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County Governments Own-Source Revenue and the Performance of Women-Owned Micro Enterprises In Kenya

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Abstract:
Background: *The core component of decentralization is fiscal decentralization by which the government transfers revenues or allows the subordinate government levels to raise their own funds. Although the government of Kenya has made several efforts in support of women owned micro enterprises, a mismatch between male and female owned businesses still exists. Women-owned MSMEs report earning only 57 percent of income that male business owners earn. The general objective of this study was an evaluation of the influence of own source revenue on performance of women owned micro enterprises in Kenya. This study was informed by the theory of fiscal federalism and Gibb's Micro and Small Enterprise Support Theory.*
Materials and Methods: *This study adopted a positivist paradigm. The population was 628 and was composed of all the registered women owned micro-enterprises in Kiambu, Kirinyaga, and Makueni Counties. A Sample of 239 respondents was determined using the fisher formula. The study response rate was 173 respondents. Stratified random sampling technique was used. To ascertain the reliability and validity of the research instrument a pilot test was conducted on 10% of the sample size. The statistics generated were analysed using descriptive statistics, trend analysis, diagnostic tests and inferential statistics.*
Results: *The findings of the study revealed a weak positive relationship between County own-source revenue-micro enterprise perspective and performance ($R = 0.91$ and $p=0.012$). Given that the P value for all the variables were $p < 0.05$, the null hypothesis was rejected. There was also a positive and significant relationship between county own source revenues – fiscal perspective and performance. This was indicated by a beta coefficient of 0.6735 and a p value of 0.000.*
Conclusion: *Based on the findings, the study therefore concluded that the findings were aligned with the theory of Fiscal Federalism by Oates that is associated with decentralization of expenditure responsibilities and decentralization of revenue responsibilities for the purpose of achieving 'efficiency' and 'equity' in the federation, which are core to this study. An analysis of the micro and the fiscal perspectives of own source revenue revealed that the fiscal perspective was a better measure of performance given the improved beta values.*
Key Word*: Own Source Revenue, Fiscal Asymmetry, Decentralization, County Governments*

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I. Introduction

Decentralization entails the transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations and or even the private sector through the public partner participation. Decentralization is a complex multifaceted concept which makes it important to understand the different types of decentralization and also to distinguish them. This is owing to the fact that they have different characteristics, policy implications, and conditions for success. These include political, administrative, and fiscal decentralization (Litvack, Ahmand, & Bird, 2011).

In this study fiscal asymmetry decentralization of women owned enterprises is denoted by County government own-source revenue, access to government Procurement opportunities in County governments, county government physical infrastructure, and county capacity building and how each of them influence the performance of women owned enterprises in Kenya.

Own-source revenue (OSR) is the revenue that County government or Sub-National Governments raises by collecting taxes and resource revenues or by generating business and other income to enhance their service delivery. The largest portion of Own Source Revenue for Kenya counties is costs for services or payments based on the consumption of goods and public services. According to Controller of Budget, different counties have variance in OSR in all the 47 counties (Taliercio, 2004). The sources of finance used by the central government are mainly taxes paid by the public. According to a Kenya's National Treasury (2018), the government's revenues comprises of tax revenues such as taxes on property, Non-tax revenues including social security contributions, International Grants from foreign governments and organizations and lastly Loans either domestic borrowing and international borrowing.

The role of Women Entrepreneurs needs to be considered in the economic development of the nation for various reasons. They have been recognized during the last decade as an important untapped source of economic growth. Women Entrepreneurship has been largely neglected both in society and in the social sciences. Not only have women lower participation rates in Women Entrepreneurship than men they also generally choose to start and manage firms in different industries than men tend to do.

The Global Perspective

About 75 countries all over the World have decentralized their fiscal responsibilities from the national level to lower tiers of their governments in the last quarter century in one way or another (World Bank, 2018). It is estimated that over 80% of the World in the late 1990's, were experimenting various forms of decentralization. Many developed countries have also increased their degree of fiscal decentralization. Europe has been on top of the list, followed by Austria, Germany, Switzerland, Belgium, Italy and Spain just to mention but a few. Various public services highlight fiscal decentralization in the United States by transfers of services to the regional governments, for example, welfare, Medicaid, legal services, housing and job training (Silas, 2018).

MSMEs are such businesses which form the backbone of most economies (Ndiaye, Razak, Nagayev & Ng, 2018). This has globally been demonstrated through the contributions that MSMEs contribute to the gross domestic product (GDP) of many economies. In economies such as China and Japan, small and medium enterprises (SME) contribute 60%, in the USA they generate 65% and in UAE they contribute 52% to the respective GDPs (Kawira, Mukulu, & Odhiambo, 2019). According to the International Finance Corporation (IFC), one in every three registered ventures are owned by women. If eighty percent of employments globally are in SMEs, and these are disproportionately owned and run by women, this is therefore a critical mass that deserves attention and deliberate efforts to improve it by all stakeholders.

Researchers have asserted that six out of the ten of the fastest growing economies came from Africa between 2011 and 2015 (Sow, & Razafimahefa, 2017). The economic performance of these countries made it to be categorized as the second fastest growing region in the world despite the slowdown in the world economy since. Majority of these countries have devolved their fiscal functions in one way or another. Several factors contributed to this performance. One of the factors that led to the fast growing scenario is a realignment of the fiscal policy in most African countries then. Research has also established that when fiscal policy is well aligned with the requirements of fiscal decentralization, the later can help reduce expenditure.

Regional Perspective

African countries such as Botswana, Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Nigeria, South Africa, Tanzania, Uganda and Kenya. Sub-Saharan Africa has experienced an astrophysical economic augmentation ranging between 2004 and 2013 estimated at an annual average of 5.66 %. This preceded an annual rate of 6.43 % during 2005–2010 and 4.56 percent during 2010–2013 (World Bank, 2012).

In Ghana, the MSME sector accounts for 92% of businesses, offer about 70% of industrial employment and contributes way over 50% of the country's GDP. In Nigeria, the contributions of Small and medium scale business as a creator of employment is widely recognized with over 80% of firms in the manufacturing sector being SMES. In South Africa, SMEs contribute about 56% of private sector employment and 36% of GDP. In Kenya, as in many other growing economies, MSMEs are central to the development of the economy. They comprise about 80% of all Kenyan businesses (7.4 million MSMEs), jointly employ approximately 14.9 million people (78% of labor force) and account for a third of Kenya's GDP (Krishnan, Were, and Te Velde 2019).

As stated by the World Bank (2018), the reasons or circumstances under which countries devolve their functions may differ. Decentralization plays an important role in broadening participation in political, economic and social activities in developing countries. A well-chosen form of decentralization helps alleviate the bottlenecks in decision making that is often associated with the central government in planning and control of important economic and social activities.

Kenyan Perspective

Kenya is a country of many contrasts, from its landscape to demographics, and in particular its social and Income inequalities. It is one of the most unequal countries in the sub-region. 42% of its population of 44 million people lives below the poverty level of less than one USD in relation to the GNI coefficient used by World Bank to measure the cost of living index (Unicef 2013).

In an effort to reduce the gap in its household income inequalities, Kenya promulgated a new Constitution in 2010. This introduced a two tier form of governance, which is a departure from the former unitary system and hence devolution was introduced in Kenya. 47 County Governments were created and consequently introduced fiscal decentralization by transferring fiscal functions from the national government to the county governments (Hope, 2014). However, Litvack & Stauffer (2012) avers that a country may transfer administrative responsibilities to local levels without adequate financial resources resulting to a mismatch between revenue and expenditure. Revenue is usually less pronounced than the expenditure, resulting to asymmetric fiscal decentralization arrangements (Mace, Michael, Carlson, Litvack & Smith 2008, Stauffer 2012).

For the last couple of years, the government has been registering and pre-qualifying Youth, Women and Persons with Disability owned enterprises so that they can access government tenders and contracts. Government tenders amount to billions each year; it is a great opening for the Youth, Women and Persons with Disability. In 2013, His Excellency the President Uhuru Kenyatta, directed that the procurement rules be amended to allow 30 per cent of contracts to be given to the youth, women and persons with disability without competition from established firms (GOK 2015).

