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Factors Determining the Performance of Rural Microenterprises in Cambodia – A Micro Level Study

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ABSTRACT

It is widely known that the performance of microenterprises is influenced by several socio-cultural and demographic factors and attitudes of the entrepreneurs, including management capability, marketing factors, the firm and the business environment. Considering this, the study attempts to examine the extent to which the management functions, marketing factors and personal characteristics of the entrepreneurs influence the performance of the rural microenterprises in Cambodia. The empirical results of the study show that the performance of the microenterprises in terms of sales and profits was dependent on the planning, organizing, directing and controlling functions of the management. It is also revealed that the sales and profits of the enterprises were highly dependent on the marketing factors such as the quality of the product as well as promotion. The result further shows a high positive association between the personal characteristics of the entrepreneurs such as the age of the entrepreneur when the business started, and the sales as well as the profits of the microenterprises. The implication of the study is that the owners and managers of microenterprises should give importance to the factors determining the performance of their enterprises and develop suitable strategies to compete in the market.

Keywords: Entrepreneur, microenterprise, management functions, marketing factors, personal characteristics, performance.

1. INTRODUCTION

Rural entrepreneurship has been accepted as the central force of economic growth and development of economies. It occurs in economically and socially depressed areas with inadequate infrastructure, economic stagnation, low levels of education, less skilled workers, low income, and a culture not supportive of entrepreneurship (Kulawezuk,1998). Fostering entrepreneurship is a crucial factor in energizing the economy (Petrin and Gannon, 1997) in impoverished rural regions because it creates wealth and employment, and has a profound impact on the quality of the livelihood of rural populations (FAO, 1997). Entrepreneurship is more beneficial for women in rural areas as it enables them to add to their family income while taking care of their farm, home and livestock centered tasks (Sidhu and Kaur, 2006).

Microenterprise programs have the ability to reach the low-income and disadvantaged populations effectively by raising income and asset levels among the poor (Litzenberg, 1999). Though the business of microenterprises tends to be very small, often employing only a single operator, and faces a number of challenges in different countries around the world, its contribution towards socio-economic development is widely recognized. Microenterprises play an important role in terms of creating jobs, alleviating poverty, and supplying essential goods and services required by people to maintain an adequate standard of living. Recently, it has been observed that the traditional approaches to employment have failed to a large extent to keep pace with the growing demand for employment and as a result, people are looking for alternative viable opportunities, and in particular off-farm livelihood opportunities. Thus, in many developing countries across the globe, the growth of microenterprises provides the most vibrant economic activities.

Although the primary rationale to boost microenterprises in the rural areas of the developing world is to reduce poverty, the propensity to become an entrepreneur is influenced by several socio-cultural and demographic variables and attitudes. The performance of rural enterprise is often highly correlated with several entrepreneurial characteristics, managerial processes and effective

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support systems – the three dimensions deem to collectively determine business success (Kanungo, 1998). Successful entrepreneurs and their firms seem to come in different shapes and sizes, but they appear to share some common characteristics related to their personal qualities and the integrated management of the firm in the context of a dynamic and competitive business environment (Edralin, 1998).

Various studies in different countries present a number of factors such as entrepreneurial and enterprise characteristics, management functions, marketing factors, technological capability, access to business information and finance along with government policies, etc. as the determinants of the performance of microenterprises. However, despite the presence of several studies on the performance of microenterprises, literature has paid little attention to the factors that influence the performance of rural microenterprises in the least developed countries. In addition, little is known about the factors that determine the performance of rural microenterprises in the fastest-growing economies in the world. Moreover, from policy perspective and strategies, both at macro and micro levels, research toward understanding the extent to which different factors influence the performance of microenterprises assumes significance. Thus, to address these gaps, this study examines the association between the factors of management functions (planning, organizing, directing and controlling), marketing factors (location, quality of the product, price and promotion) and the personal characteristics of the entrepreneurs (e.g. age when the business started, gender, educational attainment and birth order) along with the performance of the rural microenterprises in Cambodia.

The paper is structured as follows: in section two, the literature review is presented; in section three and four, the hypotheses and methodology adopted in the study are given respectively; section five discusses the results and finally, the last section provides the concluding remarks.

2. LITERATURE REVIEW

Literature dealing with the reasons for the growth of small firms can be viewed from two schools of thought (Papadaki and Chami, 2002): first, organizational life cycle perspective, which views growth as a natural phenomenon in the evolution of the firm and second, growth as a consequence of strategic choice. From both viewpoints, the characteristics of entrepreneurs, enterprise resources and environmental opportunities are crucial in expanding the business of the firm. Based on several theories, Papadaki and Chami (2002) categorized the factors of business growth into three categories: a) owner-manager characteristics, b) business practice characteristics, and c) firm characteristics. The owner-manager characteristics consider entrepreneurial attitudes which include general background (gender, age, immigration status, education), growth motivation (active risk taking, desire for independence, pushed by unemployment, "life-style" business: currently employed in another business), and management know-how (family who owned a business, industry specific know-how: prior paid employment experience in business, general business management: previous ownership, use of advisors, partnerships). The business practice characteristics indicate the way in which the owner operates the business such as the delegation of day-to-day operations, innovation, technology adoption: adoption of e-commerce enabling technology, market orientation and sources of finance; and the firm characteristics include variables such as the firm's age, size, legal form, industry/sector and geographical location.

Empirical studies show that the factors influencing the performance of microenterprises are different. Honig (1998) identified several social and individual attributes that strengthen microenterprises in addition to the social capital as operationalized by frequent church attendance and the marital status of the owner as well as social networks that play important roles in the success of informal microenterprises. A conceptual model of relationships between gender, social capital configuration, collaborative exchange of the micro entrepreneur and microenterprise performance was presented by Tata and Prasad (2008), in which the model proposes the configuration of micro entrepreneurs' social capital through three attributes: network diversity, network size and relationship strength. These three attributes influence the actions taken by micro-entrepreneurs to utilize their social capital and gain information and resources, which in turn influence their microenterprises' performance.

