

**INFLUENCE OF BUSINESS DEVELOPMENT SERVICES ON MICRO  
ENTERPRISE PERFORMANCE: A SURVEY OF AGRIBUSINESS ENTERPRISES  
IN ELDAMA RAVINE SUB COUNTY, BARINGO COUNTY**

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**A RESEARCH THESIS SUBMITTED TO THE GRADUATE SCHOOL IN  
PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE AWARD OF THE  
DEGREE OF MASTERS OF BUSINESS ADMINISTRATION  
(ENTREPRENEURSHIP) OF KABARAK UNIVERSITY**

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## RECOMMENDATION

To the institute of postgraduate studies:

Influence of Business Development Services on Micro Enterprise Performance. A Survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County and Written by Evance Onyango Odhiambo and is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research (project/proposal/thesis) and recommend it be accepted in partial fulfillment of the requirements for the award of the degree of masters of business administration (entrepreneurship) of Kabarak University

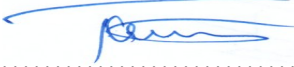
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## **DEDICATION**

I dedicate this research proposal to my family members for their immense support and encouragement they gave me during the proposal development process.

## ABSTRACT

Across the global economic, microenterprise plays a significant contribution to economic growth. In Kenya, The sector has been recognized by the government through efforts to develop and strengthen appropriate institutional frameworks are estimated to contribute 20% and 72% to the Gross Domestic Product. Given the importance of this sector in areas of employment creation, growth and poverty alleviation, it is important that it is efficiently managed for effective results within the broader overall objectives. The purpose of this study was to examine the influence of business development services on microenterprises performance in Baringo County. Specifically the study will seeks to examine the influence of training services, business mentorship, market access information and business linkage on success of micro enterprise performance in Baringo County. A descriptive survey research design was be used while the target population of this study will comprise 53 Microenterprises in ravine Sub County registered with Microenterprises Support Programme Trust by the end on 2019. Since the target population of the study is small, a census survey was be adopted. Primary data was collected using designed questionnaires. The validity and reliability of data collection instruments was be ascertained to be 0.826 thus it as a reliable data. Training services has a significant positive relationship with enterprise performance at 5% significance level. This was evidenced by the p value of  $p < 0.05$ . The decision was to fail to reject the null hypothesis with 95% confidence and conclude that training services had no significant relationship with microenterprise performance ( $r = -0.112$ ,  $p > 0.05$ ). Business mentorship has a significant positive relationship with micro-enterprise performance at 5% significance level. This was evidenced by the p-value of  $p > 0.05$ . The decision was to fail to reject the null hypothesis with 95% confidence and conclude that business mentorship had no significant relationship with microenterprise performance. ( $r = -0.165$ ,  $p > 0.05$ ). Similarly, the null hypothesis stated that market access information have a significant effect on microenterprise performance, the results in Table 4.6 above indicate that there is a significant moderate association between market access information and enterprise performance ( $r = 0.20$ ,  $P < 0.05$ ). Business linkages has a significant positive relationship with microenterprise performance. This was evidenced by the p-value of  $p > 0.05$ . The decision was to fail to reject the null hypothesis with 95% confidence and conclude that Business linkages had no significant relationship with microenterprise performance. ( $r = -0.09$ ,  $p > 0.05$ ).

The findings will benefit financial institutions since it will shed light on the need for them to accompany their provision of microcredit with appropriate business development services. They can also use the findings of the study in designing appropriate business development services that will equip their microcredit clients with necessary skills on business management.

**Keywords:** *Training services, Business mentorship, Market access information, Business linkage, Microenterprise Performances*

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## **ABBREVIATIONS AND ACRONYMS**

<b>BDS</b>	Business Development Services
<b>DFID</b>	Department for International Development
<b>ELT</b>	Experiential learning theory
<b>ERS</b>	Economic Recovery Strategy
<b>FSD</b>	Financial Sector Deepening
<b>BS</b>	Business Linkage
<b>GDP</b>	Gross Domestic Product
<b>GOK</b>	Government of Kenya
<b>IFC</b>	International Finance Corporation
<b>ILO</b>	International Labour Organization
<b>KIE</b>	Kenya Industrial Estates
<b>KIPPRA</b>	Kenya Institute for Public Policy Research and Analysis
<b>MFI</b> s	Microfinance Institutions
<b>NACOSTI</b>	National Commission for Science, Technology and Innovation
<b>MES</b>	Micro enterprises
<b>MESPT</b>	Micro Enterprise Support Programme Trust
<b>SPSS</b>	Statistical Package for Social Science
<b>UNDP</b>	United Nations Development Program
<b>USA</b>	United States of America

## DEFINITION OF OPERATIONAL TERMS

**Micro Enterprise Support Programme Trust- MESPT** is a development organization with a purpose to grow small holder farmers and agri-business to increase productivity, income and enhance competitiveness for job creation especially for youth and women. This is achieved through capacity building which includes skills development, technical support, business advisory, financial and market linkages.

**Business Linkage** - Business linkage refers to relationships and interactions between tasks, functions, departments, and organizations that promote flow of information, ideas, and integration in achievement of shared objectives (Rogers, 2004). In the proposed study, this refers to the link MESPT does to youth enterprises with financial providers, trade creditors and suppliers.

**Business Mentorship**- Mentoring is the process where one person helps another to achieve something. More specifically, something that is important to them. It is about giving help and support in a non-threatening way, in a manner that the recipient will appreciate and value and that will empower them to move forward with confidence towards what they want to achieve (Namala, 2011)

**Market access information**- Limited access to market information makes SMEs less aware of opportunities in the market, limited market information, poor marketing capacity and poor market research leading to a discrepancy between the supply and demand (KIPPRA, 2006). In the proposed study, this refers to the ability of the youth enterprises to sell their products and services domestically based on information made available by MESPT.

**Micro enterprise performance** refers to the degree to which microenterprises attain their business goals and objectives which includes: new markets opportunities, improvement in sales, customer loyalty and employee retention.

**Training services**- Those training services and technical assistance offered to micro-enterprises at various stages from business idea development all the way to growth and maturity of the business. In the proposed study, this refers to coaching made to youth entrepreneurs by MESPT relating to business planning and financial education. (Basilio & Rodriguez, 2010)

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Micro- enterprises have been recognized as a major significance stage of economic development in the world. Global experiences show that an efficient micro enterprise sectors is conducive to industrial growth and a flexible industrial structure (Hall, 2001).MEs not only contribute to poverty alleviation and employment creation but also nurture the large-scale industrialization through entrepreneurship development (Joneja, 2000).

In the developed countries, MEs are also considered as an important employment provider. In the UK, MEs generate over a quarter of GDP and 44% of employment. Across the EU, MEs generates 66% of employment. Particularly, in Italy, the proportion is 79%, in France, it is 63%, in Germany it is 60% and in the UK, it is 61.5%. In the USA, it is estimated that MEs now generate 50% of GDP and in Japan they provide 81% employment (Bridge, 2003).

According to (Cravo, Gourlay, & Becker, 2012) In Brazilian (formal) microenterprises account for 62% of national employment and for 50% of national value added, which are relevant values although they are lower than the corresponding OECD averages: 70% and 55%. On the other hand, the contribution of Brazilian Microenterprises to industry employment and industry value added is much less significant, respectively 50% and 29% of the total compared to 56% and 39% in the OECD area.

Microenterprises contribute to the economy of developing countries in various ways. In Nepal, more than 80% of the national value addition in the manufacturing sector comes from MEs, the share possibly being even higher in the non-manufacturing sectors. In Pakistan, the MEs employing approximately 70% of total employment and absorbing more than 80% of non-farm employment. MEs contribute over 30% to GDP, 25% in export earnings besides sharing 35% in manufacturing value addition (SMEDA, 2006). In India, MEs account for some 95% of all industrial units, 40% of industrial output and 35% of national exports (SMESDP, 2002).

In Indonesia, microenterprises comprise about 90 percent of firms outside of the agricultural industry (Tambunan, 2007). Other locations, such as Mexico, have seen an increase in informal microenterprise activity in recent years (Hernandez & Trillo 2005). As an emerging economy, China's economic terrain has a high presence of small and microenterprises.

Microenterprises constitute street vendors, retailers, and traders that sell products or services to build income and expand assets (Welsh, Munoz, Deng & Raven, 2013) and these businesses are omnipresent in both urban and rural locations in China.

The significance of microenterprises in the development of Malaysian national economy is undisputed. Its role is very important in order to achieve the nation vision 2020 in becoming an industrial country. Therefore, in July 2012, microenterprise Corporation Malaysia launched the microenterprise master plan (2012-2020) as a catalyst to drive microenterprises to the next level by raising its GDP contribution to 41% by the year 2020. The microenterprise master plan outlined initiatives of business development services across six focus areas, namely innovation and technology, human capital development, market access, legal and regulatory environment, infrastructure, and access to financing. Microenterprises in Malaysia, especially in the manufacturing sector is reported to be underperformed (SME Annual Report, 2015/16). In 2015, the total share contribution of manufacturing sector against SME GDP was approximately 21.7%. The amount was smaller compared with the overall share of the manufacturing sector in the total GDP, which was 23%. Therefore, it is important to discern how effective is business development services in boosting the performance of microenterprises. ( Ombi, Ambad, & Bujang, 2018).

According to (Matovu, 2006) In Uganda, the Small enterprises has additionally added to the development of the economy through work creation and destitution reduction. The area encounters many restricting limitations that have hindered the acknowledgment of its full potential.

According to (Asafo & Adjei, 2015). In Ghana, available data from the Registrar General indicates that 90 % of companies registered are micro, small and medium enterprises. This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment (Mensah, 2004). Microenterprises in Ghana are said to be a characteristic feature of the production landscape and have been noted to provide about 85% of manufacturing employment of Ghana (Abor & Quartey 2010). MEs are also believed to contribute about 70% to Ghana's GDP and account for about 92% of businesses in Ghana. MEs therefore have a crucial role to play in the creation of employment and their contribution to economic growth of countries



Further, in Tanzania, the full potential of the Small and Medium Enterprise sector has yet to be tapped due to the existence of a number of constraints hampering the development of the sector (Longenecker, Petty, Moore & Palich, 2006).

In Ethiopia, it is widely recognized that, non-financial services have supported microenterprises in a variety of ways, which include both financial and non financial service, they have understood that financial service currently known as business development services (BDS), is among the important factors that can improve the performance of microenterprises operators in the country(Gebrehiwot & Wolday, 2004).Empirical studies demonstrate that provision or supply of BDS to MSEs has received a considerable amount of attention, demand for measuring impact of BDS on microenterprises performance has been given relatively less focus. Researches done on BDS and its impact on micro small enterprise are very scanty in Ethiopia.

According to (Christen 1989), “a micro enterprise represents the smallest economic unit which functions independently, manages its own investment capital, and involves a manufacturing, commerce or service activity. Microenterprises are businesses in both formal and informal sectors. They are classified into farm and non-farm categories employing 1-50 workers. Given the importance of this sector in employment creation and poverty alleviation, it is important that it is efficiently managed for effective results within the broader overall objectives. Efficient management has been found lacking due to external factors that are beyond the owner-manager’s control (Oketch, 2000). In addition, ongoing changes in the business environment with regard to globalization of markets act as a further challenge to firms’ growth prospects in Kenya.

### **1.1.1 Business Development Services**

Committee of Donor Agencies for Small Enterprise Development (2001) defines business development services as a service that improves the performance of the enterprise, its access to markets, and its ability to compete. The business services consist of training, consultancy, marketing, information, technology development and transfer, business linkage promotion in both strategic and operational efforts. Business development services are designed to serve individual businesses, as opposed to larger business community. Business development services can also be defined as non-financial services and products offered to entrepreneurs at various stages of their business needs (IFC, 2006). The objective is to assist small and

medium enterprises to overcome internal and external constraints in their business development and thus improve their performance. According to Brijlal (2008), traditionally, business development services comprised non-financial services assistance towards business owners. However, since these services are offered in conjunction with credit and other financial services, the financial services can be aptly included in the business development services provision. Further, non-financial services function includes providing training, consulting, marketing support, business information, access to technology, advocacy, business linkages, infrastructure development, and other non-financial services. These functions are intended to enable business skills transfer as well as acted as supporting services to small firms (SMEs) who, in most circumstances, do not have the capacity to incorporate these services into their organizational functions.

Business Development Services (BDS) may be defined as those services and products offered to entrepreneurs at various stages of their business development journey, from business idea development all the way to growth and maturity of the business (UNDP, 2004). These services are mainly aimed at skills transfer or business advice services that improve the performance of the enterprise, its access to markets, and its ability to compete.

The definition of 'business development service' includes an array of business services such as training, consultancy, marketing, information, technology development and transfer, business linkage promotion, etc. both strategic medium to long term issues that improve performance and operational(day-to-day issues). BDS are designed to serve individual businesses, as opposed to the larger business community (Committee of Donor Agencies for Small Enterprise Development, 2001).

The focus on BDS is important because it can contribute to development goals such as economic growth, employment generation as well as poverty alleviation. BDS generally seek to raise the profitability and enhance the growth and competitiveness of enterprises, which directly raise incomes. BDS interventions at the micro firm level can lead to enhanced economic security and incomes, thus permitting poor entrepreneurs, not least women, to invest in nutrition, housing, health and education of their families. Equally, BDS delivered to Microenterprises can lead to employment generation, thus absorbing excess labour, innovation and adding value to goods and services, flexibility in responding to dynamic and volatile markets, and fiscal contributions to hard pressed governments (DFID, 2000).

The Government of Kenya has outlined a wide range of policies and strategies aimed at promoting non-financial services. These have been highlighted in the Sessional Papers No.2 of 1992 and 2005 on Micro and Small Enterprise Development. The following problems have been encountered in regard to these services: lack of enterprise culture, poor quality programmers, non-coordination of programmers, high cost of non-financial promotional programmers, inadequate involvement by private sector, lack of sub-contracting and inability to exploit market opportunities (GOK,2005).

Studying BDS in organizations is important since there could be a unique set of activities and resources involved which could help explain the construct as a critical factor in predicting performance of SMEs (Brijlal, 2008). Initially, BDS entailed supply of subsidized financial services to a limited population but recently the phenomenon underwent a paradigm shift to focus on the development of a vibrant business services market that provides a variety of non-financial services for large numbers of SMEs (McCray & Miehlabrad, 2002).

It has been viewed as “the wide range of activities used by entrepreneurs to help them operate better and grow their businesses with broader purpose of contributing to economic growth, creating employment, and alleviating poverty” (Miehlabrad & Cavy, 2003). BDS is important for small firms as the management and practitioners, upon recognizing the low capacity of such firms, often tend to prefer BDS to remain competitive, and have acknowledged that BDS is very effective in achieving their business objectives. BDS has been studied in different forms in small enterprise literature. For example in South Africa, (Morgan, 2013) argued that BDS led to improved SME business growth, access to finance, access to markets, financial management, workforce management and corporate governance which resulted in increase in their overall revenue and number of permanent staff. Specifically, BDS enabled SMEs in that study to adopt more structured approaches to management and planning and to have the ability to prioritize and be more strategic and focused.

Earlier on, the importance of BDS to SMEs had been demonstrated by McCormick (1999) who found that SMEs clustered together in urban areas reported improved performance compared to their counterparts that were located in isolation or remote areas in Kenya. More recently, Gathenya, Bwisa and Kihoro (2011) investigated the use of business development services among SMEs in Kenya and pointed out that BDS could help enhance entrepreneurial strategic planning practices of SMEs. Moreover, literature suggests that in smaller firms,

limited resource and capability inhibit SMEs' ability to perform, but improved effectiveness may be achieved by accessing BDS services (Van der Ree, 2003).

However despite these pro-BDS demand related arguments, research (Mazanai & Fatoki, 2011; Gomez, 2013) has mainly focused on supply side, that is, how BDS can be provided to organizations and who provides them as opposed to the types of BDS that SMEs need and how these BDS may benefit SMEs. For example, Mazanai and Fatoki (2011) investigated the effectiveness of BDS providers in improving start-up SMEs' access to finance in South Africa. They established that there is a positive relationship between an SME and access to finance such that as SME's awareness about BDS increases, its chances of getting access to finance also increases significantly.