Statement of the Problem

Women are the backbone of economies in developing countries and specifically in Kenya where they play a significant role to ensure their families wellbeing (Nkatha, 2016). Women are the backbone of economies in developing countries and specifically in Kenya and play a significant role to ensure their families" wellbeing. Majority of micro enterprises are owned by women. SMEs provide 50-70 % of Kenya's employment and contribute 28.5 % of its GDP.

Despite encouraging remarks about the capacities of women enterprises to boost local economy and wellbeing of households, USAID, (2001) briefs indicate that women owned and operated micro enterprises grow less rapidly and are likely to close sooner than male counterparts. Endalew (2020) conducted a study to explore the determinants that influence women entrepreneurs' performance in micro and small enterprises in Gondar city, Northwest Ethiopia. Njiru, Simiyu and Bunde, (2020), investigated the effect of government Infrastructure on economic growth in Kenya. They found that government investment in economic infrastructure has a positive and significant effect on economic growth in Kenya.

An examination of many women owned small and medium enterprises started in Nkubu town in Kenya either through women fund initiatives or individual investment for example finds that majority of them have stalled in their operations while others are operating in huge loan debts from the local financial institutions (Thuranira, 2017). This is supported by a study by Simiyu (2018) who also conducted a study on the effect of government interventions on the growth of women owned women Micro and Small enterprises in Trans Nzoia County in Kenya. He found that although the government has put in place a regulation for access to 30% government tenders by women, youth and people with disability, it has not been fully actualized for the benefit of majority of women owned enterprises.

Several researches have been conducted on women owned micro enterprises but there is a paucity of studies that relate any benefits if any to women owned micro enterprises in Kenya. Moreover, studies that have been conducted differ in contextual and methodical approach, posing a problem in generality gap which this study sought to fill. Although the government of Kenya has put in place a regulation for access to 30% government tenders by women, youth and people with disability, it has not been fully actualized for the benefit of majority of women owned enterprises. This study therefore sought to determine the influence of own source revenue on performance of women owned micro enterprises in Kenya.

General Objective

The general objective of the study was to determine the influence of own source revenue on performance of women-owned micro enterprises in Kenya.

Research Hypothesis

The hypothesis of the study was stated as;

H_{01}: County own source revenue has no significant influence on the performance of women-owned micro enterprises in Kenya.

II. Literature Review

A theory is a set of statements or principles devised to explain a group of facts or phenomena, especially one that has been repeatedly tested or is widely accepted and can be used to make predictions about a natural phenomenon. This study was guided by Oates (1956) theory of fiscal federalism, and Gibb's (1998) Micro and Small Enterprise Support Theory.

Theoretical Review

The Theory of Fiscal Federalism was proposed by Oates in 1956. The theory is associated with decentralization of expenditure responsibilities and centralization of revenue responsibilities for the purpose of achieving 'efficiency' and 'equity' in the federation, which is core to this study. The theory emphasizes the importance of transfers for addressing the problems of vertical and horizontal imbalances. It is largely normative and assumes that federal and sub-national decision-makers are 'benevolent' and maximizes the social welfare in their operations.

The theory is also intertwined to the second-generation theory (SGT), especially the theory of market-preserving federalism which assumes that public officials have goals induced by political institutions that often systematically diverge from maximizing citizen's welfare. However, unlike the FGT which emphasizes on the importance of transfers for mitigating vertical and horizontal imbalances, the SGT gives more importance to incentives generated by sub-national tax collection for fostering economic prosperity.

The SGT has had significant implications for the design of transfer systems so that equalization goals can be achieved without diminishing the incentives of public officials to foster thriving sub-national economies. In brief, the SGT is in favour of decentralization of both expenditure and revenue responsibilities; and it gives minimal role to revenue-sharing and inter-governmental transfers. Moreover, it also posits that 'inter-jurisdictional competitions, a 'common market' and 'hard budget constraints', may provide protections against infringements to market operations. The SGT is an emerging theory. Though it approaches the fiscal federalism from different perspective, the SGT does not challenge but complements the FGT which informs this study (Shroder 1995).

The first generation theory (FGT) of fiscal federalism was associated with decentralization of expenditure responsibilities and centralization of revenue responsibilities for the purpose of achieving 'efficiency' and 'equity' in the federation. Further, the theory emphasized the importance of transfers for addressing the problems of vertical and horizontal imbalances. The theory was largely normative and assumed that federal and sub-national decision-makers were 'benevolent' and maximized the social welfare. However, Driessen & Hughes (2020) argued that the field of fiscal federalism studies how to divide responsibilities (including finances) among federal, state, and local governments to improve economic efficiency and achieve various public policy objectives. Determining the optimal division of responsibilities is difficult because of varying subjective views about what the role of government should be. As a result, fiscal federalism research generally renders no judgment on the proper level of total government intervention or what types of services governments should provide.

The second generation theory (SGT), assumed that public officials had goals induced by political institutions that often systematically diverge from maximizing citizen's welfare. Unlike the FGT which emphasizes the importance of transfers for mitigating vertical and horizontal imbalances, the SGT gives more importance to incentives generated by sub-national tax collection for fostering economic prosperity. The SGT actually ignores the fact that public officials are at the same time consumers of the public good and hence contradicts the agency principle which posit that the exists agency conflicts even at public service where the public officials may concentrate on their own interest. According to the Kenya National Audit (2018), monies appropriated to county government for development agenda is rarely spent although there exist several local needs such as infrastructure development.

With the devolved system of governance in Kenya, fiscal autonomy is a key tenet of the County Governments sustainability. Kangu (2015) further noted that the Constitution of Kenya (2010) establishes County Governments that are meant to have financial autonomy in two respects; access to sufficient revenue from both their own sources and transfers from revenues raised nationally, and ability to determine their own budgets and budgetary priorities. In terms of the Constitution of Kenya (2010) Article 175(b), County Governments must have 'reliable sources of revenues to enable them govern and deliver services effectively'.

In relation to this study, county governments generating their own source revenue aligns with the revenue aspects of the SGT while the use of transfers from the national government as well as own source revenue to provide services to the public aligns with the expenditure aspect of the SGT. Contextualizing this to the study collection of taxes, levies and licence fees from women owned micro-enterprises is aligned to county governments generation of own source revenue. On the other hand, county governments provision of services by the county government informs of advancement of credit to women owned micro-enterprises, conducting capacity building programmes and development of physical infrastructure is aligned to county government expenditure.

Gibb's Micro and Small Enterprise Support Theory was promulgated by Gibb in 1998. The model outlines various policies that need to be considered while embarking on Micro and Small Enterprise Development programmes. The model is dynamic in that it propagates that as the needs of the Micro and Small Enterprises change, policies, institutions and assistance packages for the development of this enterprise sector also change. Gibbs model also indicates that the needs of MSEs determine the component of the support service programmes. In view of this, four kinds of assistance packages for MSEs are explained in this model. Firstly, the policy framework where the impact of policies for Micro and Small Enterprises are measured in various ways and secondly, the assistance frames that are divided into software and hardware support (Gibb, 2000).

The software support includes training, counseling, consulting, transport among other forms of support whereas the hardware support includes credit provision, infrastructure and materials. Thirdly, is the needs frame model where Gibb (2000) asserts that the needs can be considered from the point of view of the Nation as a whole, the level of the local community's participation and from requirement that consists of various dimensions of institutional capability geared towards promotion of the MSEs. Gibb (2000) noted that entrepreneurs seeking to start business for the first time needed non-financial assistance packages compared to those already running business.

Smallbone and Welter (2001) as sighted by Simiyu (2018) posit that in transitional economies, many Micro and Small Enterprises are set up, survive and sometimes even grow on their own despite absence of direct government intervention due to the creativity of individuals in mobilizing resources and their flexibility in adapting to hostile external environments. However, under such circumstances, the number of firms remains small and their software and hardware support is negligible.

In support of Gibb (1998), Smallborne and Welter (2001) posit that for developing economies, more enhanced Government interventions in terms of policy as it pertains to affordable financing mechanisms, business infrastructure and entrepreneurial training are the necessary ingredients to nurture an SME enterprise culture. As it pertains to this study, Gibb (2006) posits that Government support framework model for developing economies expound that the business world of MSEs is beset with different problems at different stages. Entrepreneurial credit and training provision in addition to investor friendly government policies and regulations improves the entrepreneurial capability of MSE owner managers with the resultant improvement of their enterprise performance.