Using the National Household Survey 2002-03 data collected by the Uganda Bureau of Statistics, Okurut (2008) shows that while microenterprises' returns are positively and significantly influenced by several

factors like the level of education, experience and business assets, they are negatively influenced when female-owned and rural-based. As such, it is suggested that both the Universal Primary Education and Universal Secondary Education are steps to improve the level of education, especially that of women, for the better performance of microenterprises. Contrary to this result, Masakure et al. (2008) in Ghana show that while a firm's characteristics, including its urban and regional location, significantly affects the incidence and intensity of improved performance, the entrepreneurial characteristics are considered to be unimportant. However, in a different study (Karel et al. 2013), the key factors influencing the profitability of the Polish rural food processing microenterprises were related to their owner/manager (his/her age and risk-taking) and enterprise characteristics (location, size, ICT advancements and certificates for products). In Ethiopia, Loening et al. (2008) find that the fluctuations in predicted crop performance, localized nature of sales and limited market integration affect the performance of nonfarm enterprises. Likewise, in another study, Masakure et al. (2009) reveal that the interaction between microenterprises, sectors, and market factors influence enterprise performance. In the investigation of the management factors affecting the performance of enterprises in Kenya, Njanja et al. (2010) show that the critical management factors of the different categories of enterprises differ between micro, small and medium enterprises. According to Sinha and Sen (2011), only three factors: the age of the enterprise, human capital inputs, and the management capability influence the performance of microenterprises as revealed from the study in the state of Jharkhand, India. By comparing the performance of the microenterprises of two different geographic locations in Nepal, Pukar (2012) reveals that the disparity in business performance is the result of the differences in the socio-economic and market conditions between the locations. Welsh et al. (2013) show that key management practices, marketing capability and technological capability have a positive impact on performance that is indicated by sales, net profit, and growth of microenterprises in Changchun, an industrial city in Northeast China. Similar to this, Nabintu (2013) reveals that in the case of small and microenterprise traders at city park hawkers' market in Nairobi County, Kenya, access to business information services along with finance affects the performance of businesses to a great extent. In addition, technology also affects the businesses by facilitating communication with both the supplier and customers by easing transportation and marketing of the products. Similarly, in a study on the registered business operators of cereals, fruits, beverages, vegetables and poultry in the Limuru Town Market of the Kiambu county Kenya, Kamunge et al. (2014) by considering 274 microenterprises and using multivariate regression analysis reveal that access to finance and management experience are the key factors affecting the performance of micro and small enterprises. The other factors that affect the performance of enterprises positively are access to business information, government policy and regulation, and access to infrastructure.

Like some of the previous studies, in Argentina, Berrone et al. (2014) consider individual characteristics (human capital, motivation and gender), socio-organizational characteristics (familyties, degree of innovation and own capital), structural characteristics (informality and location) and the role of public policies (condition of being unemployed and institutional support) as the factors determining the performance of microenterprises. In order to test the nine hypotheses to know the impact of the different determinants on the microenterprise's performance, the multiple linear regression model was used. In addition, to test one more hypothesis (the impact of employment status on the likelihood of receiving public funding), a logit model was applied. The study reveals that human capital (proxied by their educational level and degree of dedication), innovation and intensity of use of own capital are important determinants of the performance of microenterprises. Based on the data collected from 501 randomly selected micro-entrepreneurs in Nepal, Thapa (2015) shows that factors relating to both the entrepreneur and enterprise, including the environment influence the performance of microenterprises. In specific, the entrepreneur-related factors such as gender, managerial skills, need for achievement, need for autonomy, creative tendency, internal locus of control and managerial foresight; enterprise-related factors, particularly enterprise age, enterprise size and initial financial constraint; as well as environment- related factors such as social network were found as the key factors influencing the performance of microenterprises in the study area. Similarly, based on the data collected from 253 microenterprises in Selangor area, Malaysia, Alom et al. (2016) find that a certain number of entrepreneurial and enterprise characteristics, along with other economic factors, affect the overall performance of microenterprises. While the age of

the entrepreneurs, education, business training, demand for the product/service, availability of physical space for business expansion in the city area, availability of finance and sufficiency of the secured amount of finance pose positive impacts on growth, factors such as competition and the age of the enterprises negatively affect overall performance of the microenterprises. In Cambodia, Dash and Houy (2016) made an attempt to study the effect of firm characteristics and entrepreneurial profile on the performance of micro and small enterprises (MSEs). In order to determine the relationship between the characteristics of MSEs (age of enterprise, number of current employees, form of enterprise, location of enterprise, sector of enterprise, level of technological advancement and enterprise business plan) and the entrepreneurial profile (age, gender, marital status, educational level, prior experience and family background of the enterprise owner) along with the performance of MSEs, 60 registered MSEs in Svay Rieng province were taken for the study. By using regression analysis, the empirical results showed that four firm characteristics such as the location, sector, level of technological advancement and enterprise business plan and four factors of the entrepreneurial profile such which are the educational level, past experience, family background and age of enterprise owner had significantly affected the performance of MSEs. In a recent study in the Malwa region of Madhya Pradesh State in India, by using factor analysis, Chouksey (2018) reveals that the local business environment, high cost of inputs, management skills, lack of resources and marketing issues are key influencers of the performance of microenterprises. Similarly, Rankhumise and Letsoalo (2019) in their qualitative study considering South African and Chinese enterprises, reveal that access to capital, managerial skills, government support, planning, access to market and financial training interventions are crucial for the viability and success of small, medium and micro enterprises. In contrast to the several earlier studies, by surveying 100 women-owned micro-businesses in Kelantan, Malaysia, and through multiple regression analysis, Ramli and Razali (2019) conclude that while the internal factors such as entrepreneurial traits and managerial skills highly influenced the performance of the microenterprises, there was no impact from the external factors (access to finance, information technology, marketing and availability of infrastructure) on the performance of the microenterprises.

As revealed from the review of literature, a number of factors influence the performance of microenterprises in different countries around the world. In this study, we intend to understand the association of management functions, marketing factors and personal characteristics of the entrepreneurs with the performance of the rural microenterprises in Cambodia.

