programs by NGOs	56	4%	4%	8%	45%	39%	4.1	83
NGO funding is less costly than from formal sources	56	0%	0%	9%	45%	46%	4.4	88
NGOs subsidize some of our costs of production	56	0%	0%	13%	48%	39%	4.3	85
Overall financial assistance	56	1%	1%	13%	41%	44%	4.3	85

When asked whether saving with the NGOs was very beneficial, 70% of the respondents strongly agreed, 28% agreed, only 2% were neutral while non-neither disagreed nor strongly disagreed that saving schemes by the NGOs are very beneficial. In overall, the respondents strongly agreed that saving by NGOs is very beneficial as indicated by a mean response of 4.7 (94%).

The respondents overwhelmingly agreed that they get funding from the NGOs at a lower interest rates as indicated by a mean response of 4.6 (91%). In particular, majority, 66%, of the respondents strongly agreed, 25% agreed, 9% were neutral while 0% ofthe respondent disagreed nor strongly that the findings from the NGOs were at lower interest rates.

Concerning the flexibility of the payment, majority, 0% and 2% of the respondents strongly disagreed and agreed respectively, 43%, of the respondents agreed while 34% strongly agreed that they get the funding from the NGOs with flexible payment resulting into an overall strong agreement on the same indicated by a mean response of 4.1 (82%).

The respondents strongly agreed that there has been enough supply of funds due to NGOs, indicated by a mean response of 4.2 (83%). Amongst the respondents who responded on the same, majority, 42%, strongly agreed, 39% agreed, 13% were neutral, 2% disagreed while 4% strongly disagreed on the matter.

The study further revealed that the respondents don’t need collateral when applying for funding which is indicated by a mean response of 3.8 (76%). In particular, majority, 52%, of the respondents agreed, followed by those who strongly agreed (18%), 25% were neutral while 4% and 2% strongly disagreed and disagreed respectively that there is no need for collateral when applying for the funding.

In addition, the respondents strongly agreed that there is a wide variety of funding programs by NGOs, indicated by a mean response of 4.1 (83%), with majority of the respondents, 45% and 39%, agreed and strongly agreed respectively on the same.
When asked to compare the cost of the funding from the NGOs and the formal sources, the respondents indicated that the NGO funding is less costly than from formal sources, indicated by a mean response of 4.4 (88%), with majority of the respondents, 46% and 45% strongly agreed and agreed respectively on the same.
In addition, the respondents indicated that NGOs subsidize some of their costs of production, indicated by a mean response of 4.3 (85%), with majority of the respondents, 48% and 39% agreed and strongly agreed respectively on the same.
Overall mean was computed to obtain the overall agreement on the effect of financial assistance by NGOs. The study revealed that the respondents strongly agreed that NGOs offered financial assistance which affected the sustainability of the small businesses in Nairobi County, indicated by a mean response of 4.3 (85%). This information is illustrated in Table 1.5
Effect of Technical Assistance on Financial Sustainability
The respondents were asked questions on various indicators on technical assistance with an aim of assessing effect of technical assistance by NGOs on sustainability among small businesses. Table 1.6 below illustrates their responses on the issue.

Table 1.6: Distribution of responses on level of agreement with statements on technical assistance

Indicators	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean response	Response %
Business process automation has helped my business operations	56	2%	0%	16%	52%	30%	4.1	82
Professional support/ expert information has helped us produce high quality products	56	0%	0%	4%	13%	84%	4.8	96
NGOs help in the Supply of support services like information technology, maintenance etc	56	0%	2%	0%	39%	59%	4.6	92
NGOs provide services that help access raw materials and other inputs	56	9%	0%	7%	52%	32%	4.0	80
The NGO enhance customer relationship marketing which greatly increase my market share	56	16%	29%	18%	30%	7%	2.8	57
NGOs provide production standardization concerning the area my business operates in	56	4%	4%	7%	64%	21%	4.0	80
Overall technical Assistance	56	5%	6%	9%	42%	39%	4.0	80

From the study findings, majority of the respondents strongly agreed that business process automation has helped their business operation, indicated by a mean response of 4.1 (82%), majority of the respondents, 52% and 30%, agreed and strongly agreed, respectively, on the same. The respondents overwhelmingly agreed that professional support/expert information has helped them produce high quality products as indicated by a mean response of 4.8 (96%). In particular, majority, 84%, of the respondents strongly agreed while 13% agreed on the same.