A competitive and innovative MSE sector heralds enormous promise for a developing country like Kenya in terms of higher income growth, optimal use of domestic resources, more gainful integration through regional trade, investment and greater equity in access and distribution of development. MSEs are often considered to contribute to a more equal distribution of income or wealth due to the fact that they are spread all over the country in both rural and urban areas. Nteere (2012) posits that MSEs are the focus of policy makers due to their ability to distribute incomes in both rural and urban areas, and within gender. In 2015, the population of people engaged in MSE sector in Kenya's rural areas was 64.5% compared to 35.5% in urban areas.

Chinelo and Umaru (2014) further posit that the desire of governments to promote MSE in third world economies is often based on social and political considerations rather than on economic grounds. However, Stephenson and St-Onge (2005) disagrees with Gibbs theory (1998) for Government MSE support based on the needs framework by averring that the "missing middle" of women entrepreneurs are growth oriented MSEs who need further targeting by intervention providers for higher multiplier effect in the economy in terms of income generation, employment creation and poverty reduction. This is based on the fact that Women who make it beyond the micro-enterprise threshold are seen as abler to stand on their own, but often lack sufficient working capital to prepare for a growth in demand. They are therefore unable to fulfil large orders because they do not have the working capital to finance raw materials and work-in-progress inventory.

The government of Kenya has instituted various measures to address the MSEs financing challenge including affirmative funds such as the Youth Enterprise Development Fund, Women Enterprise Fund and Uwezo Fund. Other measures include licensing of credit reference bureaus to facilitate credit information sharing and enactment of the Movable Property Securities Act, 2017 to facilitate the use of movable property as collateral for credit facilities. Salah and Kaplan (2018) find that government supports is beneficial to women entrepreneurs. A study by Stevenson and Jarillo (2013) established a positive relationship between performances of women owned micro enterprises and lack of access to credit. Mwathi (2018) also affirms a strong association between access to capital and performance of SME's. This agrees with Gibbs Theory on the important role that is played by the government in supporting SMEs through soft and hard support as indicated in the model, hence the relevance of the model in this study.

Empirical Review of Own Source Revenue and Performance of Women Owned Enterprises in Kenya

According to Chisholm (1911), government revenue is money received by a government. It is an important tool of the fiscal policy of the government and is the opposite factor of government spending. Revenues earned by the government are received from sources such as taxes levied on the incomes and wealth accumulation of individuals and corporations and on the goods and services produced, exports and imports, non-taxable sources such as government-owned corporations' incomes, central bank revenue and capital receipts in the form of external loans and debts from international financial institutions. It is used to benefit the country.

Governments use revenue to better develop the country, to fix roads, build homes, fix schools etc. The money that government collects pays for the services that are provided for the people.

Blackburn, Hart and Wainwright (2013) argued that reducing tax costs and simplifying tax provisions may help reduce the tax burden on SMEs and improve efficiency and compliance with the tax laws. High taxation is attributed to low level of compliance and poor performance of women owned micro-enterprises. For instance, a study by Ntayi et al., (2014) in Uganda demonstrated that legal and regulatory framework is biased towards SMEs due to high regulatory burden of registering and running enterprises and the cost of registering a business is high. Similarly, Kedogo (2013) on his study concluded that business regulation, taxation and registration procedures affect the business performance including other mandatory requirement to operate the business. These studies exude a contextual gap as they were not based in Kenya and were not specific to women owned micro-enterprises.

Demeke (2016) assessed the challenges and opportunities of women-owned micro and small enterprises in Asella town, Oromia National regional state, Ethiopia. He conducted a census on the area in collecting primary data through questionnaires from 107 women-owned micro and small enterprises. The study revealed that tax levied on the business has a negative relationship with the performance of women owned micro enterprises in Ethiopia. This is supported by Yissa (2010) who posit that tax levied on the business is a constraint for small and micro enterprises in Mekelle town in Ethiopia. These studies exude a contextual gap as they were not based in Kenya. The study also reveals a methodological gap as it used a census while this study will adopt stratified random sampling technique.

Tee, Boadi and Opoku (2016) aimed to explore the managers/executive officers' perception of the tax system in Ghana on the profitability of their businesses. The study was based on a survey of 102 managers/ Executive officers of the selected SMEs in the Ga West Municipality in the Greater Accra region of Ghana. The survey was administered using questionnaires and interview with the selected respondents. Data was analyzed by descriptive analysis method, correlation and regression analysis and findings were presented in terms of frequencies and percentage analysis. Findings indicate that majority of the respondents perceive the adverse impact of existing tax policies on the growth of SMEs and suggested for reforming the tax policies in the Country. The study findings are related to the scenario in other countries. The study exudes a scope gap as it was conducted in Ghana.

Nashikawa and Ogada (2019) conducted a study on fresh fruits and vegetables sector in Taita Taveta County-which is among the country's major producers of fresh fruits and vegetables. The study established that proportionality, affordability and poor regulation of the levies in that order had strong negative effects on the performance of fresh fruits and vegetables trade in the County. The same is supported by a USAID Report (2013) which indicated that levies may have a substantial effect on the costs of the fresh fruits and vegetables business and, subsequently, the overall performance of the businesses. A conceptual gap is revealed as the study only focused on regulation while this study takes on a larger outlook of the factors that influence performance such as capacity building, access to credit and physical infrastructure. A contextual gap also exists as this study will only focus on women owned micro-enterprises.

Another study by Mwangi and Gachunga (2014) sought to establish the effect of devolution on small and medium enterprises performance in Kenya. The study adopted a descriptive survey research design. The target population of this study composed of representatives of the various industries including the matatu, dairy, supermarkets, jua kali and small manufacturing companies in Nairobi and its environs. The target population of this study was therefore 1015. The study used stratified random sampling method to select 10% of the respondents who formed a sampling frame of 102 respondents. Data was collected using questionnaires. Data was analysed using descriptive statistics done with the help of software program SPSS version 21 and presented using frequency tables.

Balunywa, Nangoli, Mugerwa, Teko and Mayoka, (2014) carried out study on analysis of fiscal decentralization as a strategy for improving revenue performance in Ugandan Local Government. Balunywa et al. (2014) established that Local Governments should diversify their revenue streams to ensure increased compliance and therefore recommended that local Governments to diversify their sources as they tighten the laws on revenue collection to ensure increased compliance. According to Balunywa et al. (2014) fiscal decentralization helps identification of more sources of revenue. However, this study could not establish the effect of own revenue sources on performance of SMEs which is the focus of this study.

Fjeldstad, (2011) in a study of the relations between local bureaucrats, politicians and donors in local government revenue enhancement in Tanzania found out that fiscal administrations in many counties are found to be highly corrupt, partly due to the extreme degree of discretionary fiscal power held by local officials, and poor or non-existent monitoring from above. Furthermore, the research demonstrated that the associations of donors through engagements which provide development aid on the base of corresponding funds from the local government may encourage increased tax effort, but at the expense of accountability, responsibility and democratic development revenue streams that maximize revenue (Development Initiatives, 2018). The study reveals a conceptual gap as it did not relate decentralization to performance of women owned micro-enterprises.

To enhance the performance of SMEs County governments have adopted strategies that create an enabling business environment. One of the strategy entails granting SMEs special tax preferences and giving incentives (Atawodi & Ojeka, 2012). These incentives comprise of the lowering of corporate income tax rates, special tax exemptions or tax holidays and relieves for small businesses. The underlying reason for all these is to effectively raise revenue through measures that suit a country's circumstances and administrative capacity (Atawodi & Ojeka, 2012).

Conceptual Framework

County Government Own Source Revenue	**Performance of Women Owned Small and Micro-Enterprises**
• Percentage of locally Generated Revenue to total Revenue • Amount of Locally Generated Revenue	• Sales turnover • Number of Employees
Independent Variable	**Dependent Variable**

Figure 1.0: Conceptual Framework

The core component of decentralization is fiscal decentralization by which the government transfers revenues or allows the subordinate government levels to raise their own funds. Fiscal autonomy is therefore the prerequisite for effective functioning of decentralization. Without this, there would be horizontal and vertical imbalances between the expenditure needs and the available resources of the decentralized layer of the governance, which may hinder the developmental functions at local level (Chakraborty, 2016).

