

# Influence of Business Development Services on Micro Enterprises performance in Kenya: a Survey of Micro Enterprises in Eldama Ravine Sub County, Baringo County.

Evance Onyango Odhiambo<sup>1</sup>, Dr. Geoffrey G.Kamau<sup>2</sup>, Dr. John K. Tanui<sup>3</sup>

<sup>1</sup>(Student school of business and economics/ Kabarak university, kenya)

<sup>2</sup>( lecturer school of business and economics,/Kabarak university, Kenya, <sup>3</sup>( lecturer school of business and economics,/Kabarak university ,Kenya,

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## Abstract:

**Background:** Micro Enterprises have been regarded as to play significant roles of job creation, poverty alleviation and economic development of many countries worldwide. Given the importance of Micro Enterprise 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 economic objectives. The purpose of this study was to examine the influence of business development services on Micro Enterprises performance in Kenya. Specifically, this study examined the influence of training services, business mentorship, market access information and business linkage on success of Micro Enterprise

**Materials and Methods:** The study adopted stratified sampling on a target population of 89 Micro Enterprises registered with Micro Enterprises Support Programme Trust in Eldama Ravine Sub County of Baringo County in the year 2019. Primary data was collected using structured questionnaires. The data collection instrument was tested for validity and reliability. The reliability had a Cronbach Alpha of 0.826 against a threshold of 0.7

**Results:** Data collected was analyzed and its findings presented using descriptive and inferential statistics. Inferential analysis on influence of training services, business mentorship, market access, and business linkage on micro-enterprise performance showed that all these four independent variables had significant positive regression with Micro Enterprise performance,  $p < 0.05$

**Conclusion:** Therefore, the study recommends that in order for the stakeholders to enhance performance of micro enterprises in Kenya, emphasis should be made on providing training services, business mentorship, market access, and business linkage. Special focus should be given to training services which was observed to have the highest influence of this performance. Further studies are also recommended to be carried out on other variables such as business mentorship, market access, and business linkage especially because the sample selection was limited geographically.

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

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## I. Introduction

Micro enterprises have been recognized as a major significant stage of economic development in the world. Global experiences show that an efficient micro enterprises sector is conducive to industrial growth and a flexible industrial structure <sup>(1)</sup>. MEs not only contribute to poverty alleviation and employment creation, but also nurture the large-scale industrialization through entrepreneurship development (2). In the developed countries, MEs is also considered as an important employment provider. In the UK, MEs generates 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 (3). According to (4) In Brazilian (formal) Micro enterprises 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 micro enterprises 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. Micro enterprises 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 (5).

In Indonesia, micro enterprises comprise about 90 percent of firms outside of the agricultural industry (6). Other locations, such as Mexico, have seen an increase in informal micro According to (7) In Uganda, the Small enterprise 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 (8). 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 (9). Micro enterprises 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 (10). 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 (11). In Ethiopia, it is widely recognized that, non-financial services have supported Micro enterprises 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 Micro enterprises operators in the country(12). 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 Micro enterprises 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 (13), "a micro enterprise represents the smallest economic unit which functions independently, manages its own investment capital, and involves a manufacturing, commerce or service activity. Micro enterprises 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 (14). 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. Committee of Donor Agencies for Small Enterprise Development 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 (15). 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 (16), 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 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. 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 micro enterprises 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. 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, and inadequate involvement by private sector, lack of sub-contracting and inability to exploit market opportunities (17). 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 (16). 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 (18). 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” (19). 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, (20) 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 staffs. 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 (21) 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 (22) 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 (23). However, despite these pro-BDS demand related arguments, research (24) 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, (24) 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, (25) 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 (26) 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, and 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 (27). 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. Growth of a firm is similar to that of a human being who passes through the stages of infancy, childhood, adulthood and old age, (28). 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 (29) 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. 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 <sup>(29)</sup> 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. 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 (30).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. <sup>(31)</sup>

### **Statement of the Problem**

Currently, micro enterprises play a key role in triggering and sustaining economic growth and equitable development in both developed and developing countries. These enterprises are however affected by many different factors. How these factors manifest singly or jointly is therefore a key concern for these organizations. The business development services market pattern is driven by the belief that objectives of outreach and sustainability can only be achieved in well-developed business services markets. However, despite these paradigm shifts, too many BD programs continue to supply services that are not valued by entrepreneurs <sup>(32)</sup>. Research findings have shown that over 50% of micro enterprises continue to have a deteriorating performance with three in every five micro enterprises failing within months of establishment 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 Micro enterprises. Therefore, the purpose of this study was to find out how business development services offered to Micro enterprises by Micro enterprises Support Programme Trust influence micro enterprises performance in Baringo County.

### **General Objective of the Study**

The main objective of the study was to examine the influence of business development services on micro enterprises performance: A survey of micro enterprises in Eldama Ravine Sub County, Baringo County.

### **Specific Objectives of the Study**

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

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

### **Research Hypothesis**

The following hypotheses were tested.