Concerning assistance in supply of support services, majority, 59%, of the respondents strongly agreed while 39% agreed that NGOs helps them in the supply of support services like information technology resulting into an overall strong agreement on the same indicated by a mean response of 4.6 (92%). In addition, the results showed that NGOs provide services to the small businesses that help them access raw materials and other inputs, as indicated by a mean response of 4.0 (80%), with the majority, 52% and 32% of the respondents agreeing and strongly agreeing respectively on the same. Further, the respondents neither agreed nor disagreed that NGOs have enhanced their customer relationship marketing which has greatly increased their market share, as indicated by a mean response of 2.8 (57%). However, the respondents strongly agreed that NGOs provide production standardization concerning the area of their business operation, indicated by a mean response of 4.0 (80%).

In overall, the study revealed that the respondents agreed with the technical assistance provided by the NGOs, as indicated by a mean response of 4.0 (80%). Table 1.6 illustrates the breakdown of this information.

Effect of Training on Financial Sustainability

The respondents were asked to indicate the level by which they agree or disagree with various aspects regarding training services offered by the NGOs, Table1.7 shows the distribution of their responses.

Table 1.7: Distribution of responses on level of agreement with statements relating to training services offered by NGOs

Indicators	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean response	Response %
I frequently attend NGO organized business seminars	56	0%	0%	16%	54%	30%	4.1	82
NGOs frequently organize workshops on how to improve the businesses	56	0%	2%	7%	45%	46%	4.4	88
NGOs frequently organize Educational forums which help to improve business management	56	0%	27%	14%	46%	13%	3.4	68
There is free access to information in form of journals, websites, brochures etc facilitated by NGOs	56	0%	0%	5%	45%	50%	4.4	88
The mentorship programs by the NGOs help in improving sales	56	0%	2%	5%	59%	34%	4.3	86
Attending the financial and management counselling sessions organized by the NGO boost the firm financial performance	56	0%	0%	7%	59%	34%	4.3	86
There are published materials on various issues in my business areas facilitated by NGOs	56	0%	0%	0%	48%	52%	4.5	90
Overall training services	**56**	**0%**	**4%**	**8%**	**51%**	**37%**	**4.2**	**84**

The findings revealed that respondents frequently attend business seminars organized by NGOs, this was indicated by a mean response of 4.1 (82%). More specifically, majority of the respondents either agreed or strongly agreed, represented by 54% or 30% respectively, on the whether they attend business seminars organised by NGOs. They further noted that NGOs frequently organize workshops on how to improve the business, this was indicated by a mean response of 4.4 (88%), with majority of them either strongly agreed or agreed, represented by 46% or 45% respectively, on the same. However, on whether the NGOs frequently organize educational forums which helps in improving business management, the respondents agreed, indicated by a mean response of 3.4 (68%), with the majority being either neutral or agreed, represented by 14% or 46% respectively, on the same aspect.

In regards to free access to information, the respondents strongly agreed that NGOs facilitate free access to information in form of journals, websites and brochures, this was affirmed by the mean response of 4.4 (88%), with majority, 50%, of the respondents strongly agreeing on the same. Further, the respondents strongly agreed that mentorship programs by the NGOs help them in improving sales, this was indicated by a mean response of 4.3 (86%). In particular, 59% and 34% of the respondents agreed and strongly agreed respectively on the same. Respondents also noted that attending the financial and management counselling sessions organised by the NGOs boost the firm's financial performance, this was shown by a mean response of 4.3 (86%). More specifically, 59% of the respondents who were the majority agreed on the same. In addition, the respondents overwhelmingly agreed that NGOs facilitates publication of materials on various issues in their business, this was indicated by a mean response of 4.5 (90%).

