

International Journal of Finance and Accounting
Vol.4, Issue 4, 2015

**EFFECT OF FINANCIAL PLANNING ON SMALL AND MEDIUM ENTERPRISE
PERFORMANCE IN KENYA**

A CASE STUDY OF MOMBASA COUNTY

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CITATION: Hassan, H.R & Gichinga, L. (2015). Effect of Financial Planning on Small and Medium Enterprise Performance in Kenya. A case Study of Mombasa county

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International journal of Finance and Accounting,

4

(4), 38-50.

ABSTRACT

Small and medium enterprises (SMEs) in Kenya represent a vital part of the economy, being the source of various economic contributions through the generation of income via exporting, providing new job opportunities, introducing innovations, stimulating competition, and engine for employment. Present economy is known as a knowledge-based economy where, knowledge, information and soft assets have more importance rather than the physical assets. The role and importance of SMEs in a knowledge-based economy has been highly appreciated and acknowledged. Moreover, in the present economy, SMEs are facing tremendous challenges and threats to survive in a competitive environment.

The study examines the relationship between financial planning and performance of SMEs in

Mombasa County. The study was guided by the following research objectives which include; finding out to what extent contingency planning, risk planning and tax planning influence the performance of SMEs in Mombasa County. The study adopted descriptive survey and exploratory design. The study target 560 SMEs in Mombasa County who are registered by Ministry of Industrialization and Ministry of Trade. The primary research data was collected from the owners and employees of the SMEs in Mombasa using a questionnaire. Regression models was used to analysis the influence of financial planning on performance of SMEs in Mombasa County.

Data analysis was done with the help of software programme SPSS version 21 which is the most current version in the market and Microsoft excel to generate quantitative reports.

The study

found that

Contingency planning

, risk planning and tax planning and their interrelationships selectively influence incremental and radical innovative capabilities

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