The Constitution of Kenya (2010) under Article 209 depicts Own Source Revenues (OSR) as revenues generated by one level of government in this case the County Governments revenues generated through property taxes, entertainment taxes, fees and charges from the services they provide. The harsh tax policies and the complex taxation systems also discourage the SME growth among both male and female entrepreneurs. Even though the tax regimes in Kenya differ in that larger corporations pay higher rates, the impact of growing taxes have a greater negative effect on the SMEs. A study by Blackburn, Hart and Wainwright (2013) on the effect of tax on performance of women owned SME found a positive influence on tax on performance of women owned micro enterprises.

III. Material And Methods

This area provides a description of the research design and methodology that was employed in the study. It looks at the various sources of data for the study, sampling design and its procedures. It also includes the methods that were used in data collection, and the instruments used in data collection.

Research Philosophy: Positivism
Study Design: Descriptive and Causal (explanatory)
Study Location: This was confined to the Counties of Makueni, Kiambu and Kirinyaga
Study Duration: 2014 to 2018
Sample size: 239 women owners of Women owned Enterprises
Sample size calculation: The sample was determined using the fisher formula 1998 for a population exceeding 10,000 given as; $n=Z^2*p*(1-p)/d^2$
Where:
n = Sample size for large population
Z = Normal distribution Z value score, (1.96)
p = Proportion of units in the sample size possessing the variables under study, where for this study it is set at 50% (0.5)
d = Precision level desired or the significance level which is 0.05 for the study
The substituted values in determining the sample size for a large population are shown below, 4 cases were added to cater for non-responsiveness.

$$\mathbf{n} = \frac{(1.96)^2*(0.5)\,(0.5)}{(0.05)^2} = 384$$

Since the target population was not large the formula for adjusting the sample size was

$n_0 = n/ (1+ ((n -1)/ N))$

n_0	239	Desired sample size.
n	384	Sample Size when population is more than ten thousand
N	628	Total population size

The sample size was therefore 239.

Subjects & selection method: According to Kothari (2008), a population refers to all items in any field of inquiry and is also known as the 'universe'. The target population for this study comprised of all the registered women micro enterprises in Kiambu, Makueni and Kirinyaga Counties. As recorded in the County Integrated Development Plans (2020) for the respective counties under study, the number of registered microenterprises was as shown in Table 3.1 below. According to KNBS (2020) 31.4 % of the registered micro-enterprises are owned by women. Hence, the target population constituted of the 31.4% of the total number of registered micro-enterprises. This yielded a target population of 628 registered micro-enterprises are owned by women.
This study collected both primary and secondary data. This included collection of county fiscal data from the national treasury and the county Integrated Development Programs(CIDP) for the last five years, which included comparison of actual and budgeted expenditure on capacity development of women entrepreneurs, county physical infrastructure development and composition of own source revenue paid by women entrepreneurs against total locally generated revenue in county governments in Kenya.

Table 3.1 Total Population

County	Number of Registered Microenterprises	Women-Owned (31.4%)	Micro-enterprises
Makueni	300	94	
Kiambu	1200	377	
Kirinyaga	500	157	
Total	**2400**	**628**	

Procedure methodology

The study made use of both primary and secondary data. Data collection was a means by which information was obtained from the selected subjects of an investigation (Reswell 2002). Secondary data was collected from Makueni, Kiambu and Kirinyaga County governments on the four independent variables of this study which includes County own source revenue, access to county government opportunities, fiscal structure financing by county governments and capacity building financing by county governments. Primary research data was collected from Women entrepreneurs doing business with the county governments of Makueni, Kiambu and Kirinyaga on their demographic characteristics.

Questionnaire aided a researcher to obtain first-hand information on the subject matter being investigated. Further, it provided an opportunity for anonymity to promote high response rate, (Cooper & Schindler, 2012). A certain degree of flexibility should be provided to allow the respondents to ask questions and raise issues as this would be enriching in trying to solve the problem (Srivastava, 1993). The questionnaire employed both structured and unstructured questions. It also adopted open ended and closed ended questions. Structured questions relied on closed-ended categories pre-selected by the researcher. A structured question reduces the amount of thinking that a respondent need in order to complete the task. These generally aimed at the achievement of a higher response and more accurate data and also make it easier for the researcher to code and analyze. Unstructured questions were in this study since they were more qualitative in nature and do not require pre-defined categories. Unstructured questions also allow the respondent to express their views openly. On the other hand, open-ended questions, are known and are expected to produce a higher intellectual load.

Pilot Test

The pilot study like in most social science research domain served dual purpose; it was used as a feasibility study done in preparation for the major study and a pre-testing or 'trying out' of a particular research instrument (Rovai, Baker, & Ponton, 2013). The purpose of the pilot test is to refine the questionnaire so that respondents do not face challenges in answering the questions and there would be no problems in recording the data. Piloting served obtains some assessment of the questions' validity and the likely reliability of the data that was collected.

Pilot testing was conducted on 10% of the sample size. This implies that 24 respondents participated in the pilot study. The respondents were selected randomly from the three counties. The respondents who participated in the pilot study were not engaged in the final survey.

Validity and Reliability of the Research Instrument

This study used both construct validity and content validity. Content validity is usually established through the use of content experts to make judgments on the process followed (Mertens, 2010). This is done by use of a judgmental procedure of assessing whether a tool is likely to provide content valid data. The researcher makes requests to professionals or experts in the particular field to review it and give suggestions on content improvement within the tool such as lecturers who have specialized in the field of finance (Cooper & Schindler, 2012). Content validity was measured through the use of expert judgment which involved lecturers of Karatina University, colleagues at doctoral class, doctoral supervisors and research experts.

Statistical Analysis

According to Zikmund et al. (2010), data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation. According to Hyndman (2008), data processing involved translating the answers on a questionnaire into a form that can be manipulated to produce statistics. This involved coding, editing, data entry, and monitoring the whole data processing procedure. To determine the patterns revealed in the data collected regarding the selected variables, data analysis was guided by the aims and objectives of the research and the measurement of the data collected.

After quantitative data was obtained through questionnaires, it was prepared in readiness for analysis by editing, handling blank responses, coding, categorizing and keyed into statistical package for social sciences (SPSS) version 20.0 computer software for analysis. The choice of SPSS to other statistical software is that it was user friendly. The statistics generated were descriptive statistics, diagnostic tests and inferential statistics.

The study also used inferential statistics in determining the correlation between the independent and dependent variables through a correlation matrix. The correlation matrix indicated the degree of the relationship between study variables. Ordinary Least Squares (OLS) regression analysis helped to explain the causation between variables and the coefficients in respect of each variable.

Ordinary Least Squares (OLS) regression model was used to establish the causation between the independent and dependent variables. The regression model is as follows.

$Y= \beta_0 +\beta_1X_1 + \varepsilon$…………………………………………….. (1)

Y= Dependent variable (Performance of women owned micro-enterprises)

X_1 = County Government Own Source Revenue

B_i is the parameters and ε is the error term

The *p value* at 95% confidence level was used to determine the statistical significance of the constant terms coefficient terms β_{1-4}. The coefficient of determination R^2 was used to determine how much variation in the dependent variables is explained by the independent variables. The findings were presented using tables and graphs where applicable for clarity and easy of understandability.

IV. Result

Pilot Test and Reliability

A pilot study was conducted before the main study to check the problem areas and possible confusion that may be associated with the survey. According to Sekaran (2003), the closer the Cronbach's Alpha is to one (1) the higher consistency reliability. Only items with a coefficient alpha value of more than 0.7 would be relevant. Cronbach Alpha value less than 0.7 implies that the internal consistency is weak. The pilot study was also to standardize the measuring instrument and improve its validity. The results show that all the variables had a Cronbach Alpha Coefficient of more than 0.7 which is acceptable.

Study Response Rate

This section refers to the study's response rate as a percentage of the total number of people in the sample who were interviewed as per Table below

Table 4.1 Survey Response Rate

County	Women-Owned Micro-enterprises	Sample Size	Response	Percentage of responses
Makueni	94	36	34	19.7
Kiambu	377	143	99	57.2
Kirinyaga	157	60	40	23.1
Total	**628**	**239**	**173**	**100**

As shown in table above, out of 36 sampled women owners of micro enterprises in Makueni, 34 responded, out of 143 in Kiambu County, 99 responded and 40 out of the 60 sampled in Kirinyaga responded.