3. HYPOTHESES

The study intends to test the following null hypotheses:

- There is no significant association between the management functions (planning, organizing, directing and controlling) and the performance of the microenterprises in the study area.
- There is no significant association between the marketing factors (location, quality of the product, price and promotion) and the performance of the selected microenterprises.
- There is no significant relationship between the personal characteristics of the entrepreneur (age when the business started, gender, educational attainment and birth order) and the performance of microenterprises in the study area.

4. METHODOLOGY

The Kingdom of Cambodia is located in Southeast Asia, bordering Thailand, Vietnam, Lao PDR and the Gulf of Thailand. Presently, the country has 25 provinces including its capital city of Phnom Penh. For the purpose of this study, among the 25 provinces, Takeo province was purposively selected due to its proximity to the capital. Further, among the 10 districts of Takeo province, one district, i.e., Bati district was selected randomly to carry out the study. As per the official statistics of the Royal Government of Cambodia, in total, the province has 181 registered enterprises comprising of micro, small, medium and large, of which 135 (74.6 per cent) are microenterprises. The Bati district has 24 microenterprises which are involved in both farming and nonfarming business activities such as rice milling, ice manufacturing, water purifying, motorbike and car repairing, garments selling, etc. Although it was proposed to take all the 24 microenterprises involved in various business activities in the district, the primary data were collected from the accessible 22 microenterprises (91.7 per cent) with the help of a structured questionnaire through the direct personal

interview method. Further, relevant secondary data were gathered from different years of the Statistical Yearbook of Cambodia published by the National Institute of Statistics, Ministry of Planning, Royal Government of Cambodia.

The scope of our study is limited to examining the association between management functions (planning, organizing, directing and controlling), marketing factors (location of the enterprise, quality of the product, price of the product and promotion) and the personal characteristics of the entrepreneurs (e.g. age of the entrepreneur when the business started, gender, educational attainment and birth order in the family) along with the performance of the microenterprises in the study area. We consider sales, expenses and profits of the microenterprises as the indicators of their performance. In order to determine the level of association between the management functions and marketing factors with the performance of microenterprises, the Gamma (γ) measure of association is used, which is as follows:

$$\gamma = \frac{(N_s - N_d)}{(N_s + N_d)}$$

Where,

N = Number of same order pairs

N = Number of inverse order pairs

Further, to determine the level of association between the personal characteristics of the entrepreneurs with the performance of the microenterprises, the Lambda (λ) measure of association is used, which is expressed as:

$$\lambda = \frac{(E_1 - E_2)}{E_1}$$

Where,

$E_1 = N_{\text{total}} - N_{\text{mode of dependent variable}}$

$E_2 = \Sigma\,(N_{\text{category}} - N_{\text{mode of category}})$ for all categories

5. EMPIRICAL RESULTS

5.1 Management functions and the performance of the microenterprises

Planning is the foremost function of management and its absence would result in all business activities of organizations becoming meaningless. The importance of planning has increased according to the increasing size of organisations and their complexities. In addition, planning has gained even more importance due to uncertainty and the changing business environment. Thus, entrepreneurial success depends upon careful planning. The entrepreneur being a careful planner and organizer sets what are to be accomplished and meticulously assesses how the present accomplishment can contribute to the achievement of long-term goals of the enterprise. Therefore, planning to a great extent influences the performance of microenterprises in terms of enhancing sales, reducing expenses and increasing profits. Data relating to the planning function and performance of the microenterprises are presented in Table 1.

Table 1: Planning Function and Performance of Rural Microenterprises

Management Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Effective Planning	1 (25.0)	3 (75.0)	0 (0.0)	4 (100.0)	0 (0.0)	4 (100.0)	0 (0.0)	4 (100.0)	1 (25.0)	3 (75.0)	0 (0.0)	4 (100.0)
Well Planning	7 (100.0)	0 (0.0)	0 (0.0)	7 (100.0)	1 (14.3)	6 (85.7)	0 (0.0)	7 (100.0)	5 (71.4)	2 (28.6)	0 (0.0)	7 (100.0)
Ineffective Planning	0 (0.0)	6 (100.0)	0 (0.0)	6 (100.0)	2 (33.3)	4 (66.7)	0 (0.0)	6 (100.0)	0 (0.0)	0 (0.0)	6 (100.0)	6 (100.0)
No Planning	0 (0.0)	4 (80.0)	1 (20.0)	5 (100.0)	1 (20.0)	4 (80.0)	0 (0.0)	5 (100.0)	0 (0.0)	1 (20.0)	4 (80.0)	5 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	0.644				-0.407				0.698			
Significance Level	0.003				0.240				0.000			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

It is observed that among the 22 microenterprises, while 17 of them (77.3 per cent) had carried out planning activities, the remaining five microenterprises (22.7 per cent) had no plans before implementing their activities. Among the enterprises carrying out the planning activities, none of them had low level of sales, and while 47 per cent had high level of sales, the remaining 53 per cent had a medium level of sales. In contrast, among the enterprises without plans, none of them had experienced high sales. The Gamma (γ) measure shows a coefficient of 0.644, indicating a high positive association between planning and sales. The level of significance 0.003 leads to the rejection of the null hypothesis, "there is no significant association between the planning function and the sales of the microenterprises in the study area."

With regard to the expenses, among the microenterprises carrying out the planning activities,

only 17.6 per cent had incurred high level of expenses, whereas 82.4 per cent had medium level of expenses. Among the microenterprises who did not carry out the planning activities, 80 per cent had experienced medium expenses with only 20 per cent who had high expenses. The Gamma (γ) test shows a coefficient of -0.407, indicating a moderate negative association between planning and expenses. The level of significance 0.240 leads to the acceptance of the null hypothesis, "there is no significant association between the planning function and the expenses of the selected microenterprises."