H01: Training services has no significant influence on micro enterprises performance in Baringo County.

H02: Business mentorship has no significant influence on micro enterprises performance in Baringo County.

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

H04: Business linkage has no significant influence on micro enterprises performance in Baringo County.

### **Theoretical Review**

#### **Experiential Learning Theory**

Experiential Learning Theory (ELT) was developed by (33) getting influence from other great theorists including John Dewey, Kurt, Jean Piaget and Lewin. For instance, 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" (34).

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 (35). (36) 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 was linked to the first objective one of the influences of training services on micro-enterprise performance in Baringo County

#### **Social Learning Theory**

Social Learning Theory was advocated by (36). 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 (37) 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 (38) provides more information on the role acquisition through what Bandura refers to as modeling. Modeling is what Bandura (39) 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 (40), 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.* (41) 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, (42) 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 model's behavior in a certain way. Illustrating learning within the environment, (43) explains that learning ought to suit the context of the business and the entrepreneur's preferred approach.

(44) 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 (45), 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 was relevant to the proposed study as it is linked to objective two which is to investigate the influence of training services on micro-enterprise performance in Baringo County.

### **Development Communication Theory**

Development Communication Theory was advocated by (47). The theory seeks to explain how the main idea behind development communication theory is media for development of people in a nation or to help the target population. Communication seeks to serve the people without manipulation and encourage genuine response. The underlying fact behind the genesis of this that there can be no development without communication. Development Support Communication undertook the role of carrying out positive developmental programmes, accepting restrictions and instructions from the state and the county government. The implementation of this theory plays an important role in the overall development of a country. Interpersonal communication as the base for participation of small enterprises in their liberation from the unjust structures of their societies was part of this radical rethinking of communication—and eventually in how communication for social change might be defined (48). Hence the stress on development t communication. The weakness of this theory is that development is often equated with government propaganda. This theory was linked to objective three which is to establish the influence of market access information on micro-enterprise performance in Baringo County.

### **Social Network Theory**

The Social Network Theory was developed and formalized (49). 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 (50). According to (51), 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 (52). 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 (53).

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 (54) can result from conversations, affection, friendship, kinship, economic exchange, information exchange, or other forms of social interaction (55). 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 (56).

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 (57). 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 (58). 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 entrepreneur's access credit and markets for their products. This theory was linked to objective four which is to determine the influence of business linkage on micro enterprises performance.

## **II. Methodology**

Descriptive survey research design was used in this study. The target population of this study comprised 89 SMEs dealing with Agri Business registered with Micro Enterprises Support Programme Trust (59). The study adopted a purposive sampling design, Thus the sample size was 53 microenterprise firms. Primary data was used to collect data by use of self-designed questionnaires. Reliability is the measure of the degree to which a research instrument yields consistent results after repeated trials (60). a Cronbach's alpha of 0.8 is good, 0.7 is an acceptable range while 0.6 and below is poor. Descriptive statistics such as frequencies, percentages, standard deviations and means was used to summarize the data inferential statistics such correlation

coefficients and multiple regression analysis was used non-causal relationship and causal relationship respectively between predictor variables and dependent variable. The analyzed data was presented using tables, graphs, and charts where necessary.

### III. Data Analysis Findings And Discussion

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 (61) and hence the sample size was sufficient. Reliability Analysis In this case a reliability coefficient of 0.826 was registered indicating a high level of internal consistency

Cronbach's Alpha	No of Items
.826	53

From the table 4.1, findings show that an overall 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 was above the suggested value of 0.7 limit indicating high level of internal consistency thus the study was reliable

#### Descriptive Statistics

The study sought to determine the descriptive statistics of the variables under study and is described in details in terms of mean, minimum, maximum and standard deviations. The descriptive for training services, business mentorship, business linkage, market Access information and microenterprise performance were determined as shown in Table 4.5 below.

#### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	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
Business Linkage	53	1.67	4.37	3.3314	.59108	-.530		.327
Microenterprise Performance	53	2.26	4.22	3.4330	.49265	-.448		.327
Valid N (list wise)	53							

From the findings above, the descriptive statistics of the variables of training services were found to have a mean of 3.6792 and a standard deviation of 3.67284 its minimum value was 2.44and maximum value was 4.89, This implies that training services of about3.6792 percent is offered to the small-scale enterprises in Baringo County. Business mentorship had a mean of 3.8690 and a standard deviation of 0.47192 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 3.5151 and a standard deviation of 0.44191 its minimum value was 2.43and maximum value was 4.53. Business linkage had a mean of 3.3314 and a standard deviation of 0.59108 its minimum value was 1.67 and maximum value was 4.37. However, microenterprise performance had a mean of 3.4330 and a standard deviation of .49265 its minimum value was 2.26and maximum value was 4.22.