In overall, majority, 51%, of the respondents agreed, followed by 37% who strongly agreed that various NGOs training services affected the sustainability of their businesses, this gained an overall mean of 4.2 (84%). This information is illustrated in Table1.7.

Effect of Pressure Group Activities on Financial Sustainability

Respondents were asked different questions with an aim to establish the effect of formation of pressure groups facilitated by NGOs on sustainability of their businesses. They responded by either strongly disagree, disagree, being neutral, agree or strongly agree. The distribution of their responses is shown in Table 1.8.

Table 1.8 Distribution of responses on level of agreement with statements relating to formation of pressure groups facilitated by NGOs

Activities	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean response	Response %
There is a strong network for supply of our products due to NGO involvement	56	0%	0%	2%	25%	73%	4.7	94
We frequently participate in NGO organized exchange forums where we learn best practices increasing sales	56	1%	4%	0%	29%	66%	4.5	90
NGOs facilitate discussions with potential customers, individually or through focus groups and surveys	56	0%	0%	2%	32%	66%	4.6	92

Activities	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean response	Response %
NGOs frequently arrange sessions to discuss matters of interest for small business owners	56	0%	0%	4%	30%	66%	4.6	92
NGOs have improved networking skills among member businesses	56	0%	0%	4%	21%	75%	4.7	94
Overall pressure group activities	56	0%	1%	2%	28%	69%	4.6	92

From Table 1.8 the respondents indicated that NGO's involvement has resulted into a strong network for supply of their products (94%, with a mean response of 4.7), with majority, 73%, of them strongly agreeing on the same. The respondents frequently participate in NGO organized exchange forums where they learn best practices aimed at increasing sales (90, with a mean response of 4.5). Amongst the respondents who responded on this, 66% that were the majority strongly agreed, followed by 29% who agreed on the same.

Regarding facilitation of discussions with potential customers, the respondents strongly agreed that NGOs facilitates discussion with potential customers, individually or through focus groups and surveys (92%, with a mean response of 4.6), with majority, 66%, strongly agreeing and 32% agreeing on the same. The study further revealed that NGOs frequently arrange sessions to discuss matters of interest for small business owners (92%, with a mean response of 4.6). In particular, 66% and 30%, who were the majority, strongly agreed and agreed respectively on the same. The respondents also indicated that NGOs have improved networking skills among member business (94%, with a mean response of 4.7), with 75% and 21% of the respondents, who were the majority, strongly agreed and agreed respectively on the same.

In overall, majority, 69%, of the respondents strongly agreed that formation of pressure groups facilitated by NGOs affected the sustainability their small business, this was indicated by a mean response of 4.6 (92%).

Financial Sustainability

The study also sought to determine the trend of the various aspects of financial sustainability of SMEs for the last five years with an aim to evaluate how the business has improved in regards to various aspects. Table 1.9 illustrates the distribution of the responses by the respondents regarding various aspects of business sustainability.

Table 1.9 Trend of the of various aspects of financial sustainability of SMEs for the last five years

Aspects	N	Greatly decreased	Decreased	Constant	Improved	Greatly improved	Mean response	Response %
Revenue	56	0%	4%	27%	39%	30%	4.0	80
Profitability	56	16%	20%	29%	29%	7%	2.9	58
Customer base	56	2%	4%	2%	45%	48%	4.3	86
Number of staff	56	0%	5%	7%	21%	66%	4.5	90
Product diversification	56	0%	0%	4%	25%	71%	4.7	94
Assets growth	56	0%	0%	5%	32%	63%	4.6	92
Market share	56	0%	0%	7%	34%	59%	4.5	90
Overall	56	3%	5%	11%	32%	49%	4.2	84

From Table 1.9 the respondents indicated that there has been a great improvement in the business revenue for the last five years (80%, with a mean response of 4.0). More particularly, majority, 39% and 30% of the respondents indicated that there has been improvement and great improvement respectively on the business revenue. The respondents also indicated that the customer base has also greatly improved (86%, with a mean response of 4.3), with majority, 48%, of the respondents noting that there has been great improvement, followed by those who noted that there has just been improvement in the customer base. The number of staff has also greatly improved (90%, with a mean response of 4.5). On the same, majority, 66%, of the respondents believed that the number of staff has greatly improved.