In a more recent research, Gomez (2013) studied strategies and practices for mobilizing resources towards delivery of BDS in United States of America (USA). The study found that many BDS providers in USA reported improvements in key SME metrics such as business start rates, business growth and survival rates as well as number of jobs created. These empirical studies demonstrate that whereas provision or supply of BDS to SMEs has received a considerable amount of attention, demand for BDS and its effect on SME performance has been given relatively less focus. This position is also supported by Miehlabradt & McVay (2003) who observed that, "one of the key mistakes of past BDS programs was that they assumed which services small enterprises wanted." This demonstrates diversity in opinions regarding BDS and their effect on performance of SMEs and therefore, it is important to determine how BDS dimensions manifest in small and medium enterprises thus affecting their ability to provide the customers with products and related services. This study will focus on how non-financial BDS (training services, market access information, business mentorship and business linkage) influence performance of SME

There is a growing recognition in the microfinance community that to develop successfully low income people need a wider range of integrated financial and non-financial services. A combination of expanded financial and non-financial services can help an entrepreneur succeed by: building their self-confidence; increasing their income, productivity, and employment; and ultimately facilitating the personal growth of the entrepreneur (DFID, 2000). Through the provision of more integrated services, microfinance institutions will no doubt benefit from better loan repayment and portfolio quality, client retention and the increased ability of the entrepreneur to access other financial products and services.

To achieve these results, microfinance institutions need to ensure that the appropriate support is provided to clients, so they can gain the skills needed to successfully and continually operate their businesses. This support can be in close partnership with Business Development Service Organizations or within the microfinance institution itself (UNDP, 2004)

### **1.1.2 Microenterprise Performance**

Growth of a firm is similar to that of a human being who passes through the stages of infancy, childhood, adulthood and old age, (Lee & Tsang, 2001) .The business also passes through introduction, growth, maturity and decline. Businesses usually seek growth in sales, market share, profit or some other measures of growth. Amongst of the factors pointed out that force the business to grow includes; survival, economies of scale, expansion market, owners mandate, technology, prestige and power, and government policy.

Thus according to their arguments, any growing business particularly SME will portray the followings characteristics; Close contact with customers and commitment to quality products, An experienced owner manager, Innovation and flexibility in marketing and technology, A focus on profit not sales, with good management systems controlling costs, attention to good employees relations, operating in a growing market Thus, as revealed by Ogutu, Ngowi and Milanzi (2006) through empirical evidence on the BDS needs to SMEs, it was propelled that the provisions of these services are very important for SME sustainability and growth .Therefore, for SME to portray the fore mentioned characteristics that indicated to be said is growing business, the effective provision of BDS should be an integral approach of intervention.

There are various ways that could be employed to measure the growth of SMEs. Namely; it could be sales volume, profitability, productivity, age of the firm and level of employment. For instance, Lee and Tsang (2001) used sales and profit, Robson and Obeng (2008) employed the level of employment. This study will use both the indicators used by Lee and Tsang (2001) ; Robson and Obeng (2008) that includes; Increase in net worth; Increase in profitability; Increase in number of employees; Increase in branches and premises; Increase in product range as measurements for SMEs growth. Based on the Study by (Dechant, & Lamky, 2005) among of the other things, the research examined the Women entrepreneurs in their experiences of managing business throughout from start-up to the present day.

A number of different yardsticks were used by the women to assess growth of business. These were; Time spent in the business; Decision-making in the business; Employing and managing others; Employment created; Future development of the business and Vision of the future. Therefore the access to BDS such as training, consultancy and advisory services, marketing assistance, information, technology development and transfer, and business linkage promotion as cited in Ngowi and Milanzi (2006) having comprehend their imperative on the Growth of SME. The study will measure the effective provisions of these services as inputs through established yardsticks range from accessibility, cost effective, clear guidance and policy, competency, participatory and alike. Moreover the study expects to yield outputs of business growth through the fore mentioned indicators.

### **1.1.3 Agribusiness in Eldama Ravine**

Baringo County prides in having a wide range of businesses in various sectors. Most of these businesses are small and medium size and are located in the major towns namely: Kabarnet, Eldama Ravine, Marigat and Mogotio. It is anticipated that with improved business environment, some of the businesses will upscale to bigger businesses and will be able to create more employment and wealth for the people of the Baringo.

Agribusiness remains to be one of the largest sources of wealth and employment creation in Baringo and in Kenya at large. However, majority of the Agribusiness operators in Baringo are constraint by inadequate capital and knowledge gap that is necessary for business growth and sustainability. To address these challenges, the County government implements various initiatives that are aimed at supporting the traders. These initiatives include accessing MSME loans to traders for business enhancement and providing them with business and financial management training. The training equips the traders with entrepreneurial knowledge and skills that help them to grow and sustain profitable businesses for increased income. Cumulatively; the county has disbursed Kshs. 29.6 Million to 358 beneficiaries in the last five years. The beneficiaries include 78 Men; 146 women; 108 youth and 26 Persons with Disability. All the 358 loan beneficiaries have been provided business and financial management training.

## **1.2 Statement of the problem**

Microenterprises in Kenya do significantly contribute to the country's economic growth through employment creation, poverty reduction and their acting as intermediaries in trade. According to the Economic Recovery Strategy (ERS) of 2013-2017 for Wealth and Employment, Microenterprises contribute about 40% to the GDP of the Kenyan economy. Despite this tremendous expansion of the sector, its contribution to the economy has not translated to real economic value since its contribution to the National economy has only shown marginal growth at about 22% in 2018 up from 18.2% in 2017 (Ministry of industrialization, 2018). Research findings have shown that over 50% of Microenterprises continue to have a deteriorating performance with three in every five Microenterprises failing within months of establishment (KIPPRA, 2018). This implies that the sector has been experiencing stagnation with no significant graduation from one enterprise level to the next level because of Lack of adequate business development services such management skills and extension services have been touted as major drawbacks in the growth and development of the microenterprise sector. This is despite assertions that effective provision of business development services does enhance productivity and competitiveness of the Microenterprises. Therefore the purpose of the study was to find how non-financial business development services offered to Microenterprises by Micro Enterprises Support Programme Trust impact the entrepreneurship among Microenterprises in Baringo County.

## **1.3 Objectives of the study**

The main objective of the study was to examine the influence of business development services on microenterprises performance: a Survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County.

## **1.4 Specific objectives**

In achieving the main objective of the study, the study was guided by the following specific objectives:

- i. To investigate the influence of training services on micro-enterprise performance in Baringo County.
- ii. To assess the influence of business mentorship on micro-enterprise performance in Baringo County.
- iii. To establish the influence of market access information on micro-enterprise performance in Baringo County.

- iv. To determine the influence of business linkage on micro-enterprise performance in Baringo County.

### **1.5 Research Hypotheses**

The following hypotheses will be tested.

**H01:** Training services has no significant influence on micro-enterprise performance in Baringo County.

**H02:** Business mentorship has no significant influence on micro-enterprise performance in Baringo County.

**H03:** Market access information has no significant influence on micro-enterprise performance in Baringo County.

**H04:** Business linkage has no significant influence on micro-enterprise performance in Baringo County.

### **1.6 Significance of the study**

In Kenya, previous research studies on microenterprises have concentrated on determining the factors hindering access to microfinance by Microenterprises and the challenges they face in their operations. Little empirical evidence is available on the simultaneous effect of the nonfinancial business development services on the entrepreneurship of such enterprises. It is hoped that this research will help fill this knowledge gap, contribute to the body of existing knowledge on Microenterprises and form a basis for further research on the provision of business development services to Microenterprises. The Kenyan government in its efforts to promote the enterprise culture amongst the Kenyan populace as a means of encouraging self-employment will find the results of this study useful in formulating regulatory policies on the provision of business development services through its agencies such as Ministry of Industrialization and Kenya Industries Estates (KIE).The study will be a pointer to financial institutions of the need to accompany their provision of microcredit with appropriate non-financial services. They can also use the findings of the study in designing appropriate training programs that will equip their microcredit clients with necessary skills on business management. This study will also provide a source of interest and literature and a ground for further research by scholars who may wish to further the research study.



### **1.7 Scope of the study**

The research was focusing on analyzing the influence of business development services on the microenterprises performance in Baringo County. The predictor variables will include; training services, business mentorship, market access information and business linkage which will be regressed to determine their effect on the dependent variable which is successful entrepreneurship. The target population will comprise fifty seven active microenterprises registered with Microenterprises Support Programme Trust. The data will be collected using a census survey design and a sample size of 53 microenterprises dealing with agribusiness. The study was used to determine the influence of business development services on microenterprise performances of the selected microenterprises.

### **1.8 Assumptions of the study**

The study assumes that the micro-entrepreneurs have received business development services offered by Micro Enterprises Support Programme Trust (MESPT). The proposed study assumes that the respondents shall participate meaningfully and cooperate fully by providing honest opinions and answers in the research questionnaires.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the review of literature relevant to the study area of management of change. The theoretical review discusses the relevance of the theories to the subject area. In addition to the above, the chapter concludes with the empirical studies on the variables under study.

#### **2.2 Theoretical Review**

This study will be based on the following theories which are relevant to the study.

##### **2.2.1 Experiential Learning Theory**

Experiential Learning Theory (ELT) was developed following Lewin's plan for the creation of scientific knowledge by conceptualizing phenomena through formal, explicit, testable theory. In Lewin's approach, before a system can be fully useful the concepts in it have to be defined in a way that permits the treatment of both the qualitative and quantitative aspects of phenomena in a single system, adequately represents the conditional-genetic (or causal) attributes of phenomena, facilitates the measurement (or operational definition) of these attributes, and allows both generalization to universal laws and concrete treatment of the individual case" (Cartwright, 1951).

A theory developed by this process can be a powerful instrument for stimulating and focusing scholarly research conversation. Most of the debate and critique in the ELT literature has centered on the psychometric properties of the ELT. Recent critique has been more focused on the theory than the instrument examining the intellectual origins and underlying assumptions of ELT from what might be called a critical theory perspective, where the theory is seen as individualistic, cognitive, and technological (Holman, Pavlica, & Thorpe, 1997; Hopkins, 1993). (Kayes 2002) has reviewed these and other critics of ELT and offered his own critique of the critics. He proposes an extension of ELT based on the premise which elaborates the fracture between personal and social knowledge and the role that language plays in shaping experience.

This theory assumes that experience plays a critical role in the learning process. Experience enables people to learn and grow. Central to this theory is the experiential learning cycle model which states that the process of learning an experience, followed by reflection which is

then assimilated into a theory (abstract conceptualization) and finally the reformulated hypotheses are tested into situations. This theory is relevant to this study because financial training to the youth will transform their entrepreneurial and financial management behavior through experiential thus enhancing their entrepreneurial capacity. This theory will be relevant to this study because when youths are trained on entrepreneurship and financial literacy, they are likely to reflect on their previous entrepreneurial and financial behavior during the learning process. The theory is linked to the first objective of the study.

### **2.2.2 Social Learning Theory**

Social Learning Theory was advocated by Albert Bandura (1977), the theory seeks to explain how patterns of behavior are acquired and how their expression is continuously regulated by the interplay between self-generated and external sources of influence. This interplay is referred to by Ebel (1977) as the reciprocal determinism. Ebel suggests that behavior both influences and is influenced by personality and environment, and that these two influence each other. This simply suggests that the environment is the context within which behavior is observed or changed; this is the social context. The personalities of both the mentor and the mentee influence the context. Learning which takes place within a social context and influenced by the personalities of both (mentor and mentee) may be called social learning.

The Social Learning Theory of Bandura (1977) provides more information on the role acquisition through what Bandura refers to as modeling. Modeling is what Bandura (1977) calls observational learning. The mentor is therefore expected to play the role of the model in the relationship environment and the mentee learn by observing the mentor. The role of the mentor and the willingness of the mentee are crucial in the role of mentoring as a form of social learning. According to Crow (2001), mentors are responsible for creating a climate of mentoring where learning is valued and mentoring is a community responsibility. Therefore this confirms mentoring to be a form of social learning since it is society or community-based.

Harinie *et al.* (2017) exhibit three underlying assumptions of the Social Cognitive Learning Theory as: individuals learn by imitating behavior displayed by models in their environment, learning occurs through the linkage between behavior, the individual and the environment, the outcome of learning behavior is visually and verbally coded from everyday behavior. Furthermore, Bayron (2013) highlights that learning occurs through interaction with others, reinforcement, observation of role models and imitating behavior. Learning occurs when a

person observes another individual, or models behavior in a certain way. Illustrating learning within the environment, Steele (2016) explains that learning ought to suit the context of the business and the entrepreneur's preferred approach. Brien and Hamburg (2014) link social learning to how SMEs favor interaction and learning by the doing approach, in addition to the formal methods. This is further demonstrated by entrepreneurs in a study by Stavropoulos and Protopapa (2013), who promote learning from a mentor's experience and the likelihood of transferring meaningful, necessary new learning to business. Mentoring can be considered as a form of social learning for the entrepreneurs and small business owners; their interaction, observation and imitation of mentors can accentuate entrepreneurial behavior. This theory will be relevant to the proposed study as it is linked to objective two.

### **2.2.3 Social Network Theory**

The Social Network Theory was developed and formalized by Moreno (1937). Social networks are maps that show all relevant ties among actors. The social relationship that exists amongst the actors is the main area of focus in the study of the social network theory. Therefore, the Social Network Approach explains social relationships by narrowing them down to the basic individual interaction among individuals (Krause, Croft & James, 2007).

According to Brass (1992), a social network is a generic way a set of nodes or actors are connected by a set of social relationships, ties, or a specified type of ties. The term "network" is generally used for the structure of ties among the actors in a social system (Nohria & Eccles, 1992). These actors could be roles, individual persons, organizations, industries, or even nation states. Their ties may be based on conversation, affection, friendship, kinship, authority, economic exchange, information exchange, or anything else that forms the basis of a relationship. In a network, flows between objects and actors and exchanges, which might contain an advice, information, friendship, career or emotional support, motivation, and cooperation, can lead to very important ties (Kadushin, 2004).

The social network theory argues that individuals interact in different social interactions which eventually result in the formation of networks. Consequently, networks are created as a result of these interactions. The ties or relationships amongst actors (Hazzard-Robinson, 2012) can result from conversations, affection, friendship, kinship, economic exchange, information exchange, or other forms of social interaction (Jaafar, Abdul-Aziz & Sahari, 2009). Additionally, the social network theory argues that the value individuals receive when they are involved in a network that is highly fragmented is very low. Thus, individual actors

seek to increase the value they receive by creating a more integrated network, as networks help the actors exchange beneficial information and resources (Machirori & Fatoki, 2013).

Business owners obtain information from various sources before starting their businesses. They begin with ideas to test and look for information and knowledge to start the business (Salaff, Greve, Wong & Li ping, 2002). They draw upon their social networks to obtain information and knowledge. By using social networks, business owners can identify information on viable business opportunities and act on them (Nichter & Goldmark, 2005). Thus through social networks, entrepreneurs will be able to, acquire knowledge on value addition and technological skills, improve their business management practices and also this networking will be able to help the entrepreneurs access credit and markets for their products. This theory is linked to objective three and four of the study.