The questionnaire response rate was therefore 72.4% and was considered acceptable based on a study carried out by Yun and Trumbo (2000) where a response rate of 72% was obtained and was considered acceptable. According to Cooper and Schindler (2012), a response rate of 50% is considered adequate for analysis and reporting, 60% is rated good while any response rate over 70% is considered to be an excellent response rate. This response rate was therefore considered representative of the respondents to provide information for analysis and derive conclusions. Higher response rate is preferable as it lowers the risk of non-response bias.

Descriptive Analysis

Descriptive analysis is a method used to objectively describe the nature and magnitude of sensory characteristics.

Characteristics of the Women Entrepreneurs

The study sought to investigate the characteristics of women entrepreneurs. The characteristics of the entrepreneur sought for during the study was the respondents' age bracket, marital status, current level of education and experience in running an enterprise, and prior experience in operating business. Demographic information was necessary to ensure a fair distribution of the respondents, to allow equity of representation of views and further help support the validity of data generated across the sample population. The main purpose of this was to find out any trend from the respondent's profile that was directly linked to the variables of the study. Demographics are important when comparing replications of studies (Hammer, 2011).

Respondents Age

The study sought to investigate the age of the respondents. Findings were presented in table 4.2 below.

Table 4.2: Respondents Age

Age of Respondents		
Age Bracket	**Frequency**	**Percent**
20-25 years	24	13.9
26-35 years	36	20.8
36-45 years	59	34.1
Above 45 years	54	31.2
Total	**173**	**100.0**

On respondents age as shown in table 4.2 above, majority of the women owners of micro enterprises (65.3%) were aged above 35 years while the rest (34.7%) were aged between 20 and 35 years. This shows that most micro enterprises owned by women are run by women who are mature, while the youths are also coming up in business ownership. The study agrees with Kuznets (1978) who opine that the size of the business vary according to the age of the respondent, which further determine the variations in business income inequalities. The study also agreed with Andrews et al (2019) assertion as respondent age increases, the percentage of true score variance in survey measures tends to decline. Their age is important as it helps in demonstrating the participants' suitability for the study. For instances, the legal age for employment and business ownership in Kenya is 18 years old meaning that all the participants of the study must have attained the legal age running a micro enterprise. In addition, various scientific disciplines have shown that opinions in a number of topics differ between dissimilar age groups.

Respondents Education Level

The study sought to investigate the education level of the respondents, and findings presented in figure 4.1 below.

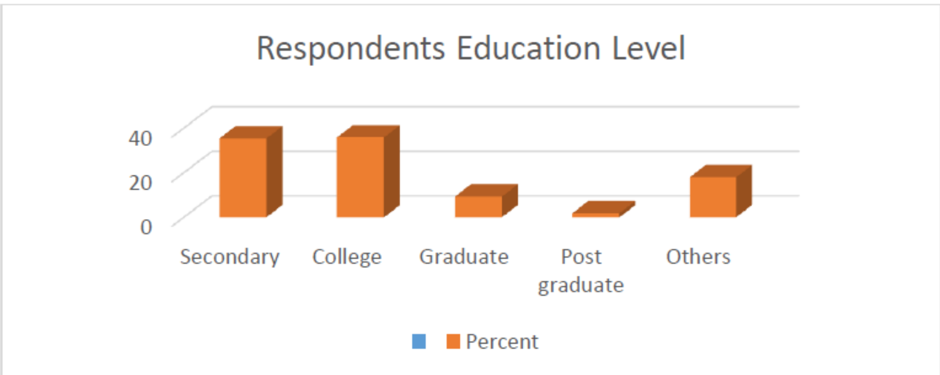

Figure 4.1: Respondents Education Level

On respondent's education level, findings revealed that 35.3% of the respondents had attained secondary school level of education, 35.8% had college diplomas and certificates, 9.2% were graduates while 1.7% were post graduates. Others (17.9%) had attained primary school education. These findings showed that majority of the respondents had at least attained the basic education level hence could understand the questionnaires and respond accordingly.

This depicted that the respondents were well educated and informed and therefore furnished this study with better information which added value to the objectives of the study. The level of education was therefore very important in this respect. This study agrees with Maiyo (2015) who opine that most of the poor people exhibit a low level of education. The researcher also approves the view of the human capital theory which asserts that education creates skills which facilitate higher levels of productivity amongst those who possess them in comparison with those who do not. Education level is an important demographic item as there are usually strong variances in opinion between respondents of different educational levels.

Respondents Marital Status

The study sought to evaluate the marital status of the respondents and findings presented in figure 4.2 below;

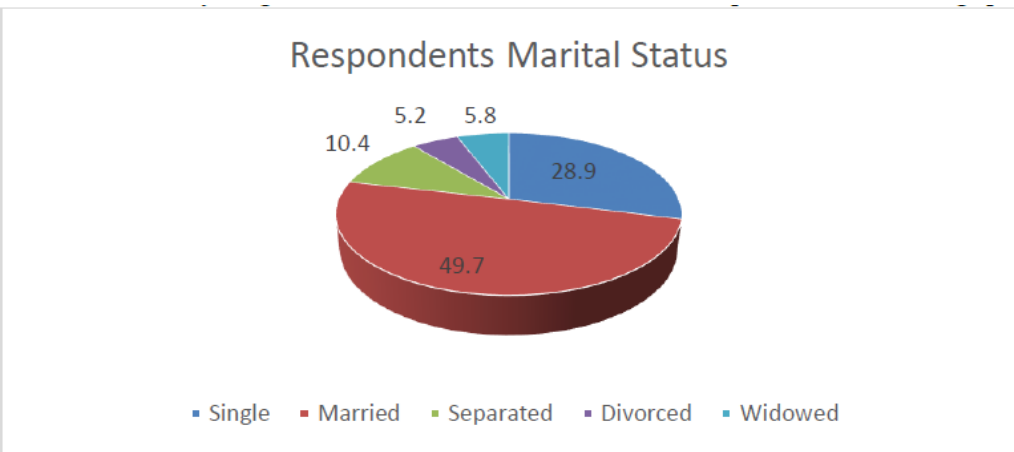

Figure 4.2: Marital Status of Respondents

The marital status of the respondents was sought because it plays a role in one's priorities and decision making. Among the women owners of micro enterprises, 28.9% reported that they were single, 49.7% were married, 10.4% were separated, 5.2% were divorced while 5.8% were widowed. This showed that irrespective of marital status, all women who took part in the study were business owners. Cooper and Schindler (2012) posited that marital status creates specific financial, healthcare, tax, and other shared opportunities and obligations even in businesses and organizations. However, the findings showed that majority of the micro enterprise owners were married.

Respondents Business Experience

The study sought to investigate the respondent's business experience. Respondents data was presented in figure 4.3 below.

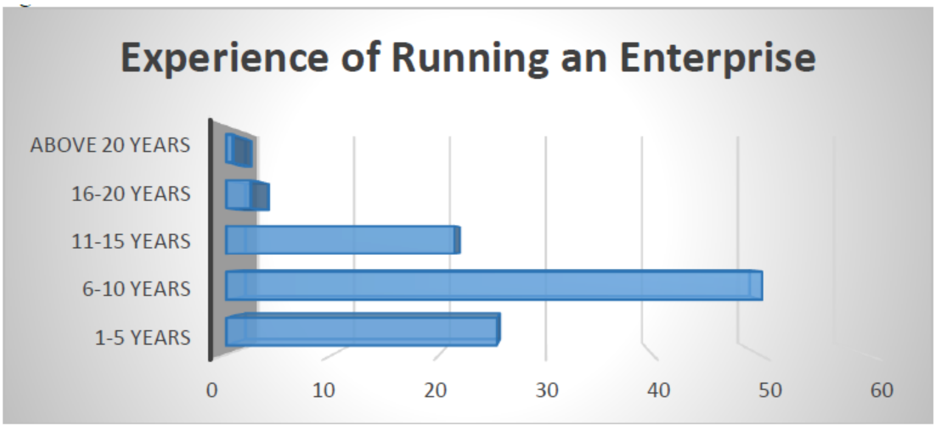

Figure 4.3: Experience in Running an Enterprise

Business experience provides many benefits; giving people skills and understanding as they work in the business over time. Figure 4.3 above indicated the length of experience in running a micro enterprise business for the respondents. According to figure 4.3, 25.4% of the respondents had 1 to 5 years of owning and running a micro enterprise business. Almost half (50.3%) had run business for 6 to 10 years, 21.4% had 11 to 15 years of experience in running business while 2.3% had run business for 16 to 20 years. Only 0.6% had above 20 years' experience in owning and running business. This showed that majority of the business owners who took part in the study were not novices in running business. This experience could lead to greater success in business. In addition, the longer they have been in business, the more they have interacted with the county governments in their counties hence increasing the reliability of the information they avail.