Regarding the association between planning and the level of profit, it is revealed that 35.3 per cent had high profits and 29.4 per cent had a medium level of profit amongst the enterprises who had carried out planning activities. Among the enterprises without planning activities, 80 per cent had low profits. The Gamma (γ) measure shows a coefficient of 0.698, indicating a high positive association between planning and profits. Further, the level of significance 0.000 leads to the rejection of null hypothesis, "there is no significant association between the planning function and the profits of the microenterprises in the study area."

Thus, the empirical evidence shows that the performance of the microenterprises in terms of sales and profits was associated with the planning function of the management, whereas the relationship between the expenses of the microenterprises and planning was found to be moderately negative.

Organizing is a function of management in which the synchronization and combination of human, physical and financial resources take place. These three resources are considered to be important in obtaining results. Organizing therefore is vital for businesses to thrive in the long term. Along with establishing a sense of structure and order, an organized work environment promotes team spirit. Thus, organizational function helps in the achievement of results which in fact is important for the functioning of an enterprise. The way microenterprises organize their activities lead to their performance. As is generally presumed, a higher level of organizing skills results in the better performance of organizations and thereby, raises revenue and profit. Data relating to the organizing function and performance of the selected microenterprises are presented in Table 2.

Table 2: Organizing Function and Performance of Rural Microenterprises

Management Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Professionally organized	1 (100.0)	0 (0.0)	0 (0.0)	1 (100.0)	0 (0.0)	1 (100.0)	0 (0.0)	1 (100.0)	1 (100.0)	0 (0.0)	0 (0.0)	1 (100.0)
Well organized	3 (100.0)	0 (0.0)	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	3 (100.0)	0 (0.0)	0 (0.0)	3 (100.0)
Average organizing	4 (30.8)	9 (69.2)	0 (0.0)	13 (100.0)	3 (23.1)	10 (76.9)	0 (0.0)	13 (100.0)	2 (15.4)	5 (38.5)	6 (46.1)	13 (100.0)
Unorganized	0 (0.0)	4 (80.0)	1 (20.0)	5 (100.0)	1 (20.0)	4 (80.0)	0 (0.0)	5 (100.0)	0 (0.0)	1 (20.0)	4 (80.0)	5 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	1.000				-0.368				0.880			
Significance Level	0.000				0.395				0.000			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

Among the study microenterprises, 22.7 per cent were unorganized, 59.1 per cent were average organized, 13.6 per cent were well organized and only one enterprise (4.5 per cent) was professionally organized. The professionally and well-organized enterprises had higher sales. Among the average organized enterprises, while 30.8 per cent had experienced high sales, the remaining 69.2 per cent had medium level of sales. Among the unorganized enterprises, while 80 per cent had medium level of sales, the rest 20 per cent had low sales. The Gamma (γ) measure shows a coefficient of 1.000 indicating a perfect positive association between the organizing function and sales. The level of significance 0.000 leads to the rejection of the null hypothesis, "there is no significant association between the organizing function and the sales of the microenterprises in the study area."

Considering the expenses of the selected microenterprises, the lone professionally organized microenterprise and all the well-organized microenterprises had incurred medium expenses. Among the average organized microenterprises, while 76.9 per cent had fallen in the medium expense category, the remaining 23.1 per cent had experienced higher expense of their business. In case of the unorganized enterprises, a majority of 80 per cent had incurred medium expense and only 20 per cent had incurred high expense. The Gamma (γ) test shows a coefficient of-0.368, indicating a low negative association between the organizing function and the level of expense. The level of significance 0.395 leads to the acceptance of the null hypothesis, "there is no significant association between the organizing function and the expense of the microenterprises in the study area."

With regard to the profits of the enterprises, none of the unorganized microenterprises had enjoyed higher

level of profits, rather a majority of them (80 per cent) had low level of profits. The single professionally organized microenterprise and all the well-organized microenterprises enjoyed high level of profits. Among the average organized microenterprises, while 15.4 per cent had high profits, the remaining 38.5 per cent and 46.1 per cent microenterprises had medium and low levels of profits respectively. The Gamma (γ) measure shows a coefficient of 0.880, indicating a high positive association between the organizing function and profits of the microenterprises. The level of significance 0.000 leads to the rejection of the null hypothesis, "there is no significant association between the organizing function and the profits of the microenterprises in the study area."

Thus, it is seen empirically that the performance of the microenterprises in terms of sales and profits was associated with the organizing function of management, whereas the relationship between the expenses of the microenterprises and organizing function was found to be low negative.

Directing is considered as the heart of the management process and is the central point around which goals are accomplished. It is through direction that the operation of an enterprise actually begins. Thus, it is evident that direction initiates action in an organization. Besides an action to start, directing coordinates the employees, motivates them to do their tasks rightly and helps in bringing changes in the organizational structure. Therefore, in addition to planning and organizing, directing plays an important role for the achievement of the goals by the enterprises. It is widely believed that an effectively directed enterprise ensures a good amount of success by carrying out desired activities. Data relating to the directing function and performance of the selected microenterprises are presented in Table 3.

Table 3: Directing Function and Performance of Rural Microenterprises

Management Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Effective directing	3 (75.0)	1 (25.0)	0 (0.0)	4 (100.0)	0 (0.0)	4 (100.0)	0 (0.0)	4 (100.0)	3 (75.0)	1 (25.0)	0 (0.0)	4 (100.0)
Well directing	5 (62.5)	3 (37.5)	0 (0.0)	8 (100.0)	2 (25.0)	6 (75.0)	0 (0.0)	8 (100.0)	3 (37.5)	4 (50.0)	1 (12.5)	8 (100.0)
Ineffective directing	0 (0.0)	9 (90.0)	1 (10.0)	10 (100.0)	2 (20.0)	8 (80.0)	0 (0.0)	10 (100.0)	0 (0.0)	1 (10.0)	9 (90.0)	10 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	0.898				-0.273				0.936			
Significance Level	0.000				0.506				0.000			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

Among the 22 selected microenterprises, only 12 enterprises (54.5 per cent) had effectively and well directed their units, whereas the remaining 45.5 per cent enterprises were found to be ineffectively directing their enterprises. Among the effectively and well directed enterprises, none of them were found to have low level of sales and while 66.7 per cent had higher sales, the remaining 33.3 per cent had medium level of sales. In contrast, among the ineffectively directed microenterprises, 90 per cent had medium level of sales and 10 per cent had low level of sales. Thus, it is observed that the effective and well directed enterprises had enjoyed a higher level of sales as compared to the ineffectively directed enterprises. The Gamma (γ) measure shows a coefficient of 0.898, indicating a high positive association between direction and sales. The level of significance 0.000 leads to the rejection of the null hypothesis, "there is no significant association between the directing function and the sales of the microenterprises in the study area."