## **2.3 Empirical Review**

Past empirical studies on the research variables are discussed herein in relation to;

### **2.3.1 Training services**

A key factor in financial success is financial literacy or financial education. Financial education programs teach the knowledge, skills and attitudes required to adopt good management practices for earning, spending, saving, borrowing and investing. Participants in these programs become equipped with information and tools to make better financial choices, work towards their financial goals and ultimately enhance their economic well-being (Henry, 2006). Benefits that accrue to entrepreneurial clients as a result of the education and awareness programs include: financial management knowledge; improved capacity to use financial services; increased self-esteem and confidence as a result of achieving financial goals and greater ability to demand higher quality products and services from financial institutions. The financial institutions which offer these services are also able to attract more clients; increase their customer retention rates; gain better market information for the use in improving products and services and often have a competitive edge over their competitors (Henry 2006). Business training can be classified into two categories: operational and strategic. In operational training start-up entrepreneurs can require basic operational business training in areas such as accounting, marketing, inventory control, costing, pricing and sales forecasting. Once entrepreneurs received basic operational training, they have an opportunity and increased skills to move their business forward. The formalized nature of the training allows them to learn the above business basics in a supportive learning environment. They

become better-rounded business people and at least have a basic understanding of the business cycle (UNDP, 2004)

According to Basilio and Rodriguez,(2010) training and technical assistance includes mentoring, feasibility studies and business plans, exchange visits and business tours, management training ,franchising, technical training, counseling/advisory services, financial and taxation advice, legal services , accountancy and bookkeeping. As observed by Okwena *et al.* (2011), book keeping practices among the small businesses in Kisii Municipality are not effective and this has had a negative effect on the financial performance of these enterprises. The poor bookkeeping skills are associated to little knowledge. MSEs, therefore require bookkeeping services to be able to have accurate financial records that can enhance decision making.

According to Thaker (2008), training is an organized procedure by which people learn knowledge and skills for a definite purpose. Tim and Brinkerhoff (2008) insist that human capital development represents the planned opportunity that is provided for training as the overall process whereby an individual's behavior is modified to conform to a pre-defined and specific pattern. Training is also a process or procedure through which skills, talents, knowledge of employees are enhanced. Mochona (2006) studied the impact of microfinance in Addis Ababa-Ethiopia. He assessed the impact of microfinance on women micro enterprises that were clients of Gasha Microfinance Institution. The research findings indicated that only a few of the women clients of the Gasha Microfinance Institution reported increased incomes from their micro enterprise activities. Majority of the women clients of Gasha Microfinance Institution were also unable to build key assets since the savings were dismal. The study recommended that, improving technical and business skills of clients through training and technical assistance will enhance their business skills hence their performance. Also, it recommended that the women microenterprises should be assisted to establish market channels for their products until they do that independently. Based up on the review of different literature, this study has identified market access, input supply, infrastructure facilities, training and technical service which are the major types of business development services that are crucial for improving the performances of small and micro-enterprises and the possible outcomes as a result of using these services.

### **2.3.2 Market Access information**

The importance of market access to organizations is well documented in literature and it may be achieved through market management which is postulated to have the ability to enhance an enterprise's competitive advantage through increased market outreach. Management of markets through continuous innovation, products or processes in anticipation of, and response to, dynamic customer requirements, competitors and supply analysis is the essence of SME survival and growth (Price, Stoica & Boncella, 2013).

A crucial activity under market management is market development through innovation which has been noted as important in improving product and service offering in firms. Market development, which has been broadly regarded as specific or general to organizations, enables firms to try new ideas, seize the opportunity which are essential during market access and gain competitive advantage (Mahmoud, 2011). According to extant literature, market access has been presented in different forms. For example Small Enterprise Education Program (SEEP) guide to business development services argued that market access consists of marketing business, market linkages, trade fairs and exhibitions, development of samples for buyers, market information, subcontracting and outsourcing, marketing tips and meeting, market research, marketing space development, showrooms, packaging and advertising (SEEP, 2000).

In contrast, UNDP (2004) presented market access as a seven element factor comprising market research, market information, trade fairs, product exhibitions, advertising, packaging, marketing trips and meetings, and subcontracting and outsourcing. Mahmoud (2011), Moorthy, Tan, Choo, Wei, Ping and Leong (2012) has pointed out that market access has an influence on performance of organizations in Ghana. However, differences in opinions have been reported in measuring the variable and regarding this effect.

The establishment of an active SMEs sector and the effective utilization of quality business information have been identified as crucial in attaining long-term and sustainable economic growth for developed and developing countries alike (Corps, 2005). Limited access to relevant business information is one of the obstacles to the competitiveness of SMEs. In his study, Jorosi (2006) argues that the main sources of business information for SMEs include competitors, customers, business associates, government officials, broadcast media, libraries, newspapers/periodicals/magazines, government publications, trade and industry associations, and electronic sources. Entrepreneurs rely on diverse sources of information. The sources

vary depending on the nature of the problem, the incentives accruing, and the constraints involved in the running and managing of business operation (Moyi, 2000). Limited access to market information makes SMEs less aware of opportunities in the market. SMEs also face difficulties accessing markets due to limited market information, poor marketing capacity and poor market research leading to a discrepancy between the supply and demand (KIPPRRA, 2006). Information on business trends and markets, information on business organization, advisory services on legal and regulatory aspects, business management, customer service, business expansion and diversification, new technology, identification and communication of business opportunities, providing access to linkages, markets, and facilitation of business partnerships.

### **2.3.3 Business mentorship**

Mentoring is a human resource development approach and a vital aspect of knowledge management which needs to be looked by all organizations and education institutions wishing to improve their efficiency. A mentoring relationship means usually that one experienced person assists another (or many) to learn, to integrate into an enterprise community, etc. (Bozeman & Feeney, 2007). Mentoring has been used in Europe for a long time; it involves guidance and suggestion, as well as the development of autonomous skills, judgments, personal and professional master ship, expertise, trust and the development of self-confidence over the time. Mentoring on the job, where the mentors are companies' employees have advantages because the companies' employees know the work processes, what knowledge is needed for their efficiency and which the companies' knowledge resources are. A company that use mentors for newcomers or staff with special needs can have benefits from mentoring by a quick introduction of the mentee into formal and informal company structures and demands, facilitating a deliberate, systematic and smooth transfer of technical or internal knowledge, opportunities to shape the workforce of the future in an international, deliberate way to meet company strategic goals and objectives, training of social competence of the mentee and the mentor (O'Brien & Hamburg, 2014).

Mentees meet with a trusted person to achieve i.e. entrepreneurial skills and/or enter into a work place quickly and to cope with initial problems, to discuss and resolve emerging job problems of genuine nature and in relation to the individual needs, learn setting realistic goals and achieving them to acquire new skills and enhance their skills and thus their future career opportunities and prospects in the future through the mentor, build relationships or



interactions allowing them to secure, maintain and advance in the job choosing a way that corresponds to the work routines and social actions of other employees. Mentors improve their personal fulfillment from investing in others, feel valued as a role model, gain a new appreciation, etc. Different forms of mentors are known. Peer mentoring usually takes place between an experienced person in a domain (mentor) and a person who is new in this context.

Peer mentoring differs from classical mentoring first in fact that mentors and mentees are close in age, education level, etc. and that there are semi structured planned programs with specific guidelines and often with a number of activities and meetings in a determined time. In a formal mentoring approach a mentee is paired with a mentor to help him or her to learn the ways of the business world. Most companies either have or are considering implementing a formal mentoring program in the near future. Often formal mentoring programs have specific goals such as to transfer knowledge, advancing career goals, learning business management and addressing performance deficiencies. But there are cases when the objectives are less structured and are determined by the mentor and mentee as the mentoring unfolds. In informal mentoring, two people, whose chemistry is compatible, come together to share ideas and learn. One takes the role of the teacher or mentor, the other acts as student or mentee (Ileana, 2014).

Effective and efficient mentorship programs tend to raise entrepreneurial outcomes among upcoming entrepreneurs operating SMEs. In addition, mentorship of apprentices results in benefits from the wisdom and skills of the masters which when skillfully passed raise the level of entrepreneurial outcomes. Modern day mentorship acts as an instrument of developing group and/or individuals' potentials in carrying out duties and responsibilities, learning new techniques, and well-being of mentees (Cummings & Worley, 2009). This means that mentorship anchored on wisdom and skill of the mentor improves apprentice competence in boosting outcomes. Mentoring is primarily developed to increase the knowledgebase of the adept, however, for the mentor; the relationship can also have positive outcomes such as increased satisfaction from enabling others to learn, learning the art of reflective dialogue and developing one's own interpersonal skills (Ileana, 2014).

According to Mind Tools (2014), the goal of mentoring is personal and professional development with mentors becoming trusted role models. The personal development was taken as psychosocial and professional development as career types of mentoring in this research. Bozeman and Feeney (2007) indicated that mentoring entails informal

communication, usually face-to-face and during a sustained period of time between a person who is perceived to have greater relevant knowledge, wisdom, or experience the mentor and a person who is perceived to have less, the protégé. This can be taken to mean that entrepreneurs learn from experience which are rarely planned or imposed on them by the mentors. The benefits received from entrepreneurial mentoring can be measured using the mentored entrepreneurs' objective and subjective entrepreneurial outcomes.

Mentoring is the process where one person helps another to achieve something. More specifically, something that is important to them. It is about giving help and support in a non-threatening way, in a manner that the recipient will appreciate and value and that will empower them to move forward with confidence towards what they want to achieve. Mentoring is also concerned with creating an informal environment in which one person can feel encouraged to discuss their needs and circumstances openly and in confidence with another person who is in a position to be of positive help to them (Namala,2011). It is generally recognized that SMEs face unique issues, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. There are however successful entrepreneurs, who can form case studies and act as mentors to the upcoming ones. (Misner,2008) admits that little effort has been seen in helping the small enterprises to grow through mentorship by the already established business. In some cases they are not considered serious businesses that might grow into bigger enterprises in the future.

According to Otieno and Kiraka, (2010) BDS providers like all other business people have different motivates for venturing into business. Some of the motives are: social concern, as a stepping stone to doing other business, the desire to explore, the desire for independence, the desire to fulfill childhood dreams and as a response to a market opportunity. The degree of the motives to help and to mentor differs from one individual provider to another. Depending on the motives and the background of the providers and the prevailing external factors, different providers take different business approaches. Even for the same provider, the business approaches do shift over time and also vary depending on the nature of the services being offered.

Previous research on firm failure and entrepreneurial learning has shown the need for entrepreneurs to have a mentor in their business development process (Skärström *et al.*, 2009). Firm failure which has been a characteristic of most Kenyan enterprises before their

3rd year of start-up was therefore taken as one of an indicator of negative entrepreneurial outcomes. Wallstedt and Wennerström (2009) postulate that; while there is always the option to put a number of entrepreneurs in a room, have an experienced entrepreneur lecture to them, and then send them out to convert the theory learnt into practical in the real world, the question remains; which is more beneficial to the entrepreneur? 'Book' learning or having a 'guide' in the field? Further, research focusing on mentoring has generally been concerned with organizational learning with focus on the matching process.

Even though a number of studies show that individuals within organizations that have received mentoring are promoted faster, there isn't equivalent studies concerning whether or not entrepreneurs are able to develop their firms more efficiently, with the help of a mentor (Swap *et al.*, 2001). Previous studies are vague on the kind of entrepreneurial outcomes exhibited by the protégés that result into organizational promotion. In connection to this research, promotion was defined as the development of an enterprise from one stage to another or the expansion of an enterprise.

Effective and efficient mentorship programs tend to raise entrepreneurial outcomes among upcoming entrepreneurs operating SMEs. In addition, mentorship of apprentices benefits from the wisdom and skills of the masters which when skillfully passed raise the level of entrepreneurial outcomes. According to (Clutterbuck, 2004), modern day mentoring originated from apprenticeships where masters, passed their wisdom and skill onto more junior persons or apprentices. The junior persons could be young in age or young in experience of managing an enterprise.

Mentorship therefore anchored on wisdom and skill of the mentor improves apprentice competence in boosting outcomes. A mentor-protégé relationship according to Hisrich and Peters (2002) provides professional advice, as well as provision of an additional source of moral support. The mentor's primary objective is to provide 'just-in-time' support and to add value by imparting the benefits of their education, experience, skills and attitudes (Sullivan, 2000).

Mentoring is of importance to both the mentor and mentee. To the mentors, it often contributes to their advancement in personal growth, pride and experience and to the mentees it is important in the skills that they acquire and the confidence that they gain (Klasen & Clutterbuck, 2002). It would then be expected that the benefits received from entrepreneurial

mentoring by the mentors would be as a result of the mentored entrepreneurs' entrepreneurial outcomes. The mentees would measure their entrepreneurial achievements from the entrepreneurial outcomes experienced within their SMEs. Promotion rate and compensation are some of the factors that have been used in past research to measure mentoring outcomes (Ragins & Cotton, 1999). In this research, these are some of the factors that were used to measure entrepreneurial outcomes as a result of mentoring. This research proposed that entrepreneurial outcomes are a type of performance indicators which are the ultimate results from the activities arising from entrepreneurial strategies and objectives.

#### **2.3.4 Business Linkages**

Business linkages refer to relationships and interactions between tasks, functions, departments, and organizations that promote flow of information, ideas, and integration in achievement of shared objectives. Due to these linkages SMEs form networks which they capitalize in learning their businesses and more so in tackling various business challenges. These business linkages leads to the development of co-operatives, self-help groups, business associations, clusters, networks, franchising and chambers of commerce (Rogers, 2004). Business networking is a socioeconomic activity by which groups of like-minded business people recognize and act upon business opportunities.

A business network is a type of social network whose reason for existing is business activity. There are several prominent business networking organizations that create models of networking activity that, when followed, allow the business person to build new business relationships and generate business opportunities at the same time. Many business people contend business networking is a more cost-effective method of generating new business than advertising or public relations efforts. This is because business networking is a low-cost activity that involves more personal commitment than company money (Rogers, 2004). Interventions to improve commercial linkages between SMEs focus on three main types of linkage are subcontracting, franchising and business clusters.

There has been a major move towards subcontracting or outsourcing arrangements in industrialized nations in the recent years. These usually involve large customer contracting out work to small supplier, although they also include complex range of linkages in which small firms contract work to other small firms. In some cases subcontracting can be a major source of learning for the subcontractor, while in others it is more transient relationship. There have been a number of attempts by BDS organizations to promote subcontracting,

although the results have been mixed and some have proved to be over regulated and unpopular with SMEs (Nares, 2002).

In franchising one enterprise sells another the right to produce or sell a commodity under the standards and procedures laid down by franchisers. Although franchising is a simple way to start a business and encourage learning by novice owners – managers, it is relatively static in terms of its potential. Business clusters and collaborative production networks refer to complex production arrangements involving a broad range of varying sizes, as well as other actors, such as business associations, research ,and development network and specialist service provider. These arrangements are differentiated from subcontracting by the scale of engagements, which offer the potential for small enterprises to overcome the limits of their small scale by joining with other firms. BDS need to assist the SMEs effectively with the networks that they need for accelerated growth of their business. Networking for any business however big or small is crucial for its growth.

According to Misner, (2008), business networking is leveraging your business and personal connections to bring you a regular supply of new business. The concept sounds simple, though it involves relationship building, it can be a deceptively complex process. Misner (2008) further states that networking for business growth must be strategic and focused. Not everyone you meet can help move your business forward but everything you do can be driven by the intention to grow your business. You have total control over whom you meet, where you meet them and how you develop and leverage relationships for mutual benefit. According to Saad, (2012) networking your business means you have to be proactive. Make a plan, focus and be consistent. When you understand exactly what business networking is and step up to the challenge, you'll find avenues of opportunity that you may have otherwise never discovered, and you will be making an invaluable investment in the steady growth of your business.