Respondents Prior Experience in Operating a Business

The study also sought to investigate whether prior experience in operating a business was important for the women owned enterprises. The respondents were asked whether prior to owning this business they had any experience in operating a business and their results presented in figure 4.4 below.

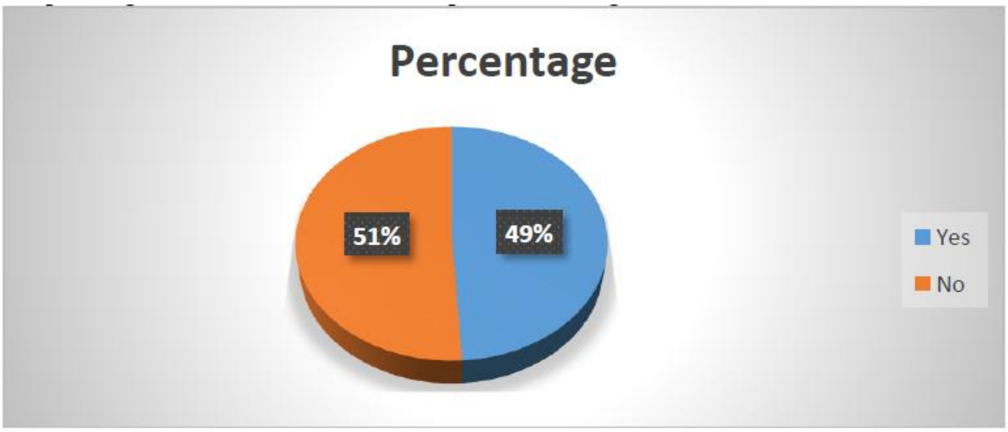

Figure 4.4: Prior Experience in Operating Business

As shown in figure 4.4 above, 49% respondent in the affirmative while the rest 51% said they had not. Prior encounter in operating a business could increase one's business skills hence performance. These findings agree with those of Onduso (2013) who opined that experience in operating and running a business enables entrepreneurs to know their sector intimately, and experienced entrepreneurs understand the changing trends and demands in their respective industries.

a) Characteristics of the Enterprise Surveyed

The study sought to analyse the characteristics of the enterprise that was measured with turnover range and number of employees. Preliminary findings revealed that majority of the women owned enterprises were operated and managed by the women owners with no employees. The range in turn over for the women owned enterprises from the year 2014/15 to the year 2018/19 was analysed and the findings presented in table 4.3 below.

Table 4.3: Turnover 2014-2019

Year		50,000	75,000	100,000	Min	Max	Mean	Std. dev
2014/15	Frequency	119	37	17	50,000	100,000	75,000	0.664
	Percentage	68.8	21.4	9.8				
2015/16	Frequency	112	34	27	50,000	100,000	75,000	0.689
	Percentage	64.7	19.6	15.7				
2016/17	Frequency	105	39	29	50,000	100,000	75,000	0.712
	Percentage	60.7	22.5	16.8				
2017/18	Frequency	99	45	29	50,000	100,000	75,000	0.756
	Percentage	57.2	26.0	16.8				
2018/19	Frequency	91	47	35	50,000	100,000	75,000	0.792
	Percentage	52.6	27.2	20.2				

According to Table 4.3, 68.8% of the respondents had a turnover of less than Ksh. 50,000 in the year 2014/15, 21.4% had a turnover of Ksh. 75,000 while only 9.8% exceeded Kshs. 100,000 in turnover. The results showed that the standard deviation was below one meaning that the turnover did not change much in the one years' period. In the year 2018/19, 52.6% of the respondents had a turnover of less than 50,000 in the year, 27.2% had a turnover of Ksh. 75,000 while only 20.2% exceeded Kshs. 100,000 in turnover. The results showed the standard deviation was 0.792, which was also below one, meaning that the turnover did not change much in the five-year period. This showed that the financial performance in most women owned micro enterprises in the five years was low.

These findings are in line with those of Amalokwu & Lawrence (2008) who asseterd that the challenges of most micro-enterprises in most developing countries are even greater as compared to the developed countries. In Kenya, for instance, past statistics indicated that three out of five businesses fail within the first few months of operation and those that survive continue performing dismally (Kenya National Bureau of Statistics, 2007 cited in Bowen et al, 2012). Inadequate credit, lack of raw materials, sluggish demand, insufficient working space and infrastructural services are among the major bottlenecks.

b) County Fiscal Data

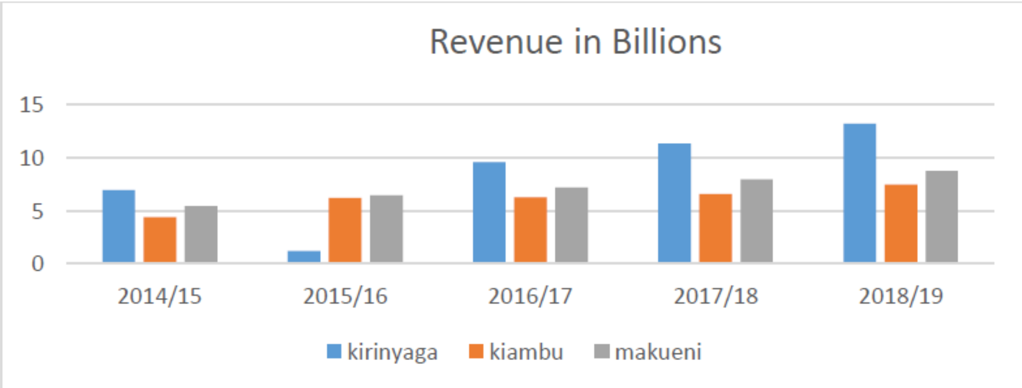

Figure 4.5: County Fiscal Data

Figure 4.5 above shows the county government fiscal characteristics for the five years' period. A review of figure 4.5 reveals that the revenues in billions for county governments for the three counties namely Kirinyaga, Kiambu and Makueni has been on the rise, meaning that counties have the resources needed to improve on service delivery. The revenues include counties share from the national government, and counties own source revenues that are meant to assist counties in-terms of improving service delivery.

However, a comparison of the county's fiscal characteristics with the performance of the women owned micro enterprises indicated that irrespective of the increase in county revenues over the five-year period, the performance of women owned micro enterprises was still low for the five-year period. This meant that majority of the women owners of micro enterprises were not feeling the effects of the county interventions that were meant to ease business operations and improve on their performance. This could have been occasioned by counties investing in areas or projects that were not directly contributing positively to the performance of women owned micro enterprises.

Number of Employees

Number of employees in the women owned micro enterprises for the years 2014 to 2018 was analysed and captured in table 4.4 below.

Table 4.4: Number of Employees

Year		None	2	4	5	Std. dev
2014/15	Frequency	102	55	14	2	0.696
	Percentage	59	31.7	8.1	1.2	
2015/16	Frequency	97	66	7	3	0.718
	Percentage	56	38	4	2	
2016/17	Frequency	110	54	5	4	0.743
	Percentage	63.6	31.2	2.9	2.3	
2017/18	Frequency	121	48	2	2	0.764
	Percentage	69.9	27.7	1.2	1.2	
2018/19	Frequency	90	63	14	6	0.779
	Percentage	52	36.4	8.1	3.5	

Majority of the micro enterprises (59%) did not have any employees in 2014, while 31.8% had 1 to 2 employees, 8.1% had 3 to 4 employees and only 1.2% had 5 and above employees. This showed that most women owned small businesses are run by their owners. This could show low capacity in such micro enterprises. In the year 2018, 52% of the women owned micro enterprises did not have any employee, 36.4% had either 1 or 2 employees while 8.1% had 3 to 4 employees and 3.5% had 5 and above employees. Even with the time range, there was no big difference in the number of employed workers in the micro enterprises. The standard deviation for the 5 years' period was below one (1), meaning that most women owned micro enterprises did not increase the number of workers employed over the period under study. This was an indication of slow growth or stagnation in performance for the women owned enterprises in the three counties under review.