Considering the expense of the enterprises, among the effectively directed microenterprises, none of them had incurred higher expenses. However, only 25 per cent of the well-directed enterprises had incurred a higher level of expenses. As revealed, all of the effectively directed microenterprises and 75 per cent of the well-directed enterprises had incurred medium expenses. In the case of the ineffectively directed enterprises, although none of them were found in the low level of expense category, a majority, i.e., 80 per cent had incurred medium level expenses. The Gamma (γ) test shows a coefficient of -0.273, indicating a low negative association between the directing function and level of expense of the enterprises. The level of significance 0.506 leads to the acceptance of the null hypothesis, "there is no significant association between the directing function and the expense of the microenterprises in the study area."

With regard to the level of profit, it is observed that none of the ineffectively directed enterprises had enjoyed higher level of profits; rather 90 per cent of them had earned a lower level of profit. Among the effectively directed microenterprises, while none were found to have low profits, the majority, i.e., 75 per cent had enjoyed higher profits. In case of the well-directed enterprises, 50 per cent had experienced medium level of profits. The Gamma (γ) test shows a coefficient of 0.936, indicating a high positive association between direction and the level of profits of the enterprises. The level of significance 0.000

leads to the rejection of the null hypothesis, "there is no significant association between the directing function and the profits of the microenterprises in the study area."

Based on the above empirical evidence, it is concluded that the performance of the microenterprises in terms of sales and profits was associated with the directing function of the management, although a low negative association had been revealed between the expenses and directing function of the microenterprises under the study.

Controlling is the last function of the management process and its importance becomes apparent as it is needed in all of the functions of management. The success of an organization hinges on effective controlling as it checks mistakes and guides on how new challenges could be met. Thus, the controlling process determines whether plans are being adhered to; whether progress is being made toward the attainment of organizational goals and objectives, while it involves taking counteractive measures in case of deviations. Therefore, through the controlling function, enterprises measure their businesses performance as per the required manner. Data relating to the controlling function and performance of the selected microenterprises are presented in Table 4.

Table 4: Controlling Function and Performance of Rural Microenterprises

Management Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Effective controlling	3 (100.0)	0 (0.0)	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	3 (100.0)	0 (0.0)	0 (0.0)	3 (100.0)
Well controlling	5 (50.0)	5 (50.0)	0 (0.0)	10 (100.0)	2 (20.0)	8 (80.0)	0 (0.0)	10 (100.0)	3 (30.0)	5 (50.0)	2 (20.0)	10 (100.0)
Ineffective controlling	0 (0.0)	8 (88.9)	1 (11.1)	9 (100.0)	2 (22.2)	7 (77.8)	0 (0.0)	9 (100.0)	0 (0.0)	1 (11.1)	8 (88.9)	9 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	1.000				-0.333				0.966			
Significance Level	0.000				0.452				0.000			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

It is revealed from the data that among the surveyed microenterprises, while only three enterprises (13.6 per cent) had effectively controlled their units, 41 per cent of the enterprises did not effectively control their activities. However, another 45.5 per cent of the enterprises were found to be practicing the controlling function in a well manner. Among the effectively controlled enterprises, all of them had experienced a higher level of sales. In contrast, among the ineffective controlled enterprises, while none of them were found to have higher sales, a majority (88.9 per cent) had medium sales. In case of the well-controlled microenterprises, equal percentages had fallen in the high and medium sales categories with none being found in the low sale category. The Gamma (γ) measure shows a coefficient of 1.000, indicating a perfect positive association between the controlling function and sales of the microenterprises. The level of significance 0.000 leads to the rejection of the null hypothesis, "there is no significant association between the controlling function and the sales of the microenterprises in the study area."

With regard to the expenses, among the effectively controlled microenterprises, while none had experience of higher expense, for the ineffective controlled enterprises, none had incurred lower expense. For the well-controlled enterprises, only 20 per cent had higher expense and the remaining enterprises had fallen in the medium expense category. The Gamma (γ) test shows a coefficient of -0.333, indicating a low negative association between the controlling function and the level of expense of the enterprises. The level of significance 0.452 leads to the acceptance of the null hypothesis, "there is no significant association between the controlling function and the expense of the microenterprises in the study area."

As far as the level of profit of the microenterprises is concerned, it is revealed that none of the ineffective controlled microenterprises had enjoyed higher level of profits; rather, 88.9 per cent had lower level of profits. In contrast, it was found that all the effective controlled microenterprises had enjoyed a higher level of profits. As observed, while 50 per cent of the well-controlled enterprises had medium profits, the remaining 30 and 20 per cents had experienced high and low level of profits respectively. The Gamma (γ) measure shows a coefficient of 0.966, indicating a high positive association between the controlling function and profits of the enterprises. The level of significance 0.000 leads to the rejection of the null hypothesis, "there is no significant association between the controlling function and the profits of the microenterprises in the study area."

Thus, the empirical evidence reveals that the performance of the microenterprises in terms of sales and profits was associated with the controlling function of the management. However, a low negative association was revealed between the expenses and controlling function of the microenterprises under the study.

5.2 Marketing Factors and Performance of Microenterprises

Location: Business location is key to successful operation and overall growth. The location must be convenient to the customers and easily accessible to them to provide a feeling of safety upon arrival and exit. Therefore, while choosing the location, an entrepreneur requires to consider the enterprise's needs, customers, employees and equipment needed to complete the services. Thus, in addition to other factors, enterprise location is essential in attracting customers to boost sales. Business in a competitive location provides a number of advantages to the enterprise to reap. Data relating to the location of microenterprises and their performances are presented in Table 5.