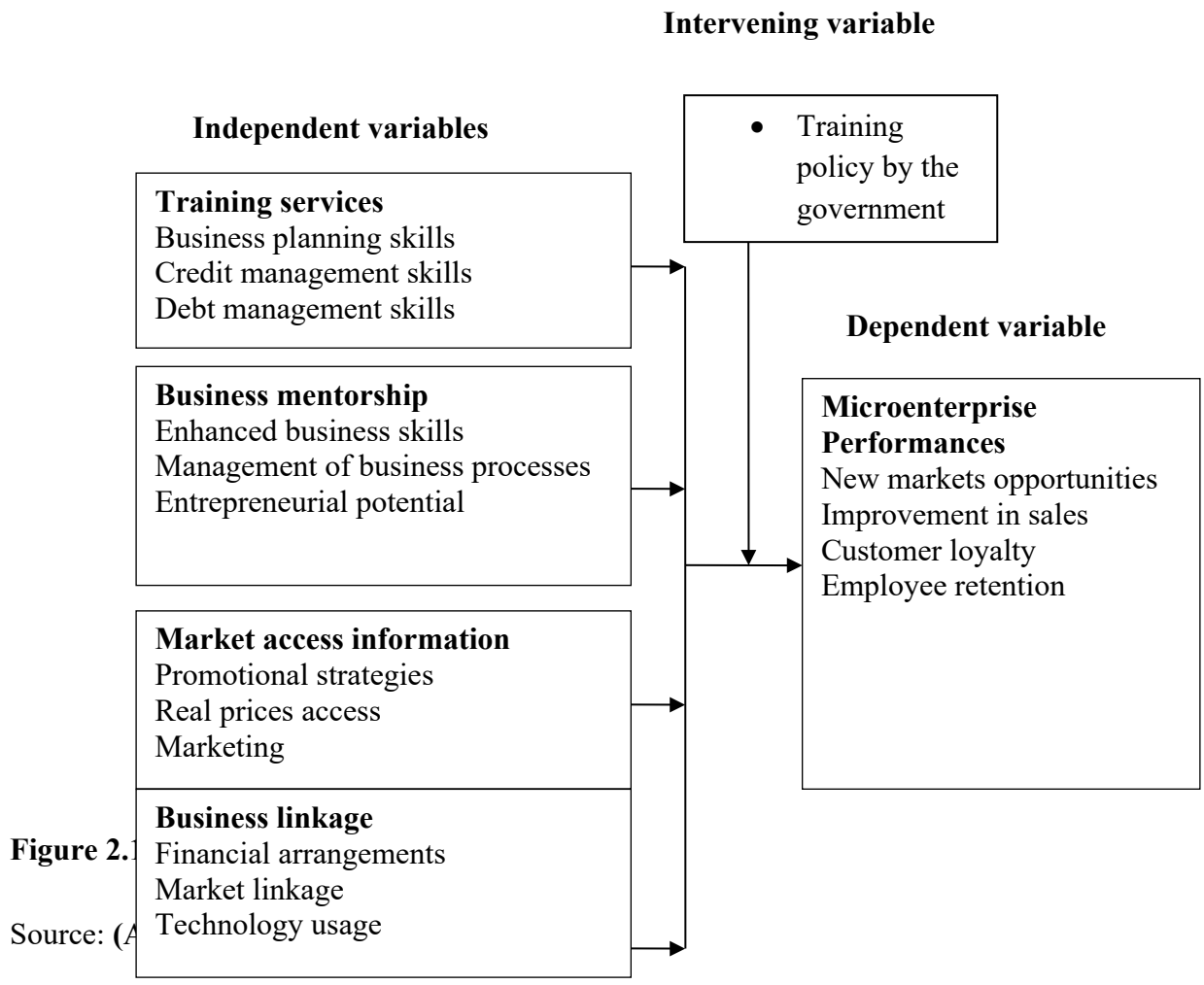
## **2.4 Research Gaps**

In summary, previous scholars have provided valuable and detailed insights into business development services and the performance of microenterprises. it is widely recognized that, the government and donors have supported Micro and Small Enterprise (MSE) in a variety of ways, which include both financial and non-financial service, they have understood that non-financial service currently known as business development services (BDS), is among the important factors that can improve the performance of MSE operators in the country

(Gebrehiwot & Wolday, 2004). Empirical studies demonstrate that provision of BDS to MSEs has received a considerable amount of attention, demand for measuring impact of BDS on MSEs performance has been given relatively less focus. Research done on BDS and its impact on micro small enterprise are very scanty in Kenya. Most of these studies have concentrated on the provision of training as the main non-financial service to be provided to the micro-enterprises. However, it appears little empirical studies have tried to expand on the business development services to include the provision of training services, business mentorship, market access information and business linkage services so as to create a wider perspective on the level of provision of business development services and their collective effect on the performance of microenterprises in Kenya. To date there are little or no tests of associations between the level of provision of the business development services and the performance of microenterprises that have been conducted in Kenya. This study therefore focused on the effect of business development services on the performance of micro enterprises in Baringo County.

## **2.5 Conceptual Framework**

A conceptual framework is a hypothesized model that graphically portrays the relationships (Mugenda & Mugenda, 2003). The conceptual framework for this study is illustrated in Figure 2.1. According to this framework, non-financial services business development services (training services, market access information, and business linkage and business mentorship) and dependent variable (successful entrepreneurship).



## 2.6 Operationalization of Variables

variable	orientation	objectives	indicators	Scale	Tool of
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				<b>measurement</b>	<b>analysis</b>
Microenterprise Performance	Dependent variable		New markets opportunities Improvement in sales Customer loyalty Employee retention	Ordinal using 5 point likert scale	Descriptive regression analysis
Training services	Independent variables	To investigate the influence of training services on micro-enterprise performance in Baringo County.	Business planning skills Credit management skills Debt management skills	Ordinal using 5 point likert scale	Descriptive regression analysis
Business mentorship	Independent variables	To assess the influence of business mentorship on micro-enterprise performance in Baringo County.	Enhanced business skills Management of business processes Entrepreneurial potential	Ordinal using 5 point likert scale	Descriptive regression analysis
Market access information	Independent variables	To establish the influence of market access information on micro-enterprise performance in Baringo County.	Promotional strategies Real prices access Marketing	Ordinal using 5 point likert scale	Descriptive regression analysis
Business linkage	Independent variables	To determine the influence of business linkage on micro-enterprise performance in Baringo County.	Financial arrangements Market linkage Technology usage	Ordinal using 5 point likert scale	Descriptive regression analysis

*Source: author( 2021)*



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discusses the research design that was used, the target population, sampling techniques, data collection tools and procedure instruments, pilot study, how validity and reliability of the research contraptions was ensured, data analysis and presentation technique to be employed as well as ethics to be observed in the research period.

#### **3.2 Research Design**

Creswell, Clark, Guttman & Hanson (2003) refers to research design as the whole method of research from conceptualizing an idea, literature review, methodological method to writing the conclusion. A descriptive survey research design was used in this study. The preference of this plan was suitable for this project about when you consider that it makes use of a questionnaire as a device of information series and helps to set up the behavior of respondents in the direction of subject below learn about and seriously the statements of affairs and phenomenon as they are, in a bid to set up the affiliation between variables. This is supported with the aid of Mugenda & Mugenda (2003) who assert that this kind of layout allows one to gain facts with adequate precision to assess the relationship between variables. Further, (Kothari, 2004) observes that a descriptive design is used when data is gathered to describe persons, organizational settings or phenomenon.

#### **3.3 Target Population**

A population is a complete set of individuals, group of people, cases or objects with some common observable characteristics from which we draw conclusions (Orodho, 2005). It is recommended that the researcher should identify and define the target population, sample population and the unit of observation (Mugenda & Mugenda, 2003; Nassiuma, 2000). The target population of this study comprised 89 SMEs dealing with Agri Business registered with Micro Enterprises Support Programme Trust (MESPT, 2019).

**Table 3.1: Target Population**

<b>Strata</b>	<b>Population</b>
<b>Lembus kwen ward</b>	11
<b>Maji mazuri-numberes ward</b>	9
<b>Lembus ward</b>	22
<b>Eldama ravine ward</b>	16
<b>Koibatek ward</b>	14
<b>Lembus –pek-kerra ward</b>	17
<b>total</b>	<b>89</b>

### 3.4 Sampling technique and sample size

The study adopted a purposive sampling design. According to Sim and Wright (2000) purposive sampling enables a researcher to select units that was to achieve the objectives and aims of the study. Sample size refers to the number of items to be selected for observations in order to obtain accurate information on the universe (Oso and Onen, 2008). The sample size (n) of the study was determined using Nassiuma (2000) formula is as follows:

$$n = \frac{NC^2}{C^2 + (N-1)e^2} \quad C = \text{coefficient of variation } 20 \leq C \leq 30\%;$$

e=error term  $\approx 02\% \leq e \leq 5\%$

N=population size

$$89 \cdot 0.2^2$$

$$n = \frac{\quad}{\quad}$$

$$0.2^2 + (67-1)0.02^2$$

$$n = 53$$

Proportionate random sampling was used to allocate the sample size proportional to size of the sector as;

$$n_h = \left( \frac{n}{N} \right) N_h$$

Where:

- n is the sector size.
- N is the target population
- $N_h$  is the optimum sample size

Thus the sample size was 53 microenterprise firms.

**Table 3.2: distribution of population sample by sector**

<b>Strata</b>	<b>Population</b>	<b>Sequence</b>
<b>Lembus kwen ward</b>	11	7
<b>Maji mazuri ward</b>	9	5
<b>Lembus ward</b>	22	13
<b>Eldama ravine ward</b>	16	10
<b>Koibatek ward</b>	14	8
<b>Lembus –per-kerra ward</b>	17	10
<b>Total</b>	<b>89</b>	<b>53</b>

### **3.5 Research Instruments**

Primary data was used to collect data by use of self-designed questionnaires. According to Mugenda & Mugenda (2003), questionnaires are useful in acquiring necessary data about the population. Further, a questionnaire is the quality tool for the researcher who wishes to collect the unique data for describing a populace (Kothari, 2008) and is designed to address a particular query of the study. The questionnaires had open-ended as well as closed-ended questions. The questionnaires was prepared in line with the research objectives.

### **3.5.1 Piloting of the Instruments**

The information collection instrument was pilot tested in order to ensure its reliability and validity. A pilot test is a small scale trial run of all strategies planned for use in the fundamental study (Oso, & Onen, 2008). The instrument was pretested in Nakuru where 10% of the agribusiness was piloted. Cooper & Schilder (2006) propose that 5% to 10% of the target pattern have to constitute the pilot test. Pretesting was to assist to determine the strengths and weaknesses of the survey regarding query format, wording, and order.

### **3.5.2 Validity of the Study Instruments**

Validity is the degrees to which results received from the evaluation of the data represent the Phenomena under learn about (Mugenda & Mugenda, 2003). Content validity was used for the functions of figuring out whether the instrument surely measures what it is designed to measure (Kothari, 2008). Content validity refers to the extent to which a measure represents all facets of a given construct. An element of subjectivity exists in relation to identifying content validity, which requires a degree of agreement about what a unique construct represents. Content validity requires the use of recognized situation count number professionals to evaluate whether instruments examine defined content and greater rigorous statistical tests. To make sure content material validity of statistics instruments, supervisors will be engaged and their inputs will be taken into account. Construct validity is the degree to which check measurers a meant hypothetical construct (Mugenda & Mugenda, 2003). Using a panel of “experts” familiar with the construct is a way in which this kind of validity can be assessed; the experts can study the gadgets and determine what that unique item is meant to measure (Mugenda & mugenda2003). To ascertain assemble validity of information instruments, supervisors was additionally engaged and their inputs was be taken into account.

### **3.5.3 Reliability of the Study Instruments**

Reliability is the measure of the degree to which a research instrument yields consistent results after repeated trials (Kothari, 2003). The researcher will endeavor to enhance the reliability of the data collected by ensuring that the questionnaires are pre-tested. Further, Cronbach’s Alpha was used to test the reliability of instruments. According to Sekaran (2006), a Cronbach’s alpha of 0.8 is good, 0.7 is an acceptable range while 0.6 and below is poor.

### 3.6 Data Collection Procedures

Questionnaires was administered at once to the respondents so as to make clarifications as can also be required. The researcher paid a visits to the study place for familiarization. The researcher proceeded to collect data from the respondents after receiving permission from Kabarak University and the National Commission for Science, Technology, and Innovation (NACOSTI). The questionnaires was self-administered to make sure one hundred percent response. In the case of absenteeism, there will be rescheduled appointments.

### 3.7 Data Analysis Model

Descriptive statistics such as frequencies, percentages, standard deviations and means was used to summarize the data while inferential statistics such correlation coefficients and multiple regression analysis was used non-causal relationship and causal relationship respectively between predictor variables and dependent variable. Research hypotheses was tested at 5% significance level using regression analysis. Analyzed data was presented using tables, graphs, and charts where necessary. The study used the following regression models.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where;

Y-Microenterprise performance (Dependent variable)

$\beta_0$ -regression constant or the Y-intercept

$\beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$ -Beta Coefficients for independent variables

$X_1$ - Training services

$X_2$ - Business mentorship

$X_3$ - Market access information

$X_4$ - Business Linkage

$\epsilon$  -Stochastic error term assumed to be normally distributed

### 3.8 Ethical Considerations

Resnik (2011) defines ethics as norms for behavior that distinguishes the appropriate from unacceptable behavior. Voluntary participation by the respondent was applied in a bid to protect their rights. The ethical approval was obtained from national research permit from the

National Commission on Science, Technology and Innovation (NACOSTI), and a local research permit from the county (Baringo) where the researcher plans to work.

The data acquired from respondents was dealt with the utmost confidentiality. The researcher used participant codes to label data instead of using names, and keeping a separate list of code-to-name match-ups.

The data safeguards was done by keeping the client confidential. In order to prevent biased results, it is important that the client is kept confidential from respondents at all time and protection of personal information was done. The researcher additionally give an explanation for the cause of the find out about and how the information acquired was used. The record shall be submitted to the management for possible recommendations.

The researcher ensured data integrity during data collection process by Reviewing data entries and when dealing with numbers it will ensure that the results are within sensible limits and it was Verified the manner of data collection and finally there researcher will Cross-examine the data collected to avoid any biased results.

## CHAPTER FOUR

### DATA ANALYSIS FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter focuses on the analysis of the collected data from the field through the use of questionnaires as well as discussion of the findings. Data was analyzed according to the objectives of the study and the interpretation was done and conclusion drawn. The main objective of the study was to examine the influence of business development services on microenterprises performance: a Survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County.

#### 4.2 Response rate

The study targeted 53 Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County. Out of the targeted respondent participant filled and returned the questionnaires giving a response rate of 100% which is above 70% response rate threshold (Mugenda and Mugenda 2003) and hence the sample size was sufficient.

#### 4.3 Reliability Analysis

A reliability analysis was conducted to determine the validity and reliability of the study using Cronbach's Alpha as the measure. A reliability co-efficient of  $\geq 0.7$  was considered adequate. In this case a reliability coefficient of 0.826 was registered indicating a high level of internal consistency. The finding indicate that all constructs value of Cronbach's Alpha are above the suggested value of 0.7 limit indicating high level of internal consistency thus the study was reliable as indicated in the table 4.1 below.

**Table 4.1: Reliability Statistics**

Cronbach's Alpha	N of Items
.826	53

## 4.4 Demographical Information

### 4.4.1 Economic Activity

The study sought to find out the economic activity of the respondents. The study established that majority of the respondent (23%) were farmers while 16 % were traders and 14% involves themselves in others business. The finding are presented below in Table 4.2

**Table 4.2: Gender of the respondent**

**What is your economic activity?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid trade	16	30.2	30.2	30.2
farming	23	43.4	43.4	73.6
other	14	26.4	26.4	100.0
Total	53	100.0	100.0	

### 4.4.2 Age group

The study sought to establish the age of the respondents. The respondent were asked to indicate their age group The study established that majority (43.4%) aged between 18-35 years followed by 34% aged above 46 years and then 2206 % aged 36-45 years. The findings are presented below in Table 4.3

**Table 4. 3: Age of Respondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-35	23	43.4	43.4	43.4
36-45	12	22.6	22.6	66.0
above 46	18	34.0	34.0	100.0
Total	53	100.0	100.0	



#### 4.4.3 Level of education

The respondents were further requested to indicate their level of education. It is important to consider the level of education of the respondent since it has an impact on the way the respondent interrupt the question. The study established that majority (69.8) were post-secondary followed by 22.6% secondary school leavers and then 7.5% primary school leaver. The study findings are presented below in Table 4.4

**Table 4.4: Education level of the respondent**

	Frequency	Percent	Valid Percent	Cumulative Percent
primary	4	7.5	7.5	7.5
secondary	12	22.6	22.6	30.2
Valid post-secondary	37	69.8	69.8	100.0
Total	53	100.0	100.0	

#### 4.5 Descriptive Statistics

The study sought to determine the Influence of business development services on micro enterprise performance: a survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County. The variables are described in details in terms of mean, minimum, maximum and standard deviations of recorded values. Tables are used to represent the description of each variable. The descriptive statistics findings are presented in table 4.5 below.

