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**ANALYSIS OF FINANCIAL RESOURCES UTILIZATION ON SMALL BUSINESS
PERFORMANCE
(A SURVEY OF SMALL AND MEDIUM SIZED BUSINESSES IN VOI TOWN)**

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ABSTRACT

Financial resource management is crucial to Small and Micro Enterprises (SMEs) as most of them are currently sourcing their capital from lending agencies like banks and micro finance institutions (MFIs) which have specially developed products for SMEs. Studies done on small businesses performance have not been very specific on financial resources utilization aspects such as planning, internal control systems, training and levels of accountability. Therefore, the present study sought to analyze the influence of financial resources utilization on performance of small businesses in Kenya, focusing on small and medium sized businesses in Voi town, Taita Taveta County. In particular, it sought to determine; the extent to which financial planning, internal control systems, business training and levels of accountability affects the performance of small and medium sized businesses in Voi Town. The study employed the survey research design targeting the management of registered SMEs operating within Voi Town, Taita Taveta County. From this a sample size of 102 respondents was obtained using simple random sampling. Questionnaires were used for collecting data. The data was coded and analyzed using both descriptive and inferential statistics with the aid of SPSS 21.0. The findings revealed that financial planning strongly influenced the performance of small businesses in the town ($\beta = 0.405$, $p = 0.023$). However, it was established that the internal control systems was not significant ($\beta = 0.267$, $p = 0.102$) to the performance of small and medium sized businesses in Voi Town. The findings also revealed that business training was indeed significant ($\beta = 0.385$, $p = 0.001$) to the performance of small and medium sized businesses in Voi Town. Finally, the levels of accountability were found to significantly ($\beta = 0.327$, $p = 0.012$) influence the performance of small and medium sized businesses in Voi Town. Therefore, the study recommends that; first, the SME operators in the area need to be exposed to better methods of financial planning; second, the operators of the small businesses in the area needed to learn to manage their credit so as not to adversely affect their cash flows and reduce the working capital margins; third, the operators of the small businesses in the town also need to be encouraged to attend business training constantly in order to improve their management capacity and; fourth, business systems developers need to develop more friendly accounting programs that can be easily adopted for small businesses and encourage them to update their systems regularly.