Table 5: Location and Performance of Rural Microenterprises

Marketing Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Competitive location	1 (33.3)	1 (33.3)	1 (33.3)	3 (100.0)	1 (33.3)	2 (66.7)	0 (0.0)	3 (100.0)	0 (0.0)	2 (66.7)	1 (33.3)	3 (100.0)
Good location	7 (41.2)	10 (58.8)	0 (0.0)	17 (100.0)	3 (17.6)	14 (82.4)	0 (0.0)	17 (100.0)	6 (35.3)	2 (11.8)	9 (52.9)	17 (100.0)
Bad location	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	0.000				0.571				-0.143			
Significance Level	1.000				0.333				0.398			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

Among the surveyed microenterprises, while only three enterprises (13.6 per cent) were in a competitive location, the others such as 77.3 per cent were in a good location and only 9.1 per cent were badly located. None of the badly located enterprises had experienced high sales. Considering the enterprises of both the competitive location and good location, only one enterprise (5.0 per cent) had low sales, whereas 40 per cent and 55 per cent were in high and medium sales respectively. The Gamma (γ) measure shows a coefficient of 0.000, indicating no association between the location and sales of the microenterprises. The level of significance 1.000 leads to the acceptance of the null hypothesis, "there is no significant association between the location and the sales of the microenterprises in the study area."

With regard to the expenses, among the competitive and good located microenterprises, a majority of them (80 per cent) had incurred medium expense, whereas the remaining 20 per cent had fallen under the high expense category. In addition, all the badly located enterprises had incurred medium expenses. The Gamma (γ) test shows a coefficient of 0.571, indicating a high positive association between the location and level of expense of the enterprises. The level of significance 0.333 leads to the acceptance of the null hypothesis, "there is no significant association between the location and the expense of the microenterprises in the study area."

As far as the level of profit of the microenterprises is concerned, it is revealed that none of the badly located microenterprises had enjoyed high profits, rather, all of them had enjoyed a lower level of profit. It was also found that among the competitive and good located microenterprises, 50 per cent had enjoyed medium profits. The Gamma (γ) measure shows a coefficient of-0.143, indicating a low negative association between the location and profits of the enterprises. The level of significance 0.398 leads to the acceptance of the null hypothesis, "there is no significant association between the location and the profits of the microenterprises in the study area."

Thus, the empirical evidence shows that the sales of the microenterprises were not associated with the location of the enterprises. However, the expenses of the microenterprises were highly associated with the location of the enterprises. In addition, profits had a low negative association with the location of the enterprises.

Product quality: Managing the quality of the product is crucial for microenterprises. Customers expect quality products that help maintain customer satisfaction and loyalty. If an enterprise fails to provide quality products, customers quickly look for alternatives. Hence, quality is critical in satisfying customers and retaining their loyalty. Among others, quality products make an important contribution to long-term revenue and profitability. Data relating to the quality of product and performance of the selected microenterprises are presented in Table 6.

Table 6: Quality of Product and Performance of Rural Microenterprises

Marketing Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Excellent quality	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Very good quality	2 (100.0)	0 (0.0)	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)	0 (0.0)	2 (100.0)	1 (50.0)	1 (50.0)	0 (0.0)	2 (100.0)
Good quality	6 (54.5)	5 (45.5)	0 (0.0)	11 (100.0)	2 (18.2)	9 (81.8)	0 (0.0)	11 (100.0)	5 (45.4)	4 (36.4)	2 (18.2)	11 (100.0)
Average quality	0 (0.0)	8 (88.9)	1 (11.1)	9 (100.0)	2 (22.2)	7 (77.8)	0 (0.0)	9 (100.0)	0 (0.0)	1 (11.1)	8 (88.9)	9 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	1.000				-0.300				0.872			
Significance Level	0.000				0.528				0.000			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

As revealed, among the 22 selected microenterprises, none was found to be excellent in product quality. The two enterprises having very good quality products had experienced a higher level of sales. Among all, 50 per cent enterprises had good quality products and among them, while 54.5 per cent had enjoyed higher sales, the remaining 45.5 per cent had experienced medium sales. Further, 40.9 per cent enterprises had average quality products and a majority among them (88.9 per cent) was having medium sales. The Gamma (γ) measure shows a coefficient of 1.000 indicating a perfect positive association between the quality of products and sales. The level of significance 0.000 leads to the rejection of null hypothesis, "there is no significant association between the quality of product and the sales of the microenterprises in the study area."

Considering the expenses of study microenterprises, it is revealed that the two enterprises having very good quality products had incurred medium expenses. In the case of microenterprises having average quality products, while 22.2 per cent had incurred higher level of expenses, the remaining 77.8 per cent had fallen under the category of medium level of expenses. Further, among microenterprises having good quality products, a majority (around 82 per cent) had incurred medium level of expenses. The Gamma (γ) test shows a coefficient of -0.300 indicating a low negative association between the quality of product and level of expense. The level of significance 0.528 leads to the acceptance of null hypothesis, "there is no significant association between the quality of product and the expense of the microenterprises in the study area."

With regard to the level of profit of the microenterprises, it is observed that none of the average quality product producing microenterprises had enjoyed higher profits, rather, a majority of them i.e. 88.9 per cent had earned low level of profits. In contrast, among the good quality product producing microenterprises, while only 18.2 per cent of the enterprises had experienced low level of profits, the remaining 45.4 per cent and 36.4 per cent of the enterprises had enjoyed high and medium level of profits respectively.

Similarly, among the very good quality product producing microenterprises, none of them had experienced low level of profits, rather, 50 per cent of the enterprises each had enjoyed high and medium level of profits. The Gamma (γ) measure shows a coefficient of 0.872, indicating a high positive association between the quality of the product and profits of the microenterprises. The level of significance 0.000 leads to the rejection of the null hypothesis, "there is no significant association between the quality of product and the profits of the microenterprises in the study area."