Table 4.5 displays the descriptive statistics of the variables of training services which have a mean of 3.6792 and a standard deviation of 3.67284 its minimum value was 2.44 and maximum value was 4.89, This implies that training services of about 3.6792 percent is offered to the small scale enterprises in Baringo county . Business mentorship had a mean of 3.8690 and a standard deviation of .47192 its minimum value was 2.89 and maximum value was 4.67 this Implies that business mentorship of about 3.8690 percent that is offered to the business. Market access information had a mean of 3.5151and a standard deviation of .44191its minimum value was 2.43and maximum value was 4.53. Enterprise performance had a mean of 3.4330 and a standard deviation of .49265 its minimum value was 2.26and

maximum value was 4.22. Business linkage had a mean of 3.3314 and a standard deviation of .59108 its minimum value was 1.67 and maximum value was 4.37.

**Table 4.5: Descriptive Statistics**

<b>Descriptive Statistics</b>							
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Training services	53	2.44	4.89	3.6792	.67284	-.106	.327
Business mentorship	53	2.89	4.67	3.8690	.47192	-.188	.327
Market access information	53	2.43	4.53	3.5151	.44191	-.122	.327
Enterprise performance	53	2.26	4.22	3.4330	.49265	-.448	.327
Business linkage	53	1.67	4.37	3.3314	.59108	-.530	.327
Valid N (list wise)	53						

#### **4.6 Pearson Correlation Analysis**

Each variable is perfectly correlated with itself as indicated by the coefficient of -1 and +1. Training services and enterprise performance are positively correlated as shown in table 4.6 by 0.221. Furthermore, the study indicates that there is no statistical significant relationship between training services and enterprise performance  $P=0.112$  ( $P>0.05$ ). From the table 4.6, business mentorship and enterprise performance are positively correlated by 0.194 the table also shows that there is statistical significant relationship between business mentorship and enterprise performance  $P=0.165$  ( $P>0.05$ ). Market access information and enterprise performance are positively correlated by 0.319 and there is no statistical significance relationship between market access and enterprise performance  $p=0.020$  ( $p<0.05$ ). Business linkage and enterprise performance are positively correlated by 0.357. Furthermore, the study indicates that there is statistical significant relationship between training services and enterprise performance  $P=0.09$  ( $P>0.05$ ).

**Table 4.6: Pearson Correlation Analysis**

**Correlations**

		Enterprise performance	Training services	Business mentorship	Market Access information	Business linkage
Enterprise performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Training services	Pearson Correlation	.221	1			
	Sig. (2-tailed)	.112				
Business mentorship	Pearson Correlation	.194	.277*	1		
	Sig. (2-tailed)	.165	.045			
Market access information	Pearson Correlation	.319*	.388**	.421**	1	
	Sig. (2-tailed)	.020	.004	.002		
Business linkage	Pearson Correlation	.357**	.523**	.246	.342*	1
	Sig. (2-tailed)	.009	.000	.075	.012	

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

c. List wise N=53

#### 4.7 Simple Regressions Models

From table 4.7 below, coefficient correlation (R) was 0.416 ( $r < 0.5$ ) which means there is a weak positive relationship between business linkage and enterprise performance of microenterprises in eldamavine. The significance value was 0.054 ( $P > 0.05$ ). In addition, the coefficient of determination ( $R^2$ ) was 0.173 implying that enterprise performance is explained by 17.3% of the variations in business development services.

**Table 4.7: Simple regressions models**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.416 <sup>a</sup>	.173	.104	.46634	.173	2.509	4	48	.054

a. Predictors: (Constant), business linkage, business mentorship, market access information, training services

b. Dependent Variable: enterprise performance

From Table 4.8 below, the level of significance was 0.054 with an F value of 2.509. This indicates that there is no statistical significant relationship between business development services and enterprise performance because P value is >0.05

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.182	4	.546	2.509	.054 <sup>b</sup>
	Residual	10.439	48	.217		
	Total	12.621	52			

a. Dependent Variable: enterprise performance

b. Predictors: (Constant), business linkage, business mentorship, market access information, training services

**4.8 Diagnostic Test**

The study looked for data that would be able to meet the objectives of the study. The data collected from questionnaires was cross checked for errors to test the validity of the data sources. The researcher assumed 5% significance level for the data used. These values helped to verify the truth or the falsity of the data. Thus the closer to 100% the confidence interval and the closer to zero % the significance level. The higher the accuracy of the data used and analyzed is assumed to be.

#### 4.8.1 Test of Multicollinearity

Multicollinearity is said to occur when there is a nearly exact or exact linear relation among two or more of the independent variables. Variance inflation factor is a measure of the amount of multicollinearity in a set of multiple regression variables. The variance inflation factors (VIF) and tolerance values are computed where the values of VIF less than 10 and tolerance more than 0.2 signaling absence of multicollinearity. The VIF values in table 4.9 were less than 10 meaning there was no multicollinearity while tolerance factors were above 0.2.

**Table 4.8: Test of Multicollinearity**

##### Coefficients

Model	Collinearity Statistics		
	Tolerance	VIF	
1			
	Training services	.671	1.490
	Business mentorship	.804	1.243
	Market access information	.728	1.374
	Business linkage	.700	1.428

a. Dependent Variable: enterprise performance

#### 4.8.2 Test of Autocorrelation

Autocorrelation is the measurement of the similarity between a certain time series and a lagged value of the same time series over successive time intervals,( Cooper & Schindler, 2015).The Durbin Watson (DW) statistic is a test for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic will always have a value between 0 and 4.the results in table 4.9 below shows 1.771 which is between 0 and 4 which implies that there is no autocorrelation in the variables sets

##### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.416 <sup>a</sup>	.173	.104	.46634	.173	2.509	4	48	.054	1.771

a. Predictors: (Constant), business linkage, business mentorship, market access information, training services

b. Dependent Variable: enterprise performance

### 4.8.3 Test of Normality of Data

Normality is a test for the assumption that the variables are normally distributed around the mean. The null hypothesis for the test was that the primary data was normal. If the p value recorded was more than 0.05 the researcher would reject it, and if the p value is less than 0.05 then the researcher would fail to reject it. In table 4.10 below Kolmogorov –smirnova and Shapiro-wilk test recorded values greater than 0.05, thus the null hypothesis is rejected. According to Ghasemi & Zahediasl, (2012) the law of large numbers states that for samples larger than 30 you can assume normality even if the Shapiro or Kolmogorov test says otherwise

#### Tests of Normality

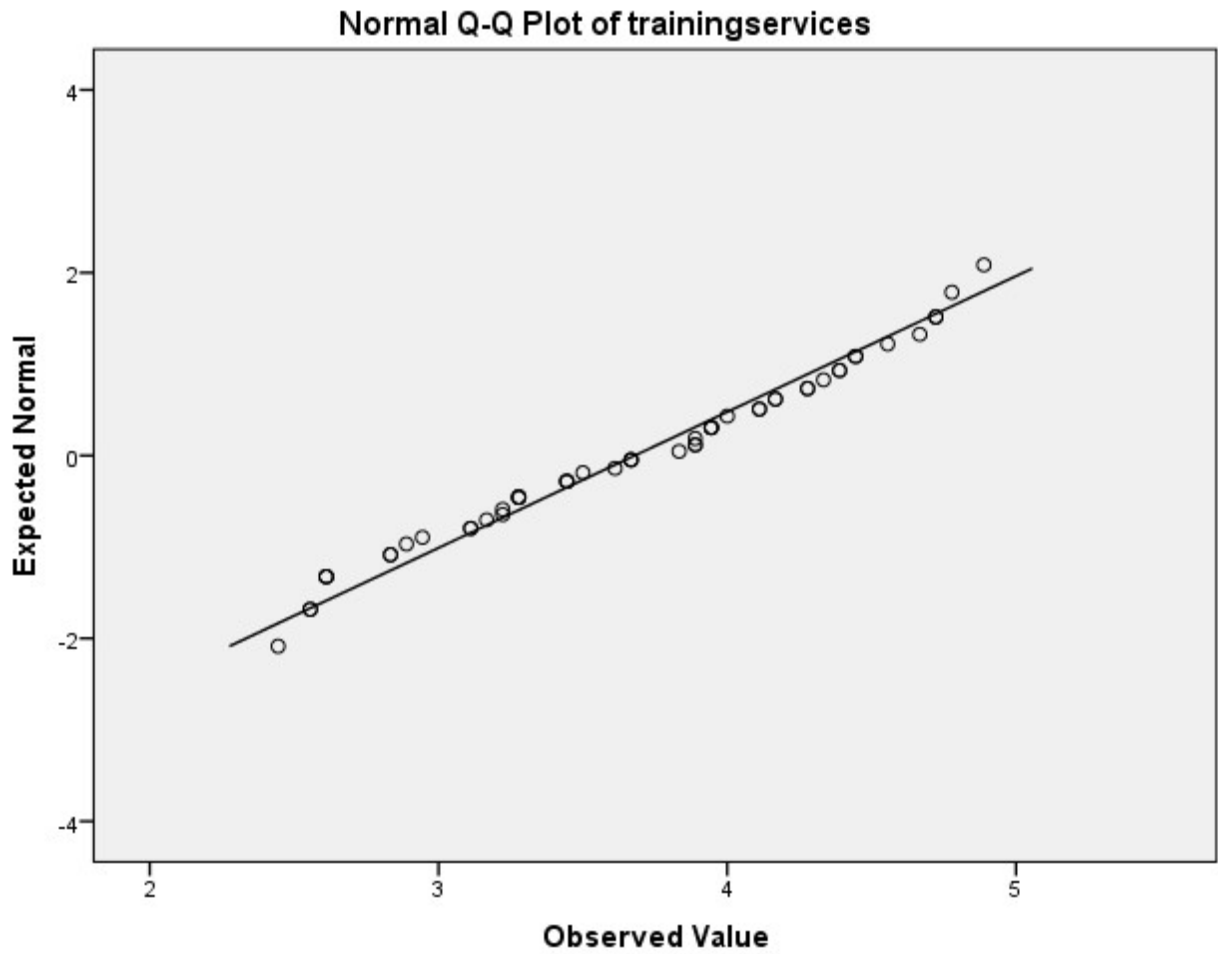
	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Training services	.094	53	.200*	.966	53	.138
Business mentorship	.132	53	.022	.961	53	.083
Market access information	.060	53	.200*	.992	53	.970
Business linkage	.092	53	.200*	.968	53	.158

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

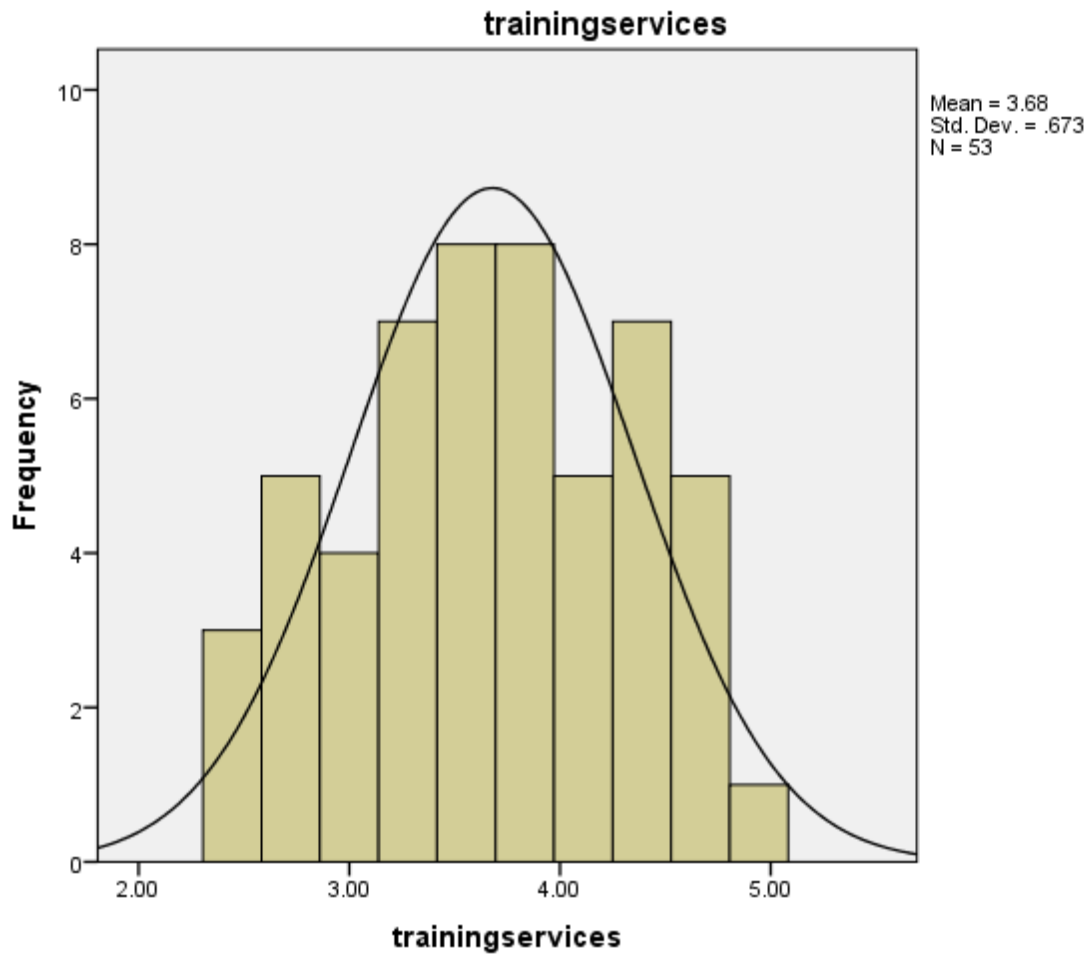
### 4.8.4 Linearity test

Linearity test show that two variables x and y are related by a mathematical equation linear regression  $y=bx$  where b is a constant number. The linearity test was obtained through the scatted q-q plot and histograms represented below for each variables.



**Figure 4.1: Normality q-q plot of training services**

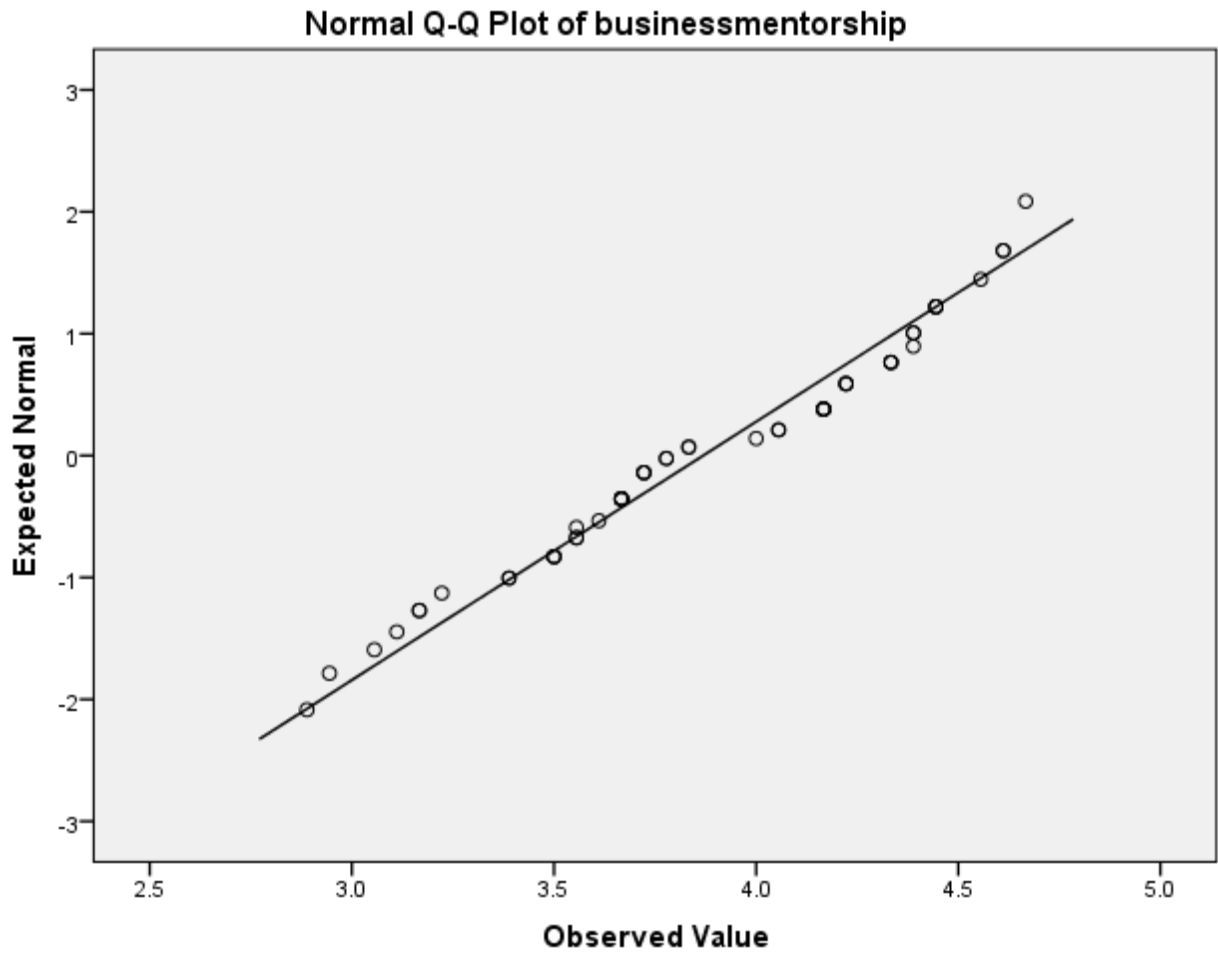
Normality q-q plot is used to determine how well a variable fits to a specific distribution. In a normally distribution, the points in the Q-Q-normal plot cluster around the horizontal line. The training services deviate from the straight line is minimal. This indicates normal distribution of the data collected.