Influence of County Government Own Source Revenue on Performance

This study evaluated the influence of own source revenue on performance of women owned micro enterprises in Kenya in two perspectives, enterprise and County Fiscal data as depicted in the tables below.

Characteristics of Enterprise Participation in Creating Own Source Revenue for County Governments.

The first objective was to establish whether county own-source revenue influences performance of women-owned micro enterprises in Kenya. It was achieved through various items as shown in Table 4.5 below.

Table 4.5 a) Characteristics of Enterprise Participation in Creating Own Source Revenue for County (Fiscal Data Perspective)

	D	N	A	Mean	Std. Dev.
Number of taxies payable to government have reduced	63.0	6.9	29.9	2.59	1.210
Rate of tax payments have been reduced	65.3	5.8	28.9	2.53	1.139
There are no penalties for non-payments of taxes and fees	64.7	4.6	30.6	2.53	1.204
The method of paying tax is easy	50.8	11.6	37.6	2.83	1.138
Market fees are affordable	46.8	13.9	39.3	2.90	1.167
Women traders forgiven for failure to pay taxes and fees	61.3	5.2	33.5	2.62	1.236
Valid N (listwise)	173				

Findings on the county government own resource revenue showed that majority of the residents disagreed that the number of taxies payable to government have reduced, with 15.6% strongly disagreeing, and 47.4% disagreeing, 6.9% were neutral while 22.5% agreed and 7.5% agreed (Mean = 2.59; Std Dev = 1.210). these findings were in agreement with those of Ntayi et al., (2014) who opined that taxes payable to governments were biased towards SMEs due to high regulatory burden of registering and running enterprises and the cost of registering a business is high. Similarly, Kedogo (2013) on his study concluded that business regulation, taxation and registration procedures affect the business performance including other mandatory requirement to operate the business, which had increased over time.

Regarding the rate of tax payments, 15.0% strongly disagreed that the rate of tax payments has been reduced, 50.3% disagreed, 5.8% were neutral, while 24.9% agreed and 4.0% strongly agreed (Mean =2.53; Std Dev =1.139). This was supported by Blackburn, Hart and Wainwright (2013) who argued that reducing tax costs and simplifying tax provisions may help reduce the tax burden on SMEs and improve efficiency and compliance with the tax laws. High taxation is attributed to low level of compliance and poor performance of women owned micro-enterprises.

Majority of the respondents disagreed that there are no penalties for non-payments of taxes and fees where 18.5% strongly disagreed, 46.2% disagreed, 4.6% were neutral and 25.4% agreed and 5.2% strongly agreed (Mean = 2.53; Std Dev =1.204). These findings were in agreement with those of Yissa (2010) who posited that tax levied on the business and the penalties for non-payment was a major constraint for small and micro enterprises in Mekelle town in Ethiopia. The findings were also consistent with those of Nashikawa and Ogada (2019) who asserted that affordability, poor regulation of the levies and penalties in that order had strong negative effects on the performance of fresh fruits and vegetables trade in their County.

On the issue of whether the method of paying tax was easy, 9.2% strongly disagreed, 41.6% disagreed, 11.6% were neutral while 32.4% agreed and 5.2% strongly agreed (Mean =2.83; Std Dev = 1.138). These findings were consistent with those of Sitharam and Hoque (2016) who established the factors affecting performance of MSEs to conclude failure to comply with the rules and regulation due to the high cost and registration processes being complicated and time consuming.

On market fees being affordable or not, 9.8% strongly disagreed that they were affordable, 37.0% disagreed, 13.9% were neutral, 32.4% agreed and 6.9% strongly agreed (Mean = 2.90; Std Dev =1.167). These findings were consistent with those of Mwangi and Gachunga (2014) whose study revealed that that market fees and levies affect the performance of Small and Medium Enterprises in Kenya to a moderate extent, and the study concluded that market fees and levies, cess and rates by the county government affect the performance of Small and Medium Enterprises in Kenya.

Majority of the respondents disagreed that women traders are forgiven for failure to pay taxes and fees with 16.8% strongly disagreeing, 44.5% disagreed 5.2% were neutral while 26.6% agreed and 6.9% strongly agreed (Mean =2.62; Std Dev = 1.236). These findings were consistent with those of Fagbemi, Uadile and Noah (2010) has reported that stern action was taken on women who failed to comply with payment of taxes and levies, and that non-compliance of tax is prevalent in developing countries and it hinders development thereby leading to economic stagnation and other social and economic problems.

Findings on the influence of county own-source revenue on the performance of women-owned micro enterprises in Kenya showed that most of the elements tested got average scores which could mean that the county government has put in place a system for revenue collection, even though some elements like taxes do not seem to favour the women in business. Although the score was mainly average, it is positively skewed meaning that there is some negative influence. This is in line with by Blackburn, Hart and Wainwright (2013) who argued that reducing tax costs and simplifying tax provisions may help reduce the tax burden on SMEs and improve efficiency and compliance with the tax laws.

The controller of budget always emphasizes the increase of local revenue to enhance the discharge of their mandate. The sustainability of County governments and devolution therefore depends on the capacity and ability of a county government to be fiscally sustainable with respect to OSR and to a large extent fiscally autonomous from Central Government. Different Counties generate different levels of revenue depending on several factors and thus exists variance in their levels of autonomy of different counties (C.o.B, 2017). They should therefore work towards supporting women owned enterprises with financial solutions to enhance their businesses.

Influence of County Government Own Source Revenue on Performance of Women Owned Micro enterprises- a Micro Enterprise Perspective

The study sought to investigate the influence of county government own source revenue micro enterprise perspective on the performance of women owned micro enterprises, and results presented below.

Table 4.5 b): Regression Model for Own Source Revenue and Performance- Enterprise Perspective

	Coef.	Std. Err.	t	P>|t|
County Govt. Own Source Revenue	-0.156	0.9188	-0.211	0.012
_cons	2.799	0.1748	3.17	0.002
R squared	0.036			
Adj. R squared	0.031			
F (1, 173)	6.442			
Prob.>F	0.7178			

The study found that there was significant relationship between percentage of actual to budgeted own source revenue and performance of women owned enterprises. The R^2 value of 0.036 means that approximately 3.6% of the variation in performance of women of performance can be explained by county government own source revenue. The R value of 0.191 meant that there was a weak positive correlation between county government own source revenue and performance of women owned micro enterprises in Kenya. The p value of 0.012 at 5% level of significance. This implied that county expenditure does have a significant effect on performance of women owned enterprises.

The results show that own source revenue had a negative but significant effect on the performance of women owned enterprises in Kenya. These results suggest that increase in the share of own source revenues by counties would increase performance if implemented at very low levels in the county. Given the quadratic nature of own source revenues on performance, marginal analysis would imply that the effect of own source revenues depends on the extent of the transfer. This could partially explain the mixed results on the relationship between fiscal decentralization and performance outcomes from the empirical literature (Galasso & Ravallion, 2005).

The findings suggest that the share of own source revenues of the county government to the women owned enterprises is likely to contribute to decreased performance. This implies that there is a certain critical level, beyond which any further increase in the share own source revenue by county governments may actually lead to decline in performance of women owned enterprises in Kenya.

However, these result disagree with Kneller et al. (1999) findings that productive spending affects economic growth positively, while unproductive spending does not. Recent studies however consider this constraint by controlling for the size of government, for instance, Teles and Mussolini (2014) found in a sample of developing and developed countries, that productive spending affects economic growth positively, though this impact declines as public debt increases. The current study found no significant relationship between own source revenue and performance of women owned micro enterprises in Kenya.

As the share of own local revenue of county government in total revenue increases, performance may also increase. This is because when constituents contribute to county revenue they are more likely to demand transparency and accountability from the county government which might lead to efficient use of resources. The larger the share of county expenditure that is financed via own local revenue collections, the more accountable county governments become to their constituents, who apparently would correctly evaluate the performance of county government and either punish or reward elected officials in the voting booth. This accountability mechanism in turn serves as an incentive for local governments to make more responsible and efficient tax and spending decisions towards raising the welfare of the constituents.