**Correlation Analysis**

Correlation analysis for the study was conducted to establish the relationship among study variables as presented in Table 4.6 below

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

The results show that, training services had a weak positive correlation with microenterprise performance. This relationship was not statistically significant ( $r=0.221$ ,  $p=0.886$  ( $p>0.05$ )) as shown in Table 4.6. Business mentorship with microenterprise performance had a weak positive correlation as well. The relationship was not statistically significant ( $r=0.194$   $p=0.786$  ( $p>0.05$ )) as shown in Table 4.6.

Market access information with microenterprise performance were strongly and positively correlated and the relationship was not statistically significant ( $r=0.319$ ,  $p=0.173$  ( $p>0.05$ )) as shown in Table 4.6. Business linkage with microenterprise performance is strongly and positively correlated. Furthermore, the study indicated that there is statistically significant relationship between training services and enterprise performance by ( $r=0.357$ ,  $p=0.886$  ( $p>0.05$ )) as shown in Table 4.6.

**Table 4.1: Simple regressions models**

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	.173	.104	.46634	.173	2.509	4	48	.054

a. Predictors: (Constant), business linkage, business mentorship, market access information and training services  
 b. Dependent Variable: enterprise performance

a. Predictors: (Constant), business linkage, business mentorship, market access information and Training services  
 b. Dependent Variable: enterprise performance  
 From Table 4.7 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



From Table 4.8 above, shows that the F-ratio ( $F=2.509, p=0.054$ ) was statistically significant. This indicates that there was no statistically significant relationship between business development services and microenterprise performance because p value is  $>0.05$

**Diagnostic Tests**

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.

**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’s variables. Variance inflation factor is a measure of the amount of Multicollinearity in a set of multiple regression variables. The values were as shown in Table 4.9 below

	<b>Tolerance</b>	<b>VIF</b>
Training services	.671	1.490
Business mentorship	.804	1.243
Market access information	.728	1.374
Business linkage	.700	1.428

From Table 4.9 above, the variance inflation factors (VIF) and tolerance values indicated that the values of VIF were less than 10 and tolerance was more than 0.2 signaling absence of Multicollinearity.

**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 findings were as shown in Table 4.10 below.

	Squa d re	R	Error of R	F	df1	df2	Sig.	F Watson		
	Square	the Estimate	Square Change	Change			Change			
1	.416	.173	.104	.46634	.173	2.509	4	48	.054	1.771

- a. Predictors: (Constant), business linkage, business mentorship, market access information and training services
- b. Dependent Variable: enterprise performance

**Hypothesis 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 weak evidence against the null hypotheses, then do not reject the null hypothesis.

### **Hypothesis One Testing**

Hypothesis one (H01): There is no significant relationship between training services and enterprise microenterprises performance in Baringo County. The analysis revealed in Table 4.6 and Table 4.11 that training services has no 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 training services had no significant relationship with microenterprise performance in Baringo County ( $r = 0.221$ ,  $p = 0.866$ ). Given that the linear model for the hypothesis was  $Y = \beta_0 + \beta_1 X_1 + \epsilon$ , Therefore, the simple linear regression model for this hypothesis finally yielded to  $Y = 1.704 - 0.17X_1$ , where  $X_1$  is the training services

### **Hypothesis Two Testing**

Hypothesis two (H02): There is no significant relationship between business mentorship and microenterprises performance in Baringo County. The analysis revealed in Table 4.6 and Table 4.11 that business mentorship had no statistically positive significant relationship on 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 micro enterprise performance in Baringo County ( $r = 0.194$ ,  $p = 0.786$ ). Given that the linear model for the hypothesis was  $Y = \beta_0 + \beta_2 X_2 + \epsilon$ , Therefore, the simple linear regression model for this hypothesis finally yielded to  $Y = 1.704 + 0.42X_2$ , where  $X_2$  is the business mentorship

### **Hypothesis Three Testing**

Hypothesis three (H03): There is no significant relationship between market access information had a statistically positive significant relationship on microenterprises performance. The analysis revealed in Table 4.6 and Table 4.11, market access information had no statistically significant relationship on micro enterprise performance. This was evidenced by the p-value of  $p > 0.05$ . The decision was to reject the null hypothesis with 95% confidence and conclude that market access information had no statistically significant relationship with microenterprise performance ( $r = 0.319$ ,  $p = 0.173$ ). Given that the linear model for the hypothesis was  $Y = \beta_0 + \beta_3 X_3 + \epsilon$ , Therefore, the simple linear regression model for this hypothesis finally yielded to  $Y = 1.704 + 0.237X_3$ , where  $X_3$  is the market access information

### **Hypothesis Four Testing**

Hypothesis four (H04): There is no significant relationship between Business linkages on microenterprises performance in Baringo County. The analysis revealed in Table 4.6 and Table 4.11 that business linkage had a statistically positive significant relationship on 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 ( $r = 0.357$ ,  $p = 0.074$ ). Given that the linear model for the hypothesis was  $Y = \beta_0 + \beta_4 X_4 + \epsilon$ , Therefore, the simple linear regression model for this hypothesis finally yielded to  $Y = 1.704 + 0.239X_4$ , where  $X_3$  is the market access information.

## **IV. Conclusion**

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.

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