**Figure 4.2: Histogram showing distribution of data of training services.**

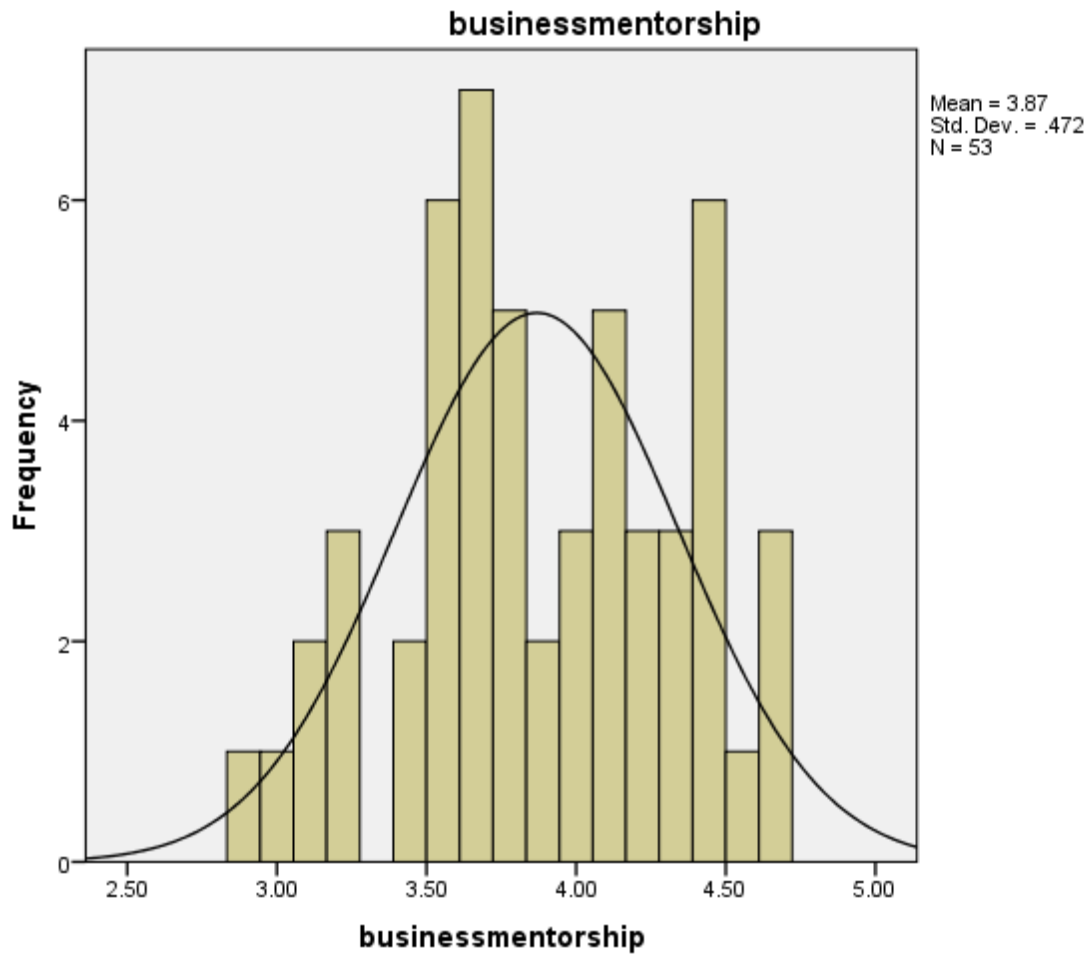
The histogram above revealed a normal positively skewed distribution of the observations of the training services and the data was considered good for further analysis in the model.





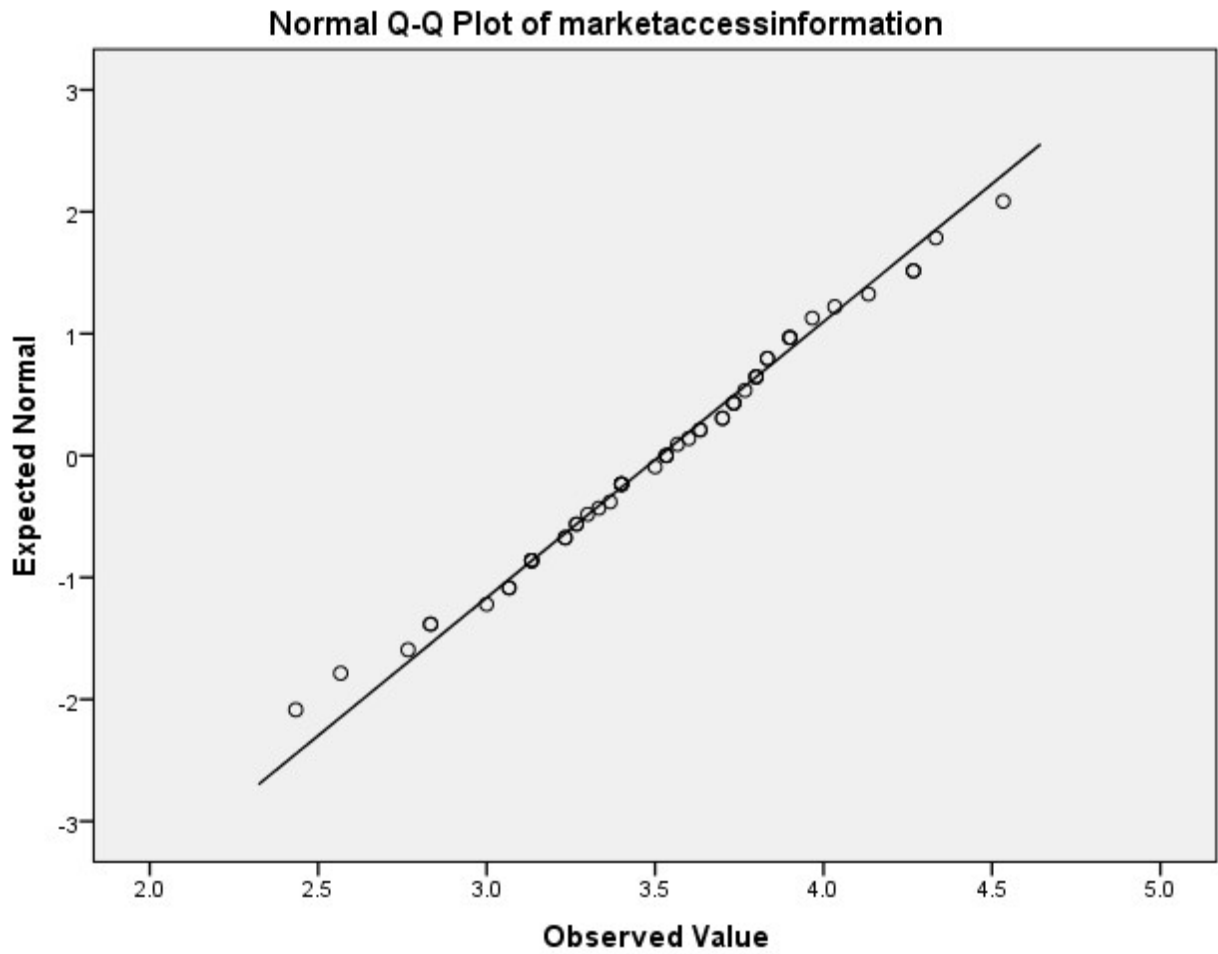
**Figure 4.3: Normal q-q plot of business mentorship**

In the figure above, the points in the Q-Q-normal plot cluster around the horizontal line. The business mentorship deviate from the straight line is minimal. This indicates normal distribution of the observed values.



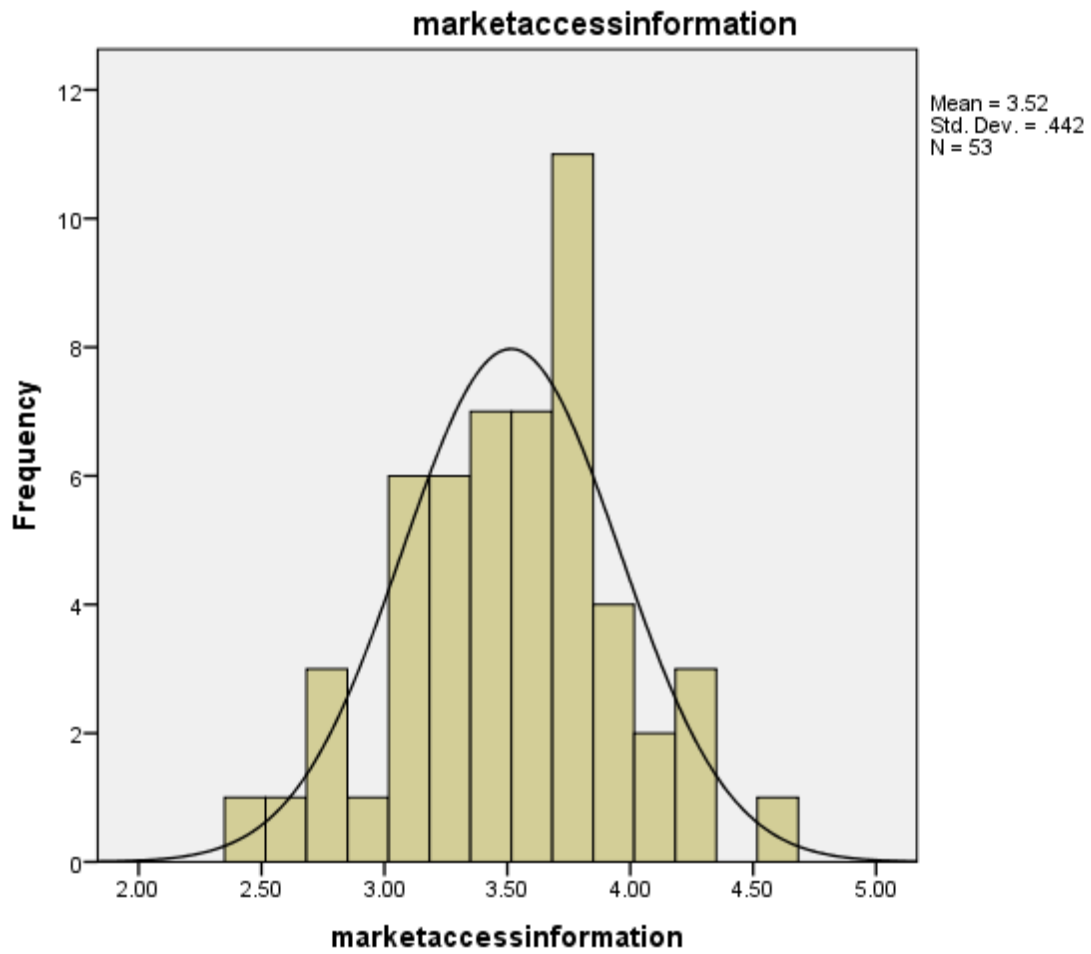
**Figure 4.4: Histogram of business mentorship**

The histograms above revealed a positively skewed distribution of the observations of the business mentorship and the data were considered good for further analysis in the mode



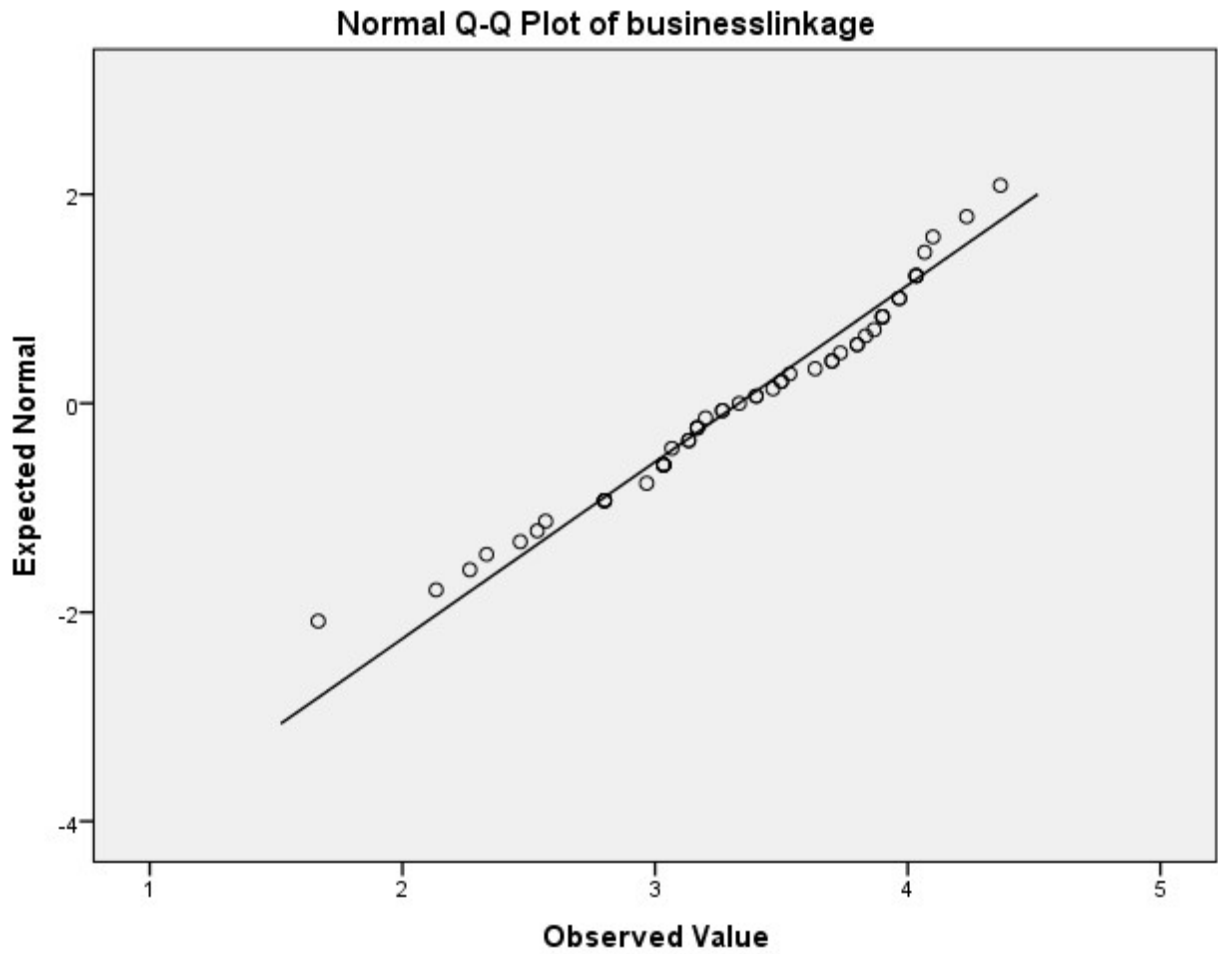
**Figure 4.5: Normal q-q plot of market access information**