Product diversification was also indicated as one of the greatly improved aspect of financial sustainability (94%, with a mean response of 4.7). The study further revealed that both assets and market share have grown for the last five years with a mean response of 4.6 (92%) and 4.5 (90%) respectively.

In overall, the respondents indicated that there has been a great improvement in financial sustainability in their businesses in the last five years (84%, with a mean response of 4.2). In particular, 49% of the respondents, who were the majority, noted that there has been a great improvement on financial sustainability of their businesses.

Relationship between sustainability of small businesses and financial assistance, technical assistance, training services and formation of pressure groups

Multiple regression was used to come up with the model explaining the relationship between sustainability of small businesses (dependent variable) and financial assistance, technical assistance, training services and formation of pressure groups (independent variables) by fitting ANOVA and multiple linear regression to test the hypothesis:

Table 1.10: ANOVA: Results of the regression analysis between sustainability of small businesses and predictor variables

Model	Sum of Squares	df	Mean Square	F	P-value
Regression	3.293	4	.823	7.031	.000
Residual	5.971	51	.117		
Total	9.264	55			

From the ANOVA Table 1.10 p=0.00<0.05, we there reject the null hypothesis and conclude that there is linear relationship between sustainability of small businesses and at least one of the independent variables.

Multiple regression was further fitted to determine which among the independent variables (financial assistance, technical assistance, training services and formation of pressure groups) have linear relationship with the dependent variable (dependent variable). The result is illustrated in Table 1.11.

Table 1.11: Regression coefficients of the relationship between sustainability of small businesses and the four predictive variables

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	T	P-value
(Constant)	1.307	.672		1.946	.007
Financial assistance	-.018	.097	-.025	-.180	.003
Technical assistance	.406	.125	.438	3.242	.002
Training services	.076	.139	.065	.546	.588
Formation of pressure groups	.219	.108	.257	2.032	.047

Where:

Y = Business financial sustainability
FA = Financial assistance
TA = Technical assistance
PG = Formation of pressure groups

From the finding, allB_{js} with positive coefficient implies that an increase in one of the independent variable will equally lead to an increase in financial sustainability of the small businesses while those with a negative coefficient implies that an increase on the independent variable will lead to a decrease in financial sustainability of the small business. For instance if all the independent variables are equal to zero, the business financial sustainability will be 1.307. If all other independent variables are at zero, a unit increase in financial assistance will lead to 0.018 decreases in business financial sustainability; a unit increase in technical assistance will result to 0.406 increases in business sustainability while a unit increase in formation of pressure groups will result into 0.219 increases in business sustainability.
Further, $p<0.005$ indicates that we should reject the null hypothesis and conclude that there is linear relationship between the respective independent variable and sustainability of the small businesses. For instant, there is linear relationship between the constant term ($p=0.007$), financial assistance ($p=0.003$), technical assistance ($p=0.002$) and formation of pressure groups ($p=0.047$) with the sustainability of the small businesses, and they impact positively on small business sustainability. On the other hand, for training services ($p=0.588$), we accept the null hypothesis and conclude that there is not significant evidence of linear relationship between training services and the sustainability of the small businesses.

CONCLUSIONS AND RECOMMENDATIONS

Introduction

This section presents the discussion of key data findings, conclusions drawn from the findings highlighted and recommendations made there-to. The conclusions and recommendations drawn were focused on addressing the objectives of the study.