Thus, the empirical evidence reveals that the performance of the microenterprises in terms of sales and profits were highly associated with the quality of the product, whereas, a low negative association was found between the expenses of the enterprises and product quality.

Product price: The attention given by the enterprises to pricing is just as important as the attention given to more recognizable marketing activities. Pricing decisions have important consequences for enterprises and particularly, to sales, profit, etc. The price of a product not only has to cover the costs necessary to produce the product, but also the enterprise's other costs such as the administrative overhead and office expenses to generate a profit. If the price of the product is set too high, sales may decline as customers find a similar product elsewhere for a lower price. In contrast, too low of a price means the enterprise forgoes potential profits. The most important factor in setting the product price is choosing a price low enough that customers perceive they are getting a good value relative to what the competitors are offering and the prices they are charging

but yet high enough to generate a profit. Data relating to the price of the product and performance of the microenterprises under study are presented in Table 7.

Table 7: Price of Product and Performance of Rural Microenterprises

Marketing Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
High price	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Medium price	7 (41.2)	10 (58.8)	0 (0.0)	17 (100.0)	4 (23.5)	13 (76.5)	0 (0.0)	17 (100.0)	5 (29.4)	6 (35.3)	6 (35.3)	17 (100.0)
Low price	1 (20.0)	3 (60.0)	1 (20.0)	5 (100.0)	0 (0.0)	5 (100.0)	0 (0.0)	5 (100.0)	1 (20.0)	0 (0.0)	4 (80.0)	5 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	0.583				1.000				0.571			
Significance Level	0.213				0.530				0.185			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

Among the study microenterprises, none of them had charged a high price for their products. While 77.3 per cent of the microenterprises had offered their

products at a medium price, the remaining 22.7 per cent charged a low price for their products. Among the medium price offered enterprises, 58.8 per cent had experienced medium sales, whereas 41.2 per cent had found high sales of their products. Similarly, among the low price offered enterprises, 60 per cent experienced medium sales and an equal percentage of the remaining enterprises found high and medium sales. The Gamma (γ) measure shows a coefficient of 0.583, indicating a high positive association between the price of the product and sales. The level of significance 0.213 leads to the acceptance of the null hypothesis, "there is no significant association between the price of the product and the sales of the microenterprises in the study area".

As far as the expenses are concerned, among the microenterprises offering their products at medium price, a majority (76.5 per cent) had incurred medium expenses and the remaining 23.5 per cent of the enterprises had experienced higher expenses. In addition, all the low price offered microenterprises had incurred medium expenses. The Gamma (γ) test shows a coefficient of 1.000, indicating a perfect positive association between the price of the product and expenses of the enterprises. The level of significance 0.530 leads to the acceptance of the null hypothesis, "there is no significant association between the price of the product and the expenses of the selected microenterprises."

Regarding the association between the price of the product and level of profit, it is revealed that among the microenterprises those had offered medium price for their products, 35.3 per cent each had medium and low levels of profits and 29.4 per cent of the enterprises had earned high level of profits. However, among the low price offered microenterprises, only one enterprise had enjoyed a higher level of profit. The Gamma (γ) measure shows a coefficient of 0.571, indicating a high positive association between the price of the product and profits. Further, the level of significance 0.185 leads to the acceptance of the null hypothesis, "there is no significant association between the price of the products and the profits of the microenterprises in the study area."

Thus, it is revealed that the performance of the microenterprises in terms of sales, expense and profits were highly associated with the price of the product empirically.

Promotion: Enterprises need to keenly aware of the importance of promotion as it helps in developing creative approaches to sales and customer service. Promotion is a key element in communicating the benefits of products to others. Effective marketing and promotion strategies drive long-term success; customer development and profitability for enterprises. Thus, promotions involve enterprise strategies to communicate the brand benefits to customers. Data relating to promotion and performance of the selected microenterprises are presented in Table 8.

Table 8: Promotion and Performance of Rural Microenterprises

Marketing Factor	Level of Sales				Level of Expense				Level of Profit			
	High	Medium	Low	Total	High	Medium	Low	Total	High	Medium	Low	Total
Effective promotion	5 (83.3)	1 (16.7)	0 (0.0)	6 (100.0)	0 (0.0)	6 (100.0)	0 (0.0)	6 (100.0)	5 (83.3)	1 (16.7)	0 (0.0)	6 (100.0)
Ineffective promotion	1 (25.0)	3 (75.0)	0 (0.0)	4 (100.0)	2 (50.0)	2 (50.0)	0 (0.0)	4 (100.0)	0 (0.0)	2 (50.0)	2 (20.0)	4 (100.0)
Average promotion	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	0 (0.0)	3 (100.0)	0 (0.0)	1 (33.3)	2 (66.7)	3 (100.0)
No promotion	2 (22.2)	6 (66.7)	1 (11.1)	9 (100.0)	2 (22.2)	7 (77.8)	0 (0.0)	9 (100.0)	1 (11.1)	2 (22.2)	6 (66.7)	9 (100.0)
Total	**8 (36.4)**	**13 (59.1)**	**1 (4.5)**	**22 (100.0)**	**4 (18.2)**	**18 (81.8)**	**0 (0.0)**	**22 (100.0)**	**6 (27.3)**	**6 (27.3)**	**10 (45.4)**	**22 (100.0)**
Gamma (γ) Value	0.691				-0.259				0.712			
Significance Level	0.013				0.467				0.001			

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

Among the study microenterprises, around 41 per cent were not involved in any kind of promotional activities. While 27.3 per cent and 13.6 per cent enterprises had carried out effective and average promotions respectively, 18.2 per cent of the microenterprises had felt that their promotions were ineffective. Among the enterprises that had effectively carried out promotions, none of them were found to have low level of sales and while 83.3 per cent had higher sales, the remaining 16.7 per cent had medium level of sales. Further, all the enterprises carrying out an average level of promotion had experienced medium sales. The Gamma (γ) measure shows a coefficient of 0.691, indicating a high positive association between promotion and sales. The level of significance 0.013 leads to the rejection of the null hypothesis, "there is no significant association between the promotion and the sales of the microenterprises in the study area."