In the figure above, the points in the Q-Q-normal plot cluster around the horizontal line. The market access information deviate from the straight line is minimal. This indicates normal distribution



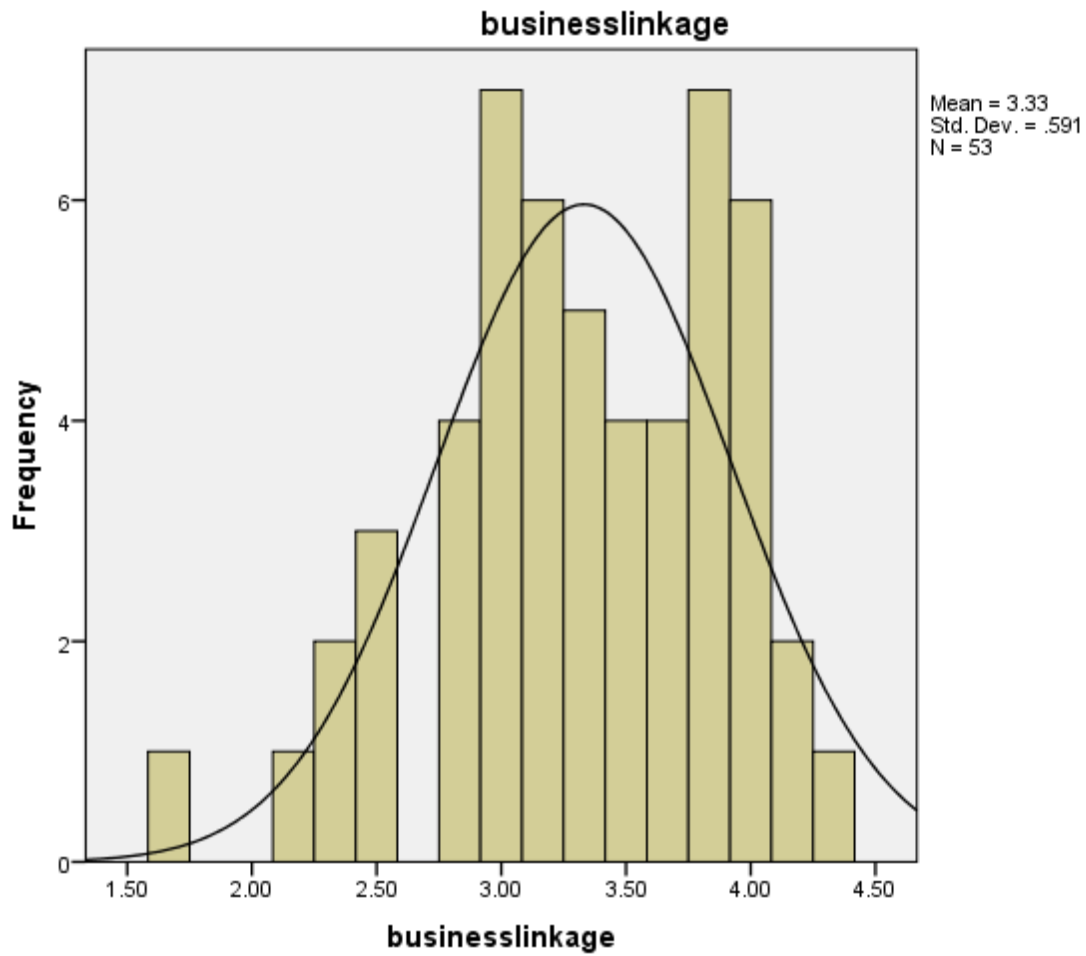
**Figure 4.6: histogram of market access information**

The histograms above revealed normal positively skewed distribution of the observations of the market access information and the data was considered good for further analysis in the model



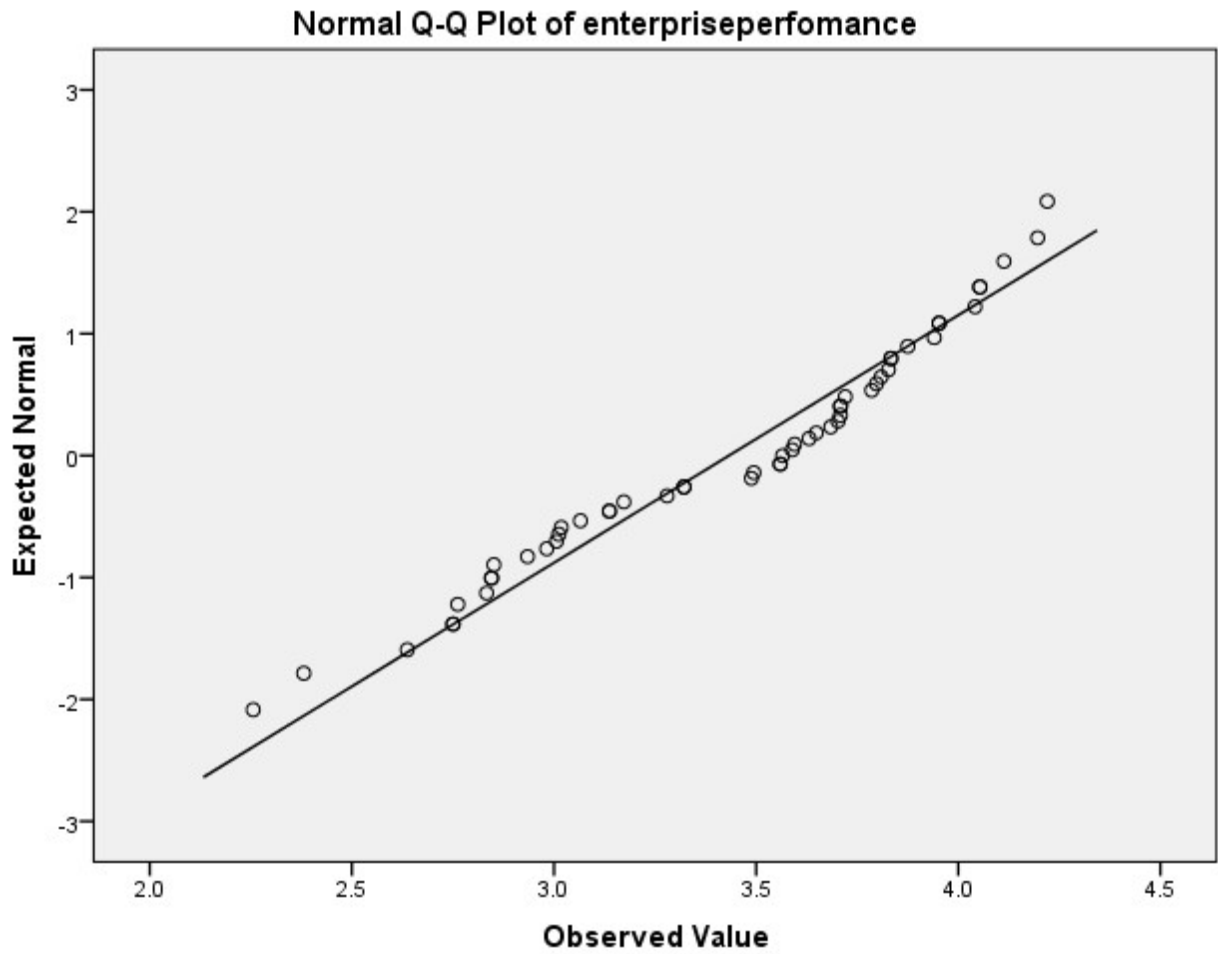
**Figure 4.7: Normal distribution plot of business linkage**

In the figure above, the points in the Q-Q-normal plot cluster around the horizontal line. Business linkage deviate from the straight line is minimal. This indicates normal distribution.



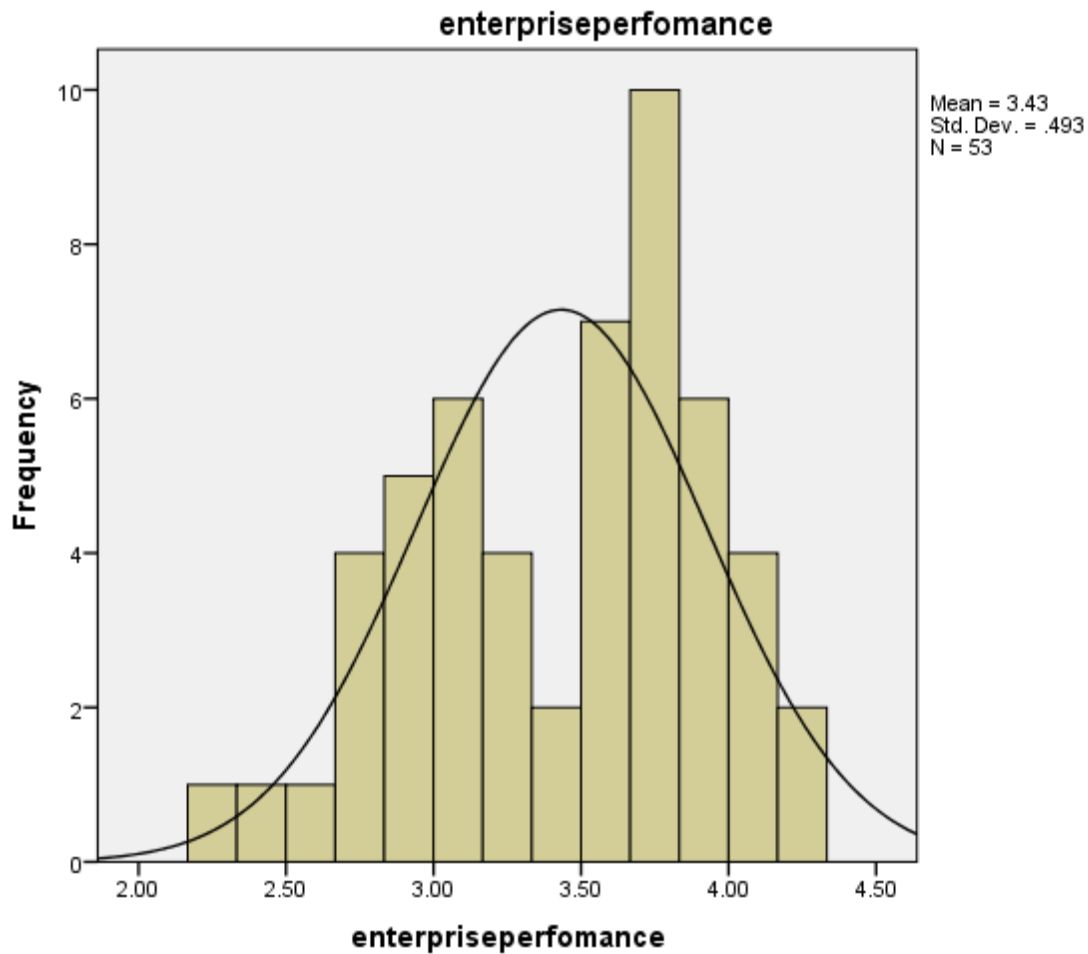
**Figure 4.8: Normal q-q plot of business linkage**

In the figure above, the points in the Q-Q-normal plot cluster around the horizontal line. The business linkage deviate from the straight line is minimal. This indicates normal distribution.



**Figure 2.2: Normal distribution plot of enterprise performance**

In the figure above, the points in the Q-Q-normal plot cluster around the horizontal line. The enterprise performance deviate from the straight line is minimal. This indicates normal distribution.



**Figure 2.3: Histogram of enterprise performance**

The histograms above revealed a positively skewed distribution of the observations of the enterprise performance and the data was considered good for further analysis in the model.

#### **4.9 Hypotheses Testing.**

According to Gujarati & Porter,(2003), Hypothesis testing is a process by which the researcher infers the result of sample data on the larger population based on a presupposition made prior to commencement of research. The study performed hypothesis testing by determining statistical significance of the coefficients of explanatory variables. Test-of significance method is meant to verify the truth or falsity of a null hypothesis by using the sample results, showing that the means of two normally distributed populations are equal. This was done by using the two-tailed t-test statistic and the corresponding p-values at 5% levels. The decision to use a two-tailed test was based on the fact that the alternative hypothesis of the study is composite rather than directional. According to the decision rule: if



the p-value observed is less than the set significance level), ( $p < 0.05$ ), this indicates a weak evidence against the null hypotheses, then do not reject the null hypothesis.

**H01: There is no significant relationship between training services and micro-enterprise performance in Baringo County**

The analysis revealed in table 4.6, training services has a significant positive relationship with enterprise performance at 5% significance level. This was evidenced by the p value of  $p < 0.05$ . The decision was to fail to reject the null hypothesis with 95% confidence and conclude that training services had no significant relationship with micro-enterprise performance ( $r = -0.112$ ,  $p < 0.05$ ).

**H02: There is no significant relationship between business mentorship and micro-enterprise performance in Baringo County.**

The analysis revealed in table 4.6 business mentorship has a significant positive relationship with micro-enterprise performance at 5% significance level. This was evidenced by the p-value of  $p > 0.05$ . The decision was to fail to reject the null hypothesis with 95% confidence and conclude that business mentorship had no significant relationship with microenterprise performance in Baringo county . ( $r = -0.165$ ,  $p < 0.05$ ).

**H03: There is no significant relationship between Market access information has no significant influence on micro- enterprise performance in Baringo County.**

Similarly, the null hypothesis stated that market access information have a significant effect on microenterprise performance, the results in Table 4.6 above indicate that there is a significant moderate association between market access information and enterprise performance ( $r = 0.20$ ,  $P < 0.05$ ).

**H04: There is no significant relationship between Business linkages on micro-enterprise performance in Baringo County.**

The analysis revealed in table 4.6 business linkages has a significant positive relationship with microenterprise performance. This was evidenced by the p-value of  $p > 0.05$ . The decision was to fail to reject the null hypothesis with 95% confidence and conclude that Business linkages had no significant relationship with microenterprise performance. ( $r = -0.09$ ,  $p < 0.05$ ).

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter contains the summaries of the results for the four objectives of the study. The conclusion of the study is made based on the findings and recommendations are made on policy and for academic issues.

#### **5.2 Summary of Findings and Conclusions**

The general purpose of the study was to examine the Influence of Business Development Services on Micro enterprise Performance: a survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County. To achieve this broad objective four objectives were addressed.

The first objective sought to investigate the influence of training services on micro-enterprise performance in Baringo County. The study in table 4.5 established that most of the microenterprises owners who participated did not attend training services regularly with the results indicating a mean of 3.6792 with the training services in relation to the achievement of basic business planning skills, credit management skills and debt management skills. Only very few were satisfied in all the areas of training. With a minimum mean of 2.44 of the respondents were least satisfied with the training services they received while a maximum mean of 4.89 reported to be satisfied on the business training services.

The second objective sought to assess the influence of business mentorship on micro-enterprise performance in Baringo County. The study in table 4.5 established that most of the entrepreneurs did not attend business mentorship regularly with the results indicating a mean of 3.8690 with the business mentorship in relation to the achievement of enhance business skills, management of business process and entrepreneurial skills. Only very few were satisfied in all the areas of business mentorship with a minimum mean of 2.89of the respondents were least satisfied with the business mentorship they received while a maximum mean of 4.67reported to be satisfied on the business mentorship.

The third objective of the study sought to establish the influence of market access information on micro-enterprise performance in Baringo County. The study in table 4.5 established that most of the entrepreneurs did not attend market access information regularly with the results indicating a mean of 3.5151with the market access information in relation to the achievement of enhance promotional strategies, real price access and marketing . Only very few were

satisfied in all the areas of business mentorship with a minimum mean of 2.43 of the respondents were least satisfied with the market access information they received while a maximum mean of 4.53 reported to be satisfied with the market access information.