Summary of the Findings

The study found out that to a great extent, the businesses were funded by Non-Bank financial institutions (Not NGOs) and own savings as shown by a mean score of 4.446 and 4.268 respectively while bank loans and NGOs funded the businesses to a moderate extent as shown by a mean score of 3.446 and 3.250 respectively.
The study revealed that financial assistance had a negative impact on the financial sustainability of the small businesses ($p=0.003$); this was indicated by negative coefficient of regression of -0.018, which implied that as the financial assistance increased, the financial sustainability of the businesses decreased. This can be attributed to the fact that may be the finances were in terms of loans which increased the debts which resulted into a decrease in business financial sustainability. This finding was similar to that in a study by Ferreira and Rodrigues (2011) conducted to find out the relationship between financing policy and financial sustainability in the Brazilian textile industry. The results showed that financing had significant influence and there was a negative correlation between financial sustainability and debt. This indicated that poor financing, possibly with large debts negatively affected financial sustainability of firms. In addition, the study revealed that businesses get funding from NGOs with flexible payment and there is no need for collateral when applying for funding the businesses get their funding from NGOs at lower interest rates, NGOs funding are less costly than from formal sources and the saving schemes by the NGOs are very

beneficial, there has been enough supply of funds by NGOs and also the NGOs have a wide variety of funding programs and NGOs subsidize some of the costs of production. These findings were in agreement to those by Kraus and Litzenberger (1973) in the explanation of trade-off theory in which they documented that the funding provided by NGOs is friendlier than that provided by the mainstream sources.

From the study findings, technical assistance had a greater effect (*B=0.406, p=0.002*) on the financial sustainability of the small businesses as compared to the other variables. An increase in technical assistance by one unit will lead into 0.406 increases on financial sustainability. Therefore, NGOs should devote more effort in the providing technical assistance as it has the most significant effect on the sustainability of small businesses in Nairobi County. These findings were in agreement to those by Solomon and Perry (2011) determining whether technical assistance has a similar impact on the financial sustainability. Their study found out that financial sustainability, measured in terms of revenue growth, employment and profitability, was more likely to result from technical assistance when firms are larger, regardless of industry or type of assistance provided. In addition, on the technical support, the study revealed that professional support/expert information has helped the businesses produce high quality products, NGOs provide production standardization concerning the area the business operates in and services that help access raw materials and other inputs, business process automation has helped the business operations and NGOs help in the supply of support services like information technology, maintenance etc. However, the NGO does not enhance customer relationship marketing which greatly increase the market share.

However, this study revealed that there was no significant evidence of relationship between training services and the financial sustainability of small business in Nairobi County (*p=0.588*). Therefore, in overall, in this study various training services offered by NGOs have had no effect on the sustainability of small businesses in Nairobi County. This finding was however different from other findings from other scholars discussed in chapter two. For instance, the study by Cosh and Hughes (2000) generally found that training programmes have a positive effect on the financial sustainability of small businesses. Interestingly, the respondents indicated that various training services offered by the NGOs benefited them in one way or another. In particular, businessmen frequently attend NGOs organized business seminars, the mentorship programs by the NGOs help in improving sales, NGOs frequently organize workshops on how to improve the businesses and attending the financial and management counseling sessions organized by the NGOs boost the firm's financial performance, there were published materials on various issues in the business areas facilitated by NGOs, there is a free access to information in form of journals, websites, brochures etc. facilitated by NGOs and NGOs do organize educational forums which help to improve business management.

On the effect of the formation of pressure groups facilitated by NGOs on the sustainability of small businesses in Nairobi County, the study revealed formation of pressure groups had a positive impact on the sustainability of small businesses (*B=0.219, p=0.047*). That is to say, a unit increase in formation of pressure groups will result to a 0.219 increases in sustainability of the small businesses in Nairobi County. This finding was similar to that by Hutter and O'Mahony (2004) in which they recorded that pressure groups among NGOs are one of the most well-known regulatory sources in the civil and business sector and they are especially important for their information-gathering work and for their exploitation of publicity as a way of influencing business behaviour, they therefore form a strong method of improving the environment in which small businesses work especially with respect to the government. In addition, the study revealed that NGOs frequently arrange sessions to discuss matters of interest for small business, the businesses frequently participate in NGOs organized exchange forums where they learn best practices increasing sales, NGOs have improved networking skills among member businesses, NGOs facilitate discussions with potential customers, individually or through focus groups and surveys and there is a strong network for supply of the businesses products due to NGOs involvement.