Alternatively, autonomy of county governments is improved as more own local revenue is raised and therefore the county governments are more likely to meet their constituents' preferences. In Kenya county governments do have autonomy and discretion on the use of own source revenue most of which is spend on transfer programs such as bursary funds, construction of houses for elderly, youth programs among other programs which impacts positively or negatively on the performance of the women owned enterprises. The biggest challenge is that leaders implement programs and projects that are political in nature and fail to implement projects that would add value to the businesses owned by women entrepreneurs, and this contributes negatively to their businesses.

Following the above findings, the hypothesis was tested. The acceptance or rejection criteria was that, if the p value is less than the conventional p value at 5% significance level, the null hypothesis is rejected, otherwise the null hypothesis is not rejected. The null hypothesis was that *County own source revenue has no significant influence on the performance of women-owned micro enterprises in Kenya*. Based on results in Table 4.12, the null hypothesis was rejected since the p value of 0.012, is less than 5% level of significance. This implies that there is significant relationship between county government own source revenue and performance of women owned enterprises in Kenya.

This means that county government own source revenue is an important predictor of performance. This was also in line with Kedogo (2013) findings that asserted that business regulation, taxation and registration procedures affect the business performance including other mandatory requirement to operate the business. Bivariate model was therefore;

$Y = 2.799 - 0.156X_1$

The constant is 2.799; this represents that value of performance when county government own source revenue is 0. The 0.156 value of county government own source revenue means that a unit change in county government own source revenue would result in a -0.156 change in performance of women owned micro enterprises.

Influence of County Government Own Source Revenue on Performance of Women Owned Micro enterprises in Kenya- County Fiscal Data Perspective

The study sought to establish the relationship that exists between Own source revenue and performance of women own enterprises as indicated in the following table 4.6a.

Table 4.6 a) County Own Source Revenue Fiscal Data as a Percentage of Total Revenue

County	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Kirinyaga	0.03	0.48	0.03	0.03	0.03
Kiambu	0.40	0.66	0.5	0.35	0.59
Makueni	0.04	0.03	0.05	0.04	0.06
Std. dev	0.6085	0.6273	0.6198	0.6097	0.6325
Skewness	1.132	1.132	1.132	1.132	1.132

It was observed that county contribution to the total revenue ranged between 3% to 66% during the period under consideration as indicated in table above. This means that fiscal expansion has been on an increasing trend in Kenya in line with the theory of fiscal federalism. The standard deviation was below one, meaning that own source revenue didn't change much in the five-year period. The Findings revealed that counties have been allocating a substantial own source revenue over the years that goes towards the improvement of service delivery.

The findings of this study agrees with those of Chuma et al. (2015) who argues that spending on revenue generation by county governments further increases developments in the county. This is also in line with Teles and Mussolini (2014) findings that in the developing and developed countries, productive spending by counties affects economic growth positively, though this impact declines as public debt increases. The current study found significant relationship between own source revenue and the performance of women owned micro enterprises.

Table 4.6 b): Regression Model for Own Source Revenue and Performance - a Fiscal Perspective

	Coef.	**Std. Err.**	**t**	**P>|t|**
Own Source Revenue	0.6735	0.1491	4.51	0.000
_cons	0.5360	0.1862	2.89	0.024
R squared	0.4238			
Adj. R squared	0.3941			
F (1, 173)	63.41	Prob.>F	0.000	

The study finds that there is a positive and significant relationship between county own source revenues and performance. This is indicated by the R^2 of 0.3941 which indicated that county revenues explain 39.41% of the total variations in performance. The remaining 60.59% is explained by other factors that are not included in this study.

The beta coefficient of 0.6735 imply that for every one unit change in county own source revenue, performance would change by 0.6735 units holding all factors constant. The beta coefficient had a positive sign, which indicated that there was a direct relationship between county revenue and performance. An increase in county revenues is expected to have a positive influence on performance. Further, the F value of 63.41 indicates that the model is a good estimate given its p value of 0.000 at 5% significance level. The results imply that county revenue is a good predictor of performance.

V. Discussion

Summary of Findings

Characteristics of Own Source Revenue on Performance- Enterprise Perspective

Findings on the influence of county government own resource revenue on performance of women-owned micro enterprises in Kenya showed that majority of the residents disagreed that the number of taxies payable to government have reduced, the rate of tax payments has been reduced. Majority of the respondents disagreed that there are no penalties for non-payments of taxes and fees. Almost half of the respondents disagreed that method of paying tax was easy. Majority disagreed that market fees were affordable, Majority of the respondents disagreed that women traders were forgiven for failure to pay taxes and fees with. There was a weak positive correlation between county government own source revenue and performance of women owned micro enterprises in Kenya (R = 0.91). Approximately 3.6% of the variation in performance of women owned micro enterprises can be explained by county government own source revenue ($R^2 = 0.036$).

Further findings showed that the F value of 6.442 was significant (p=0.012) at 95% confidence level hence the model was significant for predicting performance of women owned micro enterprises in Kenya. A unit change in county government own source revenue would result in a 0.587 change in performance of women owned micro enterprises. Based on these findings, with ($p < 0.05$) the null hypothesis: *County own source revenue has no significant influence on the performance of women-owned micro enterprises in Kenya* was rejected.

Characteristics of Own Source Revenue on Performance – Fiscal Perspective

An analysis of the fiscal perspective revealed that there was a positive and significant relationship between county own source revenues and performance. This was indicated by a beta coefficient of 0.6735 and a p value of 0.000. The results imply that for every one unit change in county own source revenue, performance would change by 0.6735 units holding all factors constant. The beta coefficient had a positive sign, which indicated that there was a direct relationship between county revenue and performance. An increase in county own revenues is expected to have a positive influence on performance.

Further, the F value of 63.41 indicates that the model is a good estimate given its p value of 0.000 at 5% significance level. The results imply that county revenue is a good predictor of performance. In addition, the R^2 of 0.3941 indicate that county revenues explain 39.41% of the total variations in performance. The remaining 60.59% is explained by other factors that are not included in this study.

VI. Conclusion

Influence of Own Source Revenue on Performance of Women Owned Micro Enterprises in Kenya

Own source revenue is a source of revenue aimed at supplementing transfers from the National government. Past studies have established that county governments in Kenya have a huge potential to increase locally generated revenue. This would help county governments in meeting their objective of optimal service to the citizen and also assist the governments to realize its own goals such as vision 2030 and the global development goals such as SDG number five on gender i.e. women empowerment and Africa's vision 2063. According to the Hansard on the County Public Accounts and Investment parliamentary proceedings, many county governments in Kenya are under collecting own source revenue although they have a huge potential to collect more.

This study found out that county governments have automated revenue collection. Although automating revenue collection might seem easier as opposed to manual system of collection of revenue, this study found out that women entrepreneurs find it difficult to understand the system and therefore it is a burden to them. Majority of them had not internalized the system. This is a sign of lack of user involvement and information asymmetry. The study also established that most micro business owners were unsatisfied with the rate of taxes, method of collection and market fees. This could have a negative influence on the performance of women owned micro enterprises.

Own source revenue is an indicator of fiscal federalism given that revenue generated is decided at local level in continuum with the theory of fiscal federalism. If properly utilized, it could be used to meet the needs of the local community. This study therefore agrees with the proponents of fiscal federalism that local problems can only be understood by the local people. The study therefore concluded that the findings were aligned with the theory of Fiscal Federalism by Oates (1956) that is associated with decentralization of expenditure responsibilities and decentralization of revenue responsibilities for the purpose of achieving 'efficiency' and 'equity' in the federation, which are core to this study.

The fiscal perspective revealed that counties have their own share of own source revenues that are basically collected and utilized for development. These are the revenues generated by the county governments through property taxes, entertainment taxes, fees and charges from the services they provide. These revenues are used to better develop their counties, to fix roads, build homes, fix schools, and create a better business environment for the business owners.

An analysis of the micro and the fiscal perspectives of own source revenue revealed that the fiscal perspective was a better measure of performance given the improved beta values. This was attributed to the measures of fiscal perspective that focused on real values rather than that of the enterprise perspective that was subject to emotions. The study found that fiscal county data was more reliable. Based on this, the study concludes that county governments should communicate the opportunities available and dedicated to women entrepreneurs so that they may participate in capacity development programs to increase capacity and take advantage of the available financing opportunities in county governments.

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