The fourth objective of the study sought to determine the influence of business linkage on micro-enterprise performance in Baringo County. The study in table 4.5 established that most of the entrepreneurs did not have business linkage with the results indicating a mean of 3.3314 with the business linkage in relation to the financial arrangements, market linkage and technology. Only very few were satisfied in all the areas of business linkage with a minimum mean of 1.67 of the respondents were least satisfied with the business linkage they received while a maximum mean of 4.37 reported to be satisfied with the business linkage.

From the study it was clear that business development services raised the microenterprise performance and enhanced the growth and competitiveness of enterprises, which directly raised their incomes. Business development services delivered to microenterprise led to the new market opportunities, improvement in sales, customer loyalty and employee retention. Through the provision of more integrated services, microfinance institutions will no doubt benefit from better loan repayment and portfolio quality, client retention and the increased ability of the entrepreneur to access other financial products and services. Benefits that accrue to entrepreneurial clients as a result of the education and awareness programs include: financial management knowledge; improved capacity to use financial services; increased self-esteem and confidence as a result of achieving financial goals and greater ability to demand higher quality products and services from financial institutions. The financial institutions which offer these services are also able to attract more clients; increase their customer retention rates; gain better market information for the use in improving products and services and often have a competitive edge over their competitors.

### **5.3 Recommendations**

Since the study findings have shown that business development services have an influence on micro enterprise performance the study recommends that the Kenyan government through the Ministry of Trade should liaise with county governments to provide business development services for the micro enterprises so as to help polish their knowledge in financial management and other managerial skills. Field officers should be recruited to coordinate and

monitor the provision of training, advice, counsel and provide other non-financial services to these small business operators. The Government of Kenya should also establish micro and small centers of excellence in each county for information dissemination, research, and product development and program promotion. From the study it was established that business development services do contribute significantly to the performance of small scale enterprises. It was noted that the various institutions entrusted with provision of these services were not delivering these services to the expectations of the entrepreneurs. Therefore the various providers of business development services should do needs assessment first so as to be able to provide business development services efficiently. The study recommended that the Government of Kenya should develop and implement innovative curriculum materials and methods for training needs related to self –employment and entrepreneurship and should provide start up seed capital which is interest free to uplift this sector of micro enterprises in the various county levels. Any training levy imposed on the entrepreneurs should be abolished so as to attract more entrepreneurs to have access to these business development services.

#### **5.4 Suggestions for further research**

First, data collection only provided cross-sectional data. Research of this nature would give clearer understanding of the relationships between business development services and business performance if longitudinal analysis was applied. It is suggested that further studies that will be longitudinal in nature and that will embrace a case study design be undertaken so as to better establish the cause-effect relationship between business development services and the micro enterprise performance. Second, it is suggested that future research to confirm the study's research findings by the use of more objective indicators of business development services and micro enterprise performance rather than the subjective measures used in this study be undertaken so as to help emphasize the effect of business development services on the microenterprise performance. Third, the study drew its sample from small scale enterprises only and this may limit the generalization of the study findings to other businesses. It is suggested that further empirical studies be undertaken on other business types. This would assist in enhancing the generalizability of these research findings.

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17<sup>th</sup> June, 2021

The Chairman  
Research Ethics Committee (KUREC)  
P. O. Private Bag - 20157  
Kabarak University

Dear Sir,

**RE: EVANCE ONYANGO ODHIAMBO – GMB/NE/2378/05/18**

The above named is a candidate at Kabarak University pursuing Master's degree in Entrepreneurship. He is carrying out a research entitled "*Influence of Business Development Services on Micro Enterprise Performance: A Survey of Agribusiness Enterprises in Eldama Ravine Sub-County, Baringo, County*". He has defended his proposal and has been authorised to proceed with field research.

The information obtained in the course of this research will be used for academic purposes only and will be treated with utmost confidentiality.

Please consider the student for KUREC clearance to enable the him obtain NACOSTI research permit.

Thank you.

Yours faithfully,



**Dr. Nehemiah Kiplagat**  
**AG. DIRECTOR, INSTITUTE OF POST GRADUATE STUDIES**

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**Kabarak University Moral Code**

*As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)*



**KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE**

Private Bag - 20157  
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Tel: 254-51-343234/5  
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OUR REF: KABU01/KUREC/001/04/07/21

15<sup>th</sup> July, 2021

Evance Odhiambo Onyango ,  
Kabarak University,

Dear Evance,

**SUBJECT: ETHICS REVIEW DECISION**

Kabarak University Research Ethics Committee (KUREC) received application for a protocol titled "INFLUENCE OF BUSINESS DEVELOPMENT SERVICES ON MICRO ENTERPRISE PERFORMANCE: A SURVEY OF AGRIBUSINESS ENTERPRISES IN ELDAMA RAVINE SUB COUNTY, BARINGO COUNTY" on 25<sup>th</sup> June, 2021. The protocol was reviewed and discussed during a virtual meeting held on 5<sup>th</sup> July, 2021 at 1000 Hours. The committee considered the application in accordance with the Kabarak University procedures on review of research protocols for ethical clearance and decided as follows:

**1. PROPOSED STUDY SITE**

ELDAMARAVIN SUB-COUNTY

**2. KUREC DECISION**

**Approved** for data collection for a minimum period of ONE year from 15<sup>th</sup> July, 2021

This approval is subject to the following conditions:

- i. The researcher shall obtain a RESEARCH PERMIT from NACOSTI before commencement of data collection & submit a copy to the Kabarak University Institute of Postgraduate Studies (IPGS);
- ii. The researcher shall immediately notify KUREC in case of any adjustments to the protocol;
- iii. The researcher shall within 7 days of occurrence notify KUREC of any adverse events associated with the conduct of this study;
- iv. The researcher shall apply for extension of the study period should the initial 1 year expire before completion of data collection;
- v. The researcher shall submit study progress reports to KUREC after every 6 months and a full report at completion of the study/project

Thank you.

Sincerely,

**Prof. Jackson Kitetu PhD.**  
KUREC-Chairman



Cc Vice Chancellor  
DVC-Academic & Research  
Registrar-Academic & Research  
Director-Research Innovation & Outreach  
Institute of Post Graduate Studies

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*As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.*  
(1 Peter 3:15)



Kabarak University is ISO 9001:2015 Certified



REPUBLIC OF KENYA

ONFOR

Ref No: 512250  
29/July/2021

### RESEARCH LICENSE



This is to Certify that Mr.. EVANCE ONYANGO ODHIAMBO of Kabarak University, has been licensed to conduct research in Baringo on the topic: **INFLUENCE OF BUSINESS DEVELOPMENT SERVICES ON MICRO ENTERPRISE PERFORMANCE: A SURVEY OF AGRIBUSINESS ENTERPRISES IN ELDAMA RAVINE SUB COUNTY, BARINGO COUNTY for the period ending : 29/July/2022.**

License No: NACOSTI/P/21/12051

*Walton*

512250





## APPENDICES

### Appendix I: Letter of Introduction

Evance Onyango Odhiambo  
Kabarak University,  
Kenya

Dear Sir/Madam,

#### **RE: Permission to carry out Academic Research**

I am a Master of Business Administration student at Kabarak University conducting a research study entitled “*Influence of Business Development Services on Micro enterprise Performance: a survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County*”.

The purpose of this letter is to request you for permission to interview you/ your staff using the questionnaire copies attached. You are kindly requested to fill in the questionnaire with precision and accuracy. The questionnaire is supposed to assist in answering specific objectives of the research which is being undertaken as part of the University requirement. Any information given herein will be treated with utmost confidentiality and only be used for the purpose of research. So kindly feel free to fill the questionnaire.

Thank you.

Yours faithfully,



Evance Onyango Odhiambo

## **Appendix II: Informed Consent**

**Title of Research:** Influence of Business Development Services on Micro Enterprise Performance: a Survey of Agribusiness Enterprises in Eldama Ravine Sub County, Baringo County

**Principle Investigator,** EVANCE ONYANGO ODHIAMBO

**Institutional Contact:** KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE

Private Bag - 20157 Tel: 254-51-343234/5 KABARAK, KENYA Fax: 254-051-343529 Email: [kurec@kabarak.ac.ke](mailto:kurec@kabarak.ac.ke) [www.kabarak.ac.ke](http://www.kabarak.ac.ke)

### **1. Brief Introduction to the Study**

The purpose of this study will be to examine the influence of business development services on microenterprises performance in Baringo County. Specifically the study will seeks to examine the influence of training services, business mentorship, market access information and business linkage on success of micro enterprise performance in Baringo County

### **2.Risk /how the risks will be mitigated**

There are “no known risks”. Associated with this research since it will be done on a day light and the information being sought will be of the benefit to the participant when formulating the policies which the micro finance might want to improve.

### **3. Potential Benefits**

People who will participate in this study will have a better understanding of additional treatment methods that enable individuals to experience and increase their overall sense of well- being

### **4. Authorization**

I authorize the use of my records, any observations, and findings found during the course of this study for education, publication and/or presentation.

**5.Compensation**

Subjects will not be compensated for participation in this study.

**Voluntary Participation and Authorization**

Your decision to participate in this study is complete voluntary. If you decide to not participate in this study, it will not affect the care, services, or benefits to which you are entitled.

**6. Withdrawal from the Study and/or Withdrawal of Authorization**

If you decide to participate in this study, you may withdraw from your participation at any time without any penalty.

**7.Cost/Reimbursements**

There is no cost for participating in this study.

**I voluntarily agree to participate in this research program**

**Yes**

**No**

I understand that I will be given a copy of this signed Consent Form.

<b>Name of Participant (print):</b> _____		
Signature:		Date:
<b>Name of Witness (print):</b> _____		
Signature:		Date:
<b>Person Obtaining Consent:</b> _____		
Signature:		Date:

**Note: A copy of the signed, dated consent form must be kept by the Principle Investigator(s) and a copy must be given to the participant**

### Appendix III: Respondents' Questionnaire

Questionnaire (Tick as appropriate)

#### Section A: Background Information

1. What is your economic activity?  
Trade  Farming  other  specify.....
2. What is your age?  
18- 35 years  36-45 years  above 46years

#### 3. Education Level

Primary  secondary  Post-secondary

#### Section B: Training Services

4. The following statements relate to training services indicators. On a scale of 1-5 where (Strongly Disagree (SD) =1, Disagree (D) =2, Neutral (N) =3, Agree (A) =4, strongly Agree (SA) =5). Please tick appropriately on the extent to which you agree with these statements

	<b>Measurable indicators</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
	<b>Business planning skills</b>					
1	Business training has enabled us do value addition to my products					
2	Business planning skills enables me to regularly conduct an audit of the entire inventory					
3	Business training has assisted my engagement with the supplier to reduce cases of long lead time					
	<b>Credit management skills</b>					
4.	Credit management skills have enabled me to assess customers' creditworthiness and set appropriate credit limits					
5.	Credit management skills enables me to send invoices promptly and start chasing payments as soon as they become due					
	<b>Debt management skills</b>					
6	Debt management skills enhances my use of monthly budget to plan my business expenses					
7	Debt management skills enable me to prioritize and					

	rank debts in the order I want to pay them off.					
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**Section C: Business Mentorship**

5. The following statements relate to access to business mentorship. On a scale of 1-5 where (Strongly Disagree (SD) =1, Disagree (D) =2, Neutral (N) =3, Agree (A) =4, strongly Agree (SA) =5). Please tick appropriately on the extent to which you agree with these statements.

	<b>measurable indicators</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
	<b>Enhance business skills</b>					
1	Mentorship has helped myself increase business skills and knowledge such as value addition					
2	Mentorship program has enabled me share mentoring skills with other micro entrepreneurs					
	<b>Management of business process</b>					
3	Mentorship has helped myself be able to manage various business processes					
4	Mentorship has helped me in management of business processes					
5	Mentorship has expanded my thinking of entrepreneurship					
	<b>Entrepreneurial skill</b>					
6	My business has recorded steady growth as result of business mentorship					
7	Through mentorship I have been able to develop full entrepreneurial potential					
8	Mentorship has enhanced my entrepreneurial potential					

**Section D: Market access information**

6. The following statements relate to access to market indicators. On a scale of 1-5 where (Strongly Disagree (SD) =1, Disagree (D) =2, Neutral (N) =3, Agree (A) =4, strongly Agree (SA) =5). Please tick appropriately on the extent to which you agree with these statements.

	<b>measurable indicators</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
	<b>Promotional strategies</b>					
1	Promotional strategies I have adopted has influenced demand for my products and services					
2	Easy market entry opportunities has influenced growth of my business					
	<b>Real prices access</b>					
3	Access to market real prices information has influenced easy sale of goods and services					
4	Prices of goods due fluctuate often					
	<b>marketing</b>					
5	Ability to effectively determine the exiting market demand has influenced sale of goods and services					
6	My membership to marketing SACCO has enhanced access to market					
7	I am to carry out marketing research for my products					
8	I have been able to serve a specific niche					
9	Market information is readily available					

### Section E. Business Linkage

7. The following statements relate to business training linkage. On a scale of 1-5 where (Strongly Disagree (SD) =1, Disagree (D) =2, Neutral (N) =3, Agree (A) =4, strongly Agree (SA) =5). Please tick appropriately on the extent to which you agree with these statements.

	<b>measurable indicators</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
	<b>Financial arrangements</b>					
1	Financial arrangements to meet liquidity shortages have enhanced my business operations					
2	Linkages to various financial institutions has made access to loans easier					
	<b>Market linkage</b>					

3	linkages to the trade creditors or suppliers has improved my business profitability					
4	Market linkage has increased market opportunities					
5	Market linkage has enhanced my ability to keep pace with changes in the buying behavior of the end consumers					
6	Business linkage has helped in reduction of marketing costs since there is joint trade fair, seminars and workshops organized					
7	Business linkage has enhanced value addition for my products					
	<b>Technology usage</b>					
8	Do you use e commerce in your business					
9	Technology has enhanced my business operations due to business linkage					

### Section F: Micro enterprise Performances

The following statements relate Micro enterprise Performances. Indicate by ticking the trend in your organization compared to your competitor on a scale of 1-5 where (Strongly Disagree (SD) =1, Disagree (D) =2, Not Certain (N) =3, Agree (A) =4, strongly Agree (SA) =5).

	<b>Measurable Indicators</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
	<b>New markets opportunities</b>					
1	Enterprise's assets has increased					
2	New products have been brought in the business					
3	Working capital in the business has increased steadily					
4	<b>Improvement in sales</b>					
5	Increased new market opportunities					
6	Business sales have grown steadily					
7	I pay my suppliers as soon as they deliver					

	goods					
8	I have no difficulty in repaying my debts to suppliers					
9	The current assets of my enterprise are more than the current liabilities					
10	My business is able to meet its short-term financial obligations on time					
11	My business is able to meet its long-term-term financial obligations on time					
	<b>Customer loyalty</b>					
12	Enhanced customers' brand loyalty					
13	Enhanced customers' satisfaction & retention					
	<b>Employee retention</b>					
14	Number of employees have increased					



**Appendix IV: Work plan**

<b>Activities</b>	<b>2020 March to December 2020</b>	<b>2021 January to 2021 July</b>	<b>2021 August to September 2021</b>
<b>Developing proposal</b>			
<b>Consulting with supervisors and presentation of proposal</b>			
<b>Corrections on proposal , Data collection and Analysis, consultation with supervisors and presentation of findings</b>			
<b>Corrections on research project and consulting with supervisors</b>			
<b>Submission</b>			

## Appendix V: Budget

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<b>Items</b>	<b>Total cost(ksh)</b>
Stationary	3000
Internet and Library	4000
Research Proposal drafts printing	1500
Printing research final proposal	1500
Binding final proposal	500
Printing and photocopying of questionnaires	2000
Travelling-data collection	20000
Printing and photocopying of draft report	2000
Printing and photocopying of final report	3000
Binding final report	3500
Miscellaneous	4000
<b>Total</b>	<b>45,000</b>

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