Further, the study revealed that there has been an improvement in financial sustainability of the businesses in the last five years. This was indicated by a response mean of 4.2. In particular, the businesses had recorded an improvement in the number of staff, product diversification, revenue, customer, and market share and assets growth while profitability has relatively remained constant.

Policy Recommendations

It is a fact that if credits are misapplied, SMEs will be unable to achieve business growth and sustainability. This phenomenon is a bit worrying as the increase in this practice will defeat the goals of the NGOs and in the worst case scenario make clients unable to repay their loans. The study therefore recommends that the NGOs should be quick to measure the success rate of SMEs by considering factors like high repayment, outreach and financial sustainability and growth, but these may not be successful if their activities do not reflect in the growth of SMEs. The NGOs have a great responsibility of ensuring the proper use of credit which is an important facility in business acceleration. To achieve this, credits should be client-oriented and not product- oriented. Proper and extensive monitoring activities should be provided for clients who are granted loans.

This study recommends that guidelines by NGOs to finance SMEs need to be flexible to accommodate the SMEs only when the institutions appreciates and give technical assistance to the SMEs would be contributing to the SMEs to ensure success in the sector. Further, NGO should enhance customer relationship marketing which is a prerequisite in increasing the small businesses market share.

The study also recommends that NGOs should improve on client education through workshops and seminars in strategic management and financial management and should have a customer feedback mechanism. From the study NGOs are evident tools for entrepreneurship development due to the various services they offer and the role they perform towards the development of the growth of SMEs and the economy at large. The NGOs should ensure that there are adequate published materials on various issues in various business areas, free access to information in form of journals, websites and brochures and also frequently organize educational forums which help to improve business management.

The study finally recommends that the NGOs should not only focus on having an effective networking system but should also consider satisfying the needs of the business customer fully. With the years to come the NGOs should launch or participate in an ever-growing range of initiatives to source sustainable supplies of raw materials, protect environments, support local communities and much more.

Suggestions for Further Studies

The study has investigated effect of non-governmental organizations on sustainability of small business enterprises in Nairobi County. The SMEs in Kenya are spread in various other areas where various financial institutions are found to offer funding to the SMEs. The study therefore recommends that further research be undertaken out with an aim of investigating effect of non-governmental organizations on sustainability of small business enterprises in various other counties in the Country where various enterprises are empowered financially through various types of services by NGOs. Such a study would ensure generalization of the study findings for all the counties in Kenya and hence pave way for new policies.

This study also recommends that a more comprehensive study be carried out with an aim to investigate the effect of other non-governmental organizations on sustainability of small business enterprises in Kenya. The study recommends that further research should be done on the impact of non-governmental organizations on large businesses since their strategic approach and their financial footing is different from that of SMEs.

Conclusion

There is evidence that NGOs enables small businesses to be better placed to deal with shocks of the operating economic conditions hence financial sustainability and growth. The study concludes that financial assistance by NGOs affect financial sustainability of small businesses in Nairobi County as the NGOs offer funding with flexible payment, without collateral and at lower interest rates while at the same time offering saving schemes which are very beneficial.

The study also concludes that technical assistance affect financial sustainability of small businesses in Nairobi County mainly through professional support/ expert information, production standardization, access raw materials and other inputs, business process automation and supply of support services.

The study further deduced that the training services offered by NGOs such as business seminars, mentorship programs, work-shops and financial and management counselling sessions had no relationship with the sustainability of small businesses in Nairobi County. This is however hampered by inadequate published materials on various issues in the business areas and lack of access to information in form of journals, websites and brochures.

The study finally concludes that formation of pressure groups facilitated by NGOs greatly affect the sustainability of small businesses in Nairobi County. This is mainly through exchange forums where they learn best practices increasing sales, improved networking skills among member businesses, discussions with potential customers, sessions to discuss matters of interest for small business owners and a strong network for supply of the businesses products. The study infers thatformation of pressure groups facilitated by NGOs had the greatest effect on sustainability of small businesses followed by financial assistance, then technical assistance while training services had no statistically significant effect on sustainability of small businesses in Nairobi County.

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