Considering the expenses, among the microenterprises having effectively carried out promotional activities, none of them were found to have incurred high expenses, and all had incurred medium expenses. In contrast, among the microenterprises having no promotional activities,

22.2 per cent and 77.8 per cent had incurred high and medium expenses respectively. Further, all the enterprises having average promotion were found to have incurred medium expenses. The Gamma (γ) test shows a coefficient of -0.259, indicating a low negative association between the promotion and level of expense of the enterprises. The level of significance 0.467 leads to the acceptance of the null hypothesis, "there is no significant association between the promotion and the expense of the microenterprises in the study area."

With regard to the level of profit, it is observed that 83.3 per cent of the microenterprises that had effectively carried out promotional activities had enjoyed high level of profits and none had experienced low profits. The microenterprises that had ineffective and average carried out promotional activities had enjoyed lower level of profits. A majority of the microenterprises (66.7 per cent) having no promotion had experienced low profits. The Gamma (γ) test shows a coefficient of 0.712, indicating a high positive association between the promotion and level of profits of the enterprises. The level of significance 0.001 leads to the rejection of the null hypothesis, "there is no significant association between the promotion and the profits of the microenterprises in the study area."

The above empirical evidence reveals that the performance of the microenterprises in terms of sales and profits were highly associated with promotion. However, a low negative association between promotion and level of expenses of the microenterprises was observed.

5.3 Personal Characteristics and Performance of Microenterprises

As pointed out in the earlier section, several studies reveal the influence of personal characteristics as well as the demographic profile of the entrepreneurs on the performance of the enterprises. This study, however, considers the personal characteristics of the micro-entrepreneurs such as the age when the business started, gender, educational attainment and birth order as determinants to examine their influence on the performance of the microenterprises. This is shown in Table 9.

Table 9: Personal Characteristics of Entrepreneurs and Performance of Rural Microenterprises

Personal Characteristics	Statistical Measure			
	Lambda Value (λ)	Interpretation	Significance Level	Findings
Age when business started and sales	0.778	High positive association	0.007	Highly significant
Gender and sales	0	No association	-	-
Educational attainment and sales	0.222	Weak positive association	0.138	Not significant
Birth order and sales	0	No association	-	-
Age when business started and expense	1.000	High positive association	0.027	Significant
Gender and expense	0	No association	-	-
Educational attainment and expense	0	No association	-	-
Birth order and expense	0	No association	-	-
Age when business started and profit	0.750	High positive association	0.003	Highly significant
Gender and profit	0	No association	-	-
Educational attainment and profit	0.167	Low positive association	0.138	Not significant
Birth order and profit	0.167	Low positive association	0.474	Not significant

Source: Own computation.

It is revealed from the result that there is a high positive association between the age of the entrepreneurs when the business started and the sales of the microenterprises. This is indicated by the Lambda Value (λ) = 0.712. The level of significance 0.007 leads to the rejection of the null hypothesis, "there is no significant association between the age of the entrepreneurs when the business started and the sales of the microenterprises in the study area." However, no association was found between the gender and sales as well as the birth order and sales. However, a weak positive association is seen between the educational attainment of the entrepreneurs and sales of the microenterprises (Lambda Value (λ) = 0.222).

Considering the age of the entrepreneurs when the business started and the expenses of the microenterprises, a perfect positive association between these was found (Lambda Value (λ) = 1.000), and the level of significance 0.027 leads to the rejection of the null hypothesis, "there is no significant association between the age of the entrepreneurs when the business started and the expenses of the microenterprises in the study area." However, no association was noticed between the gender, educational attainment and birth order of the entrepreneurs along with expenses incurred by the enterprises.

So far the association between the age of the entrepreneurs when the business started and the profits of the microenterprises are concerned, a high positive association between these variables was revealed (Lambda Value (λ) = 0.750), and the level of significance 0.003 leads to the rejection of the null hypothesis, "there is no significant association between the age of the entrepreneurs when the business started and the expenses of the microenterprises in the study area." Also, there was a low positive association between the educational attainment of the entrepreneur and the profit of the microenterprises.

6. CONCLUSION

Microenterprises play an important role in strengthening economies across the world. They commit to an improvement of the quality of life for individuals, families and communities. Even though their role is critical for economies, their performance is influenced by several socio-cultural and demographic variables and attitudes of the entrepreneurs, including the management capability, firm and business environment. Hence, from the policy perspective and strategies, both in the macro and micro levels, research toward the understanding of the extent to which several factors influence the performance of microenterprises assumes significance. Therefore, an attempt was made to examine the association between the management functions, marketing factors and personal characteristics of the entrepreneurs with the performance of the microenterprises in the study area. The empirical evidence shows that the performance of the microenterprises in terms of sales and profits was associated with the planning, organizing, directing and controlling functions of management. Similarly, it was also revealed that the sales and profits of the enterprises were highly associated with the quality of the product as well as the promotion carried out by the enterprises. So far as the personal characteristics of the entrepreneurs were concerned, the result shows a high positive association between the age of the entrepreneurs when the business started and the sales as well as the profits of the microenterprises. However, there was no association between the gender as well as birth order of the entrepreneurs and sales. Overall, the study reveals that several factors relating to the management, marketing, and personal characteristics of the entrepreneurs were associated with the performance of the microenterprises.

Our study is not free from limitations. First, the work is concentrated on microenterprises operating only in one district in a province and therefore, our findings may not be generalizable to other areas. However, we assume that similar conclusions will be found in other geographical regions with comparable environmental and economic structures. Attempt should be made in future studies to extend the analysis to other geographical areas in and out of the country and to examine other determining factors such as the financial, technological and policy environment. However, in the absence of a systematic micro level study in Cambodia, the empirical findings of this study have implications for practitioners, especially for owners and managers of microenterprises to ensure better performance of their enterprises through appropriate